

NEWSLETTER GME – The new issue is published

Rome 15 July 2016 – The new issue of the Gestore dei Mercati Energetici (Gme)'s newsletter is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter starts with a speech by Claudia Checchi and Mario Cirillo of REF-E on the benefits for the system and the opportunity for investors in the biogas sector. *"The use of renewable source gas, refined in order to be used in place of natural gas, can help to address simultaneously two important results: the approach to the decarbonisation goal of the energy system and the containment of energy dependence from foreign countries"*, explain the two experts of the REF-E. According to the most recent data, in fact, about 75% of the renewable gas is used for the generation of electricity, also in cogeneration plants, while the distinctive feature of biomethane is the ability to be injected into the natural gas transportation network and mixed with this, to be kept for all uses (heating, industrial, transportation, in addition to electricity generation). *"Just in the different sectors from power generation, where it is greater the need to bridge the gap with the objectives of renewable energy penetration, there are the best prospects for the use of biomethane"* admit Checchi and Cirillo remembering that the regulatory framework allowing the grid injection and the use of biomethane, *"at least for plants that will connect to the networks of carriers is nearly completed, and the first plants could be commissioned in 2017-2018, according to the authorization and realization times, both in respect of green field interventions and the revamping of biogas plants."* It's yet to be verified, however, *"the effectiveness of the proposed incentive mechanism, which some investors have questioned, and that the same government - emphasize the two analysts of REF-E - has recently declared its intention to review, thus re-formulating the lead times as well as the incentive value."*

The ways for commercialization of biomethane and to get the incentive, provided for by current rules, are three: the high efficiency cogeneration, the injection into the transmission or distribution network without a specific destination, and the use in the transport industry.



"The government is committed to take action in the coming months on the decree on incentives to improve the effectiveness of the system" and the news might relate to "the multiplication coefficients, for example, to facilitate a switching by using CHP" (cogeneration) to "using for thermal purposes" (revamping of existing plants that produce biogas), or "the CIC market design" (tradable certificates), to ensure "the greater certainty and bankability of the investment and strictly pursue the goal of renewable energy in transport. The Government, then – they add - might consider the contribution of the use of biomethane in the heating and cooling sector up to date not critical, but quite likely for the post-2020. Finally, in addition to the address of biomethane compared to possible uses, it will be important for the public decision-makers to assess and guide the contribution of renewable gas to the targets set for the 3 sectors (electricity, heating and cooling, transport), as an alternative, even partial, to the exploitation of the electric vector and that of other biomass, downstream of the analysis as widely and certain than the costs and benefits of different choices" conclude Checchi and Cirillo.

The new issue of the newsletter comes with the usual technical commentaries on the electricity and national and European environmental markets and exchanges, the section devoted to the analysis of the trends of the Italian gas market and the analysis section on trends in Europe, which delves into the trends of the main European commodity markets.

GME's new publication also reports, as customary, the summary data of the electricity market for the month of June 2016.

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