

NEWSLETTER GME – New issue now online

Rome, 15 March 2018 – The new issue of the newsletter of Gestore dei Mercati Energetici (Gme) is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter opens with an intervention by Matteo Leonardi from the REF-E on the access to energy and global development goals. He explained that *"14% of the world's population, according to IEA data, still has no access to electricity. It is about 1 billion people. Although about 1.2 billion new connections have been created worldwide since 2000, mainly in Asian countries, the simultaneous population growth has not in fact allowed to reduce the total number of people without access. Among these, according to estimates by the Agency, more than 80% live in rural areas"*. According to the 2030 scenario provided by the IEA, with the national and international energy infrastructure development plans the percentage may fall to 8%. When recalling that access to the electricity service has become one of the 17 sustainable development goals of the Sustainable Development Goal (SDG) of the Nations Unite of 2015, the REF-E analyst specified that *"Over half of the new connections will not be guaranteed by connections to the national grid but by off-grid (29%) and mini-grid (34%) solutions. 60% of the new connections will be supported by the development of renewable sources"*. In a few years, the major international organizations and the national States involved have put forward a series of electrification strategies supported by the World Bank, which launched the initiative called *Sustainable energy for all (SE4all)*. Leonardi admits that *"in order complete universal access by 2030, the IEA proposes a specific scenario. In such period, additional investments are calculated for an amount of €28 billion per year compared to €24 billion allocated in the plans under way. The additional investment corresponds to 1.8% of global investments in the energy sector. The additional effort should be directed towards an increase in connections to the national network for less than a third of new connections (29%) and the spread of decentralized solutions (23%). The development of mini-grids should cover around half of the new users (48%). 95% would be directed to the development of infrastructures in Sub-Saharan Africa. The operation would result in an increase in CO2 emissions limited to 0.23% of global emissions"*. The REF-E researcher adds that, however, *"a strategy focused on infrastructural development aimed at achieving*



the quantitative objective (reaching everyone), also important to the political consensus of the beneficiary countries, raises doubts about the long-term economic sustainability of such operation. The risk is that the extension of the universal electricity service might not be supported by sufficient electricity demand and the economic capacity of the beneficiary populations". Additionally, Leonardi says that beyond the statistics, in any case "access to energy and the link with the poverty are a complex challenge. Many positive signs have emerged in recent years" such as the availability of affordable solar technology with pay-as-you-go systems. Despite this, as lastly explained by the analyst, the number of people with no access to energy "mostly involves the world population who is below the threshold of 2\$ a day. Probably, more than a question of additional cost - the 28 billion year, as reported by the IEA - the electrification of the remaining 8% of the world population identifies a context in which it is not up to the traditional enterprise to take action. Blaming electricity companies when dealing with a humanitarian objective may turn out to be a boomerang for development. Likewise, it risks becoming an operation that takes resources away from traditional humanitarian activities to finance infrastructure development without sustainability".

The new issue also includes the usual technical commentaries on the markets and the national and European electricity and environment exchanges, the section devoted to the analysis of the trends of the Italian gas market and the section with an analysis on European trends, which delves into trends in key European commodities markets.

The GME's new publication also reports, as customary, the summary data of the electricity market for February 2018.

Gestore dei Mercati Energetici S.p.A.

Direzione Governance

Tel. +39 06 8012 4549

Fax. +39 06 8012 4519

governance@mercatoelettrico.org

www.mercatoelettrico.org