

## **GME'S NEWSLETTER – Issue no. 194 now online**

Rome, 14 July 2025 – The new issue of the newsletter of Gestore dei Mercati Energetici (GME) is now available at [www.mercatoelettrico.org](http://www.mercatoelettrico.org).

The newsletter opens with an article by Gian Paolo Repetto, from *Ricerche Industriali Energetiche* (RIE), on the state of the art of and targets for biomethane in Italy, after the calls for tenders launched as part of the National Recovery and Resilience Plan (NRRP). Repetto states that, *today, all the biomethane produced in Italy – as well as the related operational or planned capacity – is incentivised. Indeed, as it happened in other industrial sectors considered crucial for achieving environmental or economic targets, but whose costs are not yet competitive, support mechanisms have been deemed necessary at European and national level for biomethane as well. In our country, incentives for renewable gases were granted initially for biogas used for electricity generation, subsequently for biomethane, encouraging its use primarily in the transport sector (Ministerial Decree of 2018, hereafter DM 2018), and currently supporting its production for all uses (Ministerial Decree of 2022, hereafter DM 2022). These support mechanisms boosted production, which rose from 16 million m<sup>3</sup> in 2018 to 440 million m<sup>3</sup> in 2024. In May 2025, 115 biomethane production plants were in operation, with a total production capacity of about 89,000 Sm<sup>3</sup>/h), corresponding to a yearly maximum technical output of 779 million m<sup>3</sup>. The analysis of the production capacity entered into service every year shows that, after the high values recorded in 2022 and 2023, there was a slowdown in installed capacity in 2024. Repetto stresses that, at present, projects can have access to incentives only under the rules of DM 2022, as DM 2018 is no longer applicable. In total, DM 2018 has led to the installation (current and pending projects) of about 1.06 million m<sup>3</sup> of yearly theoretical production capacity. Nevertheless, even assuming a yearly production capability higher than the 5,100 hours recorded in 2024, the production target established by the Decree (1.1 billion m<sup>3</sup>) would not be attained. In contrast, the NRRP allocated €1.73 billion of resources for biomethane from 2023 to 2025. Five calls for tenders, based on descending price auctions, were launched in order to allocate 257,000 Sm<sup>3</sup>/h of capacity, aiming to achieve a (maximum theoretical) additional production of roughly 2.3 billion m<sup>3</sup>/year. The related plants are expected to be commissioned by 30 June*

2026. Repetto adds that, while participation in the first four auctions was fairly limited, the fifth auction saw a nearly full allocation of the available quota. In effect, the first four auctions awarded around 116 Sm<sup>3</sup>/h of production capacity to 260 plants, whereas the fifth auction alone awarded slightly over 123,000 Sm<sup>3</sup>/h to nearly 300 plants. In total, the five rounds awarded approximately 240,000 Sm<sup>3</sup>/h, i.e. 93% of the available capacity, equal to a yearly theoretical production capability (8,760 hours) of about 2.1 billion m<sup>3</sup>. The Piano Nazionale Integrato per l'Energia e il Clima (PNIEC – national integrated plan for energy and climate) sets biomethane consumption targets of 5 billion m<sup>3</sup>/year (3.9 for thermal uses and 1.1 for transport) by 2030; under the related development scenario, the plan envisages a higher overall biomethane consumption, i.e. 5.7 billion m<sup>3</sup>/year. However, under realistic assumptions, the production and consumption targets by 2030 still appear to be fairly distant, in spite of the strong impetus given to the sector by the support schemes introduced by the Ministerial Decrees of 2018 and 2022. If these targets are to be pursued – while also accounting for the costs incurred by citizens for the incentives (today, the cost of biomethane is about twice the cost of natural gas, considering also the Emissions Trading System – ETS – charges), it may be worth considering the following actions:

- 1) consolidating the support mechanisms beyond the 30 June 2026 deadline, by building on the experience acquired under the two above-mentioned decrees and designing policies with a medium-long term horizon;
- 2) strengthening the organisation of agricultural supply chains for feedstock production, so as to ensure the maximum possible input to biomethane plants, constantly throughout the year and with sustainable procurement costs;
- 3) fostering the interaction between agricultural supply chains and hard-to-abate industries (as referred to in article 5 bis of Law Decree 63/2024 on Agriculture) through long-term biomethane supply agreements, while enhancing the value of the Guarantees of Origin issued for biomethane production within the ETS framework for industrial sectors;
- 4) reflecting on the current terms, conditions, and rules for connection to the gas network: currently, about 80% of connection costs are borne by producers (80%) and about 20% are covered by gas rates (20%): a different allocation might facilitate the business plans of producers, but at the same time it would impact the end users of natural gas;
- and 5) focusing



*attention also on central-southern Italy, where biomethane development has traditionally lagged despite a significant potential availability of agricultural biomass and by-products, although in a context of more fragmented farms. Repetto concludes that investing in these areas might unlock new opportunities for southern Italy's agro-industrial system.*

This issue of the newsletter comes with the usual technical commentaries about European and national power exchanges and environmental markets, a section focused on the analysis of Italian gas market trends, and a section with insights into the trends of the main European commodity markets. As has become customary, the publication also reports the summary data of the Electricity Market for June 2025.

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