

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

Rome, 17 January 2020 – 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 Agata Gugliotta and Mattia Santori from the RIE on the role of renewable gases in the European decarbonisation process. *"From the Kyoto Protocol onwards, the attention of the European Union to environmental protection and sustainability policies has been increasingly consolidated, through actions and measures aimed at reducing emissions which, albeit with still uncertain results and differences among the countries, have become increasingly continuous and with increasingly ambitious targets"*, the two researchers of the RIE underlined, adding that *"such an ambitious goal" requires "rapid actions and long-term planning to transform the main sectors involved: from electricity generation, to housing, to transportation"*. Within this framework, renewable gases, such as biogas, biomethane, green hydrogen and synthetic methane play a crucial role and, although deriving from different technological processes, they have some common characteristics: they are produced from renewable sources, contribute to reducing greenhouse gas emissions and to decarbonise the demand for gas. *"Green gases have the typical advantages of natural gas, such as a more stable production than wind or solar energy and the possibility of being transported and stored using existing gas infrastructures, albeit with a far lesser impact on climate balance"*, Gugliotta and Santori admit, arguing that in the European context of decarbonisation, their role may not be marginal since *"green gases, according to estimates, would allow , in the long-run, the decarbonisation of the gas sector, which today covers a quarter of energy demand European"*.



In addition, *"renewable gas could contribute to decarbonising those sectors in which, at least for the knowledge and technologies we have today, electrification will not be decisive: transport, industry, construction"*.

The green gas sector, however, with the exception of biogas and biomethane whose spread in Europe in the last decade has been considerable, is currently still in an initial development phase. *"In order for it to unleash its potential, several factors will have to be taken into account - the two analysts of the RIE underline -: competition with other sources and technologies, primarily electricity, in end uses; technological innovation and production costs; geographical diversity: if in some countries the production and consumption of renewable gases is crucial, in others it may be marginal or irrelevant; infrastructure availability: the existing distribution and transport networks must undergo technological upgrades and interventions and modifications to allow the transition to renewable gases such as hydrogen and syngas; adaptation of the management processes of the networks following the growth and spread of the production/injection points; availability of the raw material and its cost"*. Not only. The sector associations and the world of industry have long been calling for a regulatory action that *"defines clear and binding objectives"*, *"new incentive policies"*, *"greater integration between the electricity and gas sector"*, and a *"guarantee of origin system that serves to prove to the consumer the renewable nature of the gas used, thus increasing transparency"*. On the other hand, for hydrogen the aspect is more complex, Gugliotta and Santori point out, *"since currently most of it is obtained from fossil sources (so-called gray hydrogen), through processes such as gas reforming or coal gasification. Over time, investment will have to be made to increase the production of green hydrogen, obtained from excess renewable electricity, or at least blue hydrogen, produced from natural gas through the capture and storage of carbon (CCS)"*. In the context of the ambitious EU targets on carbon neutrality, *"the achievement of an industrial dimension of green gases could provide a significant contribution to 2050"*, underline the two RIE researchers underline, according to whom, however, technical and regulatory issues that may hinder or delay the development of the sector persist. For this reason, Gugliotta and Santori conclude, *"the future of renewable gases still appears extremely uncertain, also due to the inconsistencies and lack of clarity in some lines or actions of the EU's energy policy"*.



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 **annual data on the trading in the electricity market relating to 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)