

PRESS RELEASE

Electricity: with capacity market parameters having been defined, everything is ready for the launch of the mechanism

ARERA approves economic and technical aspects for auctions to begin

Milan, 4 September 2019 – ARERA has passed resolutions containing the **economic and technical parameters** necessary for starting all the procedures for the **capacity market** - approved by Italian Ministerial Decree on 28 June. This means that all the procedures required for the new mechanism to be operational by the end of the year have been completed on time, ensuring the safety of the Italian electricity system, also in view of the **decarbonisation targets** that have been set.

With this last step complete, the network manager (Terna) can now hold the first auctions for the electricity supply by the end of 2019, thereby ensuring effective availability for 2022-2023.

More specifically, the Regulator has passed three resolutions defining the economic parameters necessary for the capacity market to operate, establishing the procedures and time frames which Terna must follow in the context of *settling* transactions relating to said market and expressing its opinion on the compliance of the technical provisions on operations proposed by Terna compared with the criteria stated by Italian Ministerial Decree of 28 June 2019 and with Arera ARG/elt resolution no. 98/11.

"With today's resolutions, - stated president **Stefano Besseghini** - Arera has completed the capacity market framework within the necessary time frames and, above all, it has guaranteed that the system has a fundamental tool to allow for a serious commitment to decarbonisation. Topics that have been focused on and discussed over the last few days will be implemented thanks to the *Capacity Market* and to the market structure evolution that this Authority is promoting in order to ensure increasing integration of the various sources and tools."

Resolutions 363 - 364 and 365 /2019/R/eel are available on the website www.arera.it

CONTEXTUAL ELEMENTS

The Capacity Market was approved by Italian Ministerial Decree passed by the Italian Ministry of Economic Development, after receiving the green light from the European Commission and the positive opinion of ARERA. This is the result of a long path that began with Italian Legislative Decree no. 379 of 2003, which introduced the capacity market into Italy, and continued with numerous resolutions and public consultations on the proposals made by the TSO over time.

The new capacity market is one of the measures to make the energy system more efficient and the electricity market more integrated at European level, open to management distributed by renewable energy sources and to demand management. A fully operational capacity market, in compliance with European rules, and the progressive development of the market for ancillary services in terms of service differentiation and openness to all the resources and technology available, can support the transition towards a carbon-free energy system that is in line with the Integrated National Plan for Energy and Climate.

The recently approved Strategic Framework, which directs AREGA's actions for the next three years, also includes the development of the capacity market, considering the implementation of Clean Energy Package (CEP) regulations.