

## **EFET welcomes the removal of regulated tariffs for Italian electricity and gas protected customers**

The European Federation of Energy Traders (EFET)<sup>1</sup> welcomes the provisions of “Ddl concorrenza” removing the regulated electricity and gas tariffs for protected customers starting from 2018. The bill was issued on Friday, 20 February, by the Italian Ministry of Economic Development. Following this change, “Acquirente Unico” (Single Buyer) – a company with full public ownership – will no longer be required to procure electricity on the wholesale market for domestic protected customers (“clienti di maggior tutela”).

Measures aiming to remove the protected market will bring benefits both to market participants and to final consumers. On one side, removing regulated tariffs for household and small industrial consumers will make the Italian market more attractive to foreign market participants, sending a positive signal for new market entry and for investment. On the other, greater competition between suppliers will grant greater freedom of choice to final consumers, leading to a positive effect on energy prices in the long run.

The whole process will enhance competition in the Italian energy market, and will improve market transparency and liquidity. However, to ensure its successful implementation, it is necessary that the Government and the Italian Regulator find appropriate market-based mechanisms to manage the supply of protected customers – indirectly supplied by “Acquirente Unico” at the moment – in the transition towards the new framework.

EFET advocates the development of open, liquid and transparent wholesale energy markets, and we strongly believe in the ability of electricity and gas markets to function and deliver without the interference of non-market based measures. It is fundamental for energy traders to be able to rely on predictable price signals. Price risk hedging by producers, suppliers and large consumers on the OTC market and on energy exchanges will ensure the stability and affordability of retail prices in the long term. Abolishing price caps and floors removes a significant market distortion and an obstacle to the formation of reliable market prices. Having said that, EFET does acknowledge the legitimacy of price protection measures in favour of the most vulnerable members of society.

We hope that this positive initiative will serve as an inspiration and trigger similar actions in other European markets. Despite the liberalisation mandate for the electricity and gas markets,

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<sup>1</sup> The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 28 European countries. For more information: [www.efet.org](http://www.efet.org)

regulated end-user prices for households still exist in 15 out of 29 European countries for electricity and in 15 out of 26 for gas<sup>2</sup>.

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**For further information, please contact:**

**Pietro Baldovin**, *EFET Task Force Italy*

E-mail: [P.Baldovin@EFET.org](mailto:P.Baldovin@EFET.org)

Tel: +32 (0) 2828 3342

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<sup>2</sup> Source: ACER Market Monitoring Report 2014, p. 10.

([http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Publication/ACER\\_Market\\_Monitoring\\_Report\\_2014.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER_Market_Monitoring_Report_2014.pdf))