

so rapidly through countless takeovers and mergers, that the electricity price rose again, across a broad front, in the Summer of 2000. Among private households, taxes for the support of renewable energy resources and other extra energy taxes and fees had already long since eaten up the price decreases. For this year, the Electric Power Association expects an increase in average electricity costs of about 6% for Germany's private households.

Much worse, is the fact that in Germany, as in almost all other European nations, the energy infrastructure is becoming obsolete, because the investment-hostile phase of deregulation followed upon more than a decade of already-existing drops in investment in production sites and distribution networks. Thus, the yearly investment level of electricity provid-

ers in the country, since the middle of the 1980s, was halved from a barely sufficient 8 billion euros, to 4 billion euros now. Only in the first three years after reunification of East and West Germany in 1990, did the level of electricity industry investment manage a brief pickup.

For the coming years, according to energy firms' existing plans, a further drop in annual investment to 3 billion euros is foreseeable.

Up to the beginning of the next decade, one coal- and gas-fired power plant after another will have to be replaced by new capacity. Starting in 2005, on top of this, the politically motivated removal from the electricity grid of 19 nuclear energy units—which presently provide one-third of Germany's supply—is supposed to take place. To maintain the Ger-

Why Italy's June Blackout?

An electricity crisis hit Italy in the last week of June. On paper, the country has a capacity of 77,000 megawatts-electric (MWe) to cover a demand of up to 52,000 MWe. But as the temperature increased in the second part of June, causing more use of air conditioning both in private and in industrial consumption, the supply proved insufficient to cover normal peak demand. The national electricity provider was forced to impose 1.5- to 2-hour blackouts in *all* Italian cities on June 26-27. Moreover, the warning of more blackouts, if electricity use is not curtailed, continues for the weeks to come.

The crisis is the result of environmentalist, fiscal austerity, and deregulation policies. The process started with an anti-nuclear referendum in 1987, which brought to a halt all existing nuclear plants, and enacted localist legislation which has virtually blocked construction of "conventional" coal and gas power plants as well. As a result, Italy imports—from France, Switzerland, and Slovenia—16% of its electricity needs, most of it nuclear-produced!

Additionally, in recent years a deregulation process has forced national electricity producer ENEL to reduce its market quota to 50%, which was partly done through closing old plants and partly through sales. In turn, purchasers of plants decommissioned by ENEL closed them in order to upgrade them. On top of all this, France suddenly announced June 24 that it was cutting 800 MW of its export to Italy, due to increased domestic demand relative to its own supply.

In the short and medium term, Italy's government is speeding up legislation to enforce construction of 19 approved plants, as well as partially giving up environmentalist regulations to allow reactivation of obsolete plants

and discharge of waste water at higher temperatures by electricity producers. In the longer term, a serious energy plan must be implemented.

The positive aspect of the crisis is that it has forced a debate on whether Italy should not review the insane decision to abandon nuclear energy. Lower House chairman Pierferdinando Casini and Vice Minister Adolfo Urso are among the prominent personalities who have called for such a review.

Formally, Italy does not even need a referendum to change policy, since the 1987 referendum only abolished a law that gave financial bonuses to municipalities which offered sites for nuclear plants. To bridge the current electricity gap, Italy could just restart one nuclear plant, in Caorso, and immediately have 850 MW more of energy available.

An example of the insanity of the energy policy followed since 1987 is the case of the former nuclear plant in Montalto di Castro. When the referendum was voted up, the 4,000-MW plant in Montalto, which had cost the equivalent of 5 billion euros (at that time) was ready. All that remained was to put the uranium bars in. But it was "reconverted" into a combination of thermoelectrical and small turbogas plants producing a only 3,200 MW—at an additional cost of another 5 billion euros! To supply the new plant with fuel, a pipeline was built from Civitavecchia: cost, another 2.5 billion euros. Finally, it was decided to run the plant with natural gas, which is cheaper, but cuts down efficiency. Result: the Montalto plant runs today like a Fiat 500, but consumes like a Ferrari!

To compensate the state electricity concern ENEL for the losses it sustained in the nuclear business, after the referendum decision, the state paid (and is still paying, with taxpayers' money) more than 4.5 billion euros. One of the promoters of the referendum, Chicco Testa, sits now on the ENEL board.

—*Claudio Celani*