

NEWSLETTER GME – New issue now online

Rome 16 July 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 Claudia Checchi from the REF-E on renewable energies, efficiency and governance of the Energy Union in 2030.

Almost two years after the publication of the Winter Package, the maxi-initiative for relaunching European energy policies started in autumn 2016, *"only one of the legislative initiatives has been completed, with the publication of the directive on the performance of buildings. However, a significant step forward has been reached in recent days with the political agreement between the Commission, Parliament and Council, on three of the proposals considered at the heart of the initiative: the revision of the Renewable Energies Directive, the Energy Efficiency Directive and, indeed, of the Governance Directive"* whose transposition *"is expected not before 2020 "*. As for the new directive on renewable energies, it defines a significant part of the energy policy for decarbonisation promoted by Europe. *"Indeed, the presence of the ETS mechanism established CO2 reduction constraints proposing a market mechanism that favors low emission sources and that, at least until the target is achieved, should guarantee market parity - Checchi points out -. The agreement, then reached on 32%, was made possible thanks to the presence, in the last stages of the negotiations, of Italy and Spain in the group of the most 'aggressive' countries, originally formed by the Nordic countries. Italy is in fact among the countries that have set a non-binding domestic target for 2030, raising 17% of 2020 to 28% for 2030"*.

The REF-E researcher explained that *"The third dimension of decarbonisation "is the one able to provide the most significant contribution in the future, but it also remains the one with the greatest difficulties from the management perspective. The compromise was reached on raising the energy efficiency target to 20.5% to 32.5% (against 30% of the draft and 35% requested by Parliament)". But the target "is still non-binding, neither at Community level nor at national level, and indeed at national level Member States can continue and decide whether to calculate the progress achieved on the basis of primary, final consumption, savings or intensity energy"*. Another important part of the negotiation was the one based on the annual consumption reduction constraint, set by the draft at 1.5% and for which the Council had asked a substantial reduction. Indeed, the new



constraint has been reduced to 0.8%, also in compliance with the statistics. Lastly, the Energy Union Governance Regulation is the main innovation of the package of measures introduced at the end of 2016, as well as the challenge to reconcile the different visions and the presence of European objectives while respecting the prerogatives of the Member States and in the absence of a binding burden sharing. The REF-E analyst specified that *"the real innovation of the regulation is the drive towards the definition of the long-term strategy. In fact, by April 2019 the Commission will have to adopt a plan for the implementation of the Paris agreements, which takes into account, on the one hand, the goal of containing the temperature rise below 2 degrees and, on the other hand, the remaining CO2 budget in the event of no contribution by the European Union to CO2 emissions by 2050 and thereafter. In this regard, the case envisaged by Parliament's Road Map 2011 begins to be considered in the Commission scenarios. Together with the final national plan, to be delivered by the Member States in 2019 after a first version for the discussion to be presented by the end of 2018, the Member States will also have to present their long-term vision until 2050. Checchi concludes by stating that "Italy is already working to draft the National Plan for 2030, which should include a review on various aspects of Sen 2017".*

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 June 2018.

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