



## **NEWSLETTER GME – New issue now online**

Roma 16 December 2019 – The new issue of the newsletter of Gestore dei Mercati Energetici (Gme) is online and can be downloaded from the website [www.mercatoelettrico.org](http://www.mercatoelettrico.org).

The newsletter begins with an intervention by Lisa Orlandi and Chiara Proietti Silvestri from the RIE on energy forecasts for the last ten years. The intervention starts with the World Energy Outlook (WEO) *"considered the reference point among the medium-long term global energy scenarios. Developed by the International Energy Agency (IEA) since 1977, in addition to describing the expected energy future scenarios, it also represents an important tool for preserving historical memory, adding the description of the current situation to the forecast data"*, the two RIE analysts point out. *"Breaking down by source the current demand and the forecast in the central scenario - explain Orlandi and Proietti Silvestri - a substantial harmonisation between the projections of the last 10 years can be noted, confirming the presence of structural trends that are difficult to change except in longer time frame. However – Orlandi and Proietti Silvestri point out -, there is no doubt that within these trends, important transformations are taking place that could determine accelerations in the development of some energy technologies in the near future and result in influential changes"*. According to the two REF researchers, the structural data of energy scenarios is energy hunger in the world: *"In the 2007-2018 period, energy consumption on a global scale increased by more than 2 billion tons of oil equivalent (toe) - from 12 in 2007 to 14.3 in 2018 - with an average annual growth rate of 1.6%. However, a slowdown in the growth of energy demand compared to the past has been recorded, with rates well below those recorded in the previous decades. Undoubtedly, various factors have played an important role, first of all the severe economic crisis of 2008. In addition, the presence of longer-term dynamics, such as improvements in energy efficiency, predict that this slowdown in growth will continue even in future"*. However, in this context the centrality of fossil fuels remains *"as they do not fall below the 80% threshold of the energy mix in the surveyed period (2007-2018) - highlights Orlandi and Proietti*



*Silvestri -. They still keep a leading role even in the medium term, representing in all scenarios - albeit with different fluctuations - well over 70% of primary energy demand by 2040. However, percentages changes: coal is once again the source most affected by climate policies; it loses ground in all scenarios and more markedly in the last WEO, reaching the minimum share of 21% on the energy mix by 2040". Oil, "while maintaining its leadership, follows a decreasing trend as a result of the increasingly pressing demands for efficiency improvements in motor and fuel technologies and for vehicle electrification". While natural gas "is the only fossil source that keeps a growing trend in all the surveyed scenarios, representing a quarter of energy consumption by 2040, it does not exceed the leadership of oil albeit approachig it, becoming the second source in the global energy mix starting from WEO 2017". Finally, with regard to renewables, "while the final figure for the 2007-2018 decade shows substantial stability with an increase in its share of 1% on the total mix, a constant growth can be noted in the long-term scenario, driven above all by the spread of solar photovoltaics in electricity generation". Despite the above, in the considered decade, "global CO2 emissions grow at an average annual rate of 1.3%, going from 28.8 billion tons (Gt) in 2007 to 33.2 Gt in 2018. In the long-term scenario, the situation does not seem to improve: in all the editions of the WEO analysed, the forecast values are always higher than the final figures, reaching a level that never drops below 35 Gt - the two RIE analysts points out -. In short, we are far from the optimal scenario that would allow us to reach the 2°C target (if not the 1.5 °C) provided for by the Paris Agreement". For this reason, on the basis of the forecasts, it is clear "that the current emission reduction measures in the energy field clash with what would be necessary to combat climate change. In short, the message from the Paris Agency is clear: we must do more. Policy makers are called to carefully evaluate the implications deriving from their choices, in order to be able to uphold a sustainable and truly low-carbon future", Orlandi and Proietti Silvestri conclude.*

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 November 2019.

**Gestore dei Mercati Energetici S.p.A.**

*Direzione Governance*

Tel. +39 06 8012 4549

Fax. +39 06 8012 4519

[governance@mercatoelettrico.org](mailto:governance@mercatoelettrico.org)

[www.mercatoelettrico.org](http://www.mercatoelettrico.org)

Press Release