

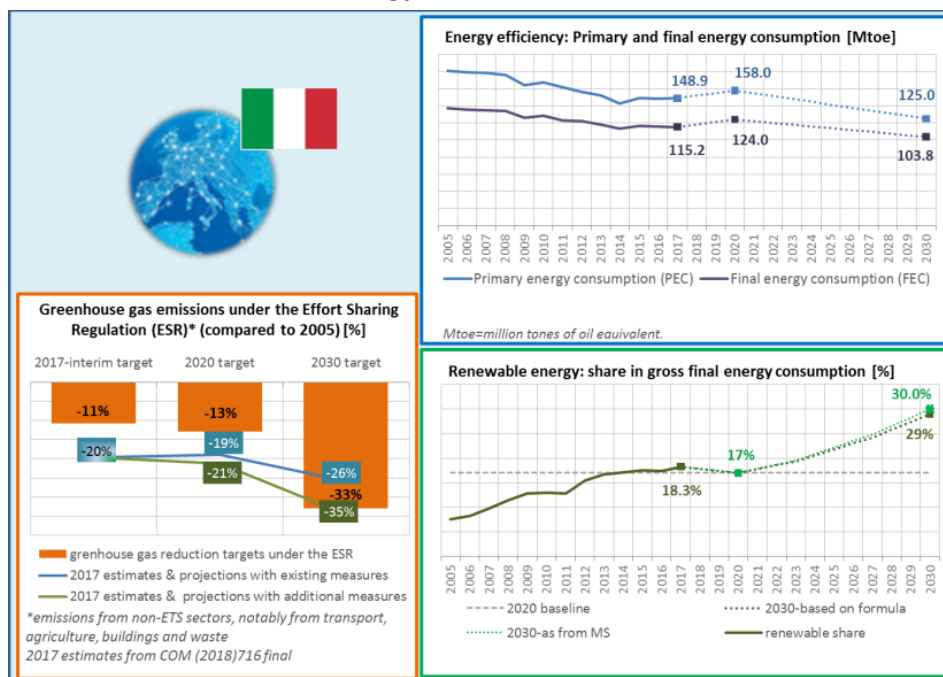


# ITALY

## Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030

The EU has committed itself to a clean energy transition, which will contribute to fulfilling the goals of the Paris Agreement on climate change and provide clean energy to all. To deliver on this commitment, the EU has set binding climate and energy targets for 2030: reducing greenhouse gas emissions by at least 40%, increasing energy efficiency by at least 32.5%, increasing the share of renewable energy to at least 32% of EU energy use and guaranteeing at least 15% electricity inter-connection levels between neighbouring Member States. To ensure that the EU targets are met, EU legislation requires that each Member State drafts a 10-year National Energy and Climate Plan (NECP), setting out how to reach its national targets, including the binding national target for reducing greenhouse gas emissions that are not covered by the EU Emissions Trading System (ETS). The European Commission has analysed each draft NECP. The summary of this assessment for Italy is outlined below. The final NECPs for the period 2021-2030 are due to be submitted by Member States by the end of 2019.

### ITALY - National targets and contributions foreseen in the draft National Energy and Climate Plan



Sources: Italy's draft National Energy & Climate Plan, Eurostat (PEC2020-2030, FEC2020-2030 indicators and renewable SHARES), COM (2018) 716 final (2017 GHG estimates)

- The Italian draft integrated National Energy and Climate Plan (NECP) largely builds on the 2017 Italian Energy Strategy and is intended to implement a vision of broad economic transformation, in which decarbonisation, energy efficiency and renewables priorities contribute to the objectives of a more environmentally friendly economy. The draft NECP includes a number of targets for several dimensions of the Energy Union and the results are very ambitious under several aspects. Achieving the proposed targets and results will require a robust and comprehensive set of policies and measures as well as close monitoring and follow-up. Overall, the Italian draft NECP is well developed and broadly meets the requirements set by the Regulation. An extensive list of 101 policies and measures cover most of the dimensions, even though it focuses mostly on existing measures, and should provide more clarity on expected developments and budgetary details.
- Italy's 2030 target for **greenhouse gas (GHG) emissions** not covered by the EU Emissions Trading System (non-ETS), is -33% compared to 2005, as set in the Effort Sharing Regulation (ESR)<sup>1</sup>. Based on the information provided, the planned policies and measures would be sufficient for Italy to meet this target, with a particularly important contribution coming from the transport and building sectors. The draft NECP would benefit from including indication of how Italy intends to achieve the Land Use, Land Use Change and Forestry (LULUCF)<sup>2</sup> 'no-debit' commitment (i.e. emissions do not exceed removals) and its intended use of flexibilities in accordance with the accounting rules set out in the LULUCF Regulation. The objective of gradually phasing out coal for electricity generation by 2025 could be further substantiated with a detailed action plan.
- The proposed contribution expressed as 30% share of **energy from renewable sources** in gross final consumption of energy in 2030, is slightly above the share that results from the formula in Annex II of the Governance Regulation. Italy is also setting a target of 6 million electric cars by 2030. Both renewables and electro mobility would benefit from more backing with sufficiently detailed measures on how to ensure they will be achieved. This is particularly true as regards renewable energy deployment in the electricity and heating sectors, where revised support measures are still pending. The final plan would thus benefit from elaborating further on the policies and measures allowing the achievement of the contributions and on other relevant sectorial measures.
- The proposed contribution towards the 2030 collective EU **energy efficiency** target, appears to be of sufficient ambition. The planned policies rely on instruments already partly existing, which have the potential to be stepped up and completed. Those will also necessitate close monitoring over time as to ensure they will deliver the expected savings.
- As regards **energy security**, Italy is planning to reduce import dependence via the increase of renewable sources and energy efficiency efforts. The further diversification of sources of supply and the promotion of a more secure, flexible and resilient gas sector are other important objectives. The centrality of gas in the future energy mix seems, however, to be in contradiction with the stated decarbonisation objectives. Moreover, the draft NECP lacks measurable indicators in a 2030 perspective and remains unclear on future development of some key natural gas infrastructures.
- Within the **internal market** dimension, increased flexibility of the system, market coupling and the reduction of the electricity prices differential with the rest of Europe seem to be the core objectives. The draft plan does not however include benchmarks to measure and deliver these objectives. Interactions of stated objectives

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<sup>1</sup> Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013.

<sup>2</sup> Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU.

with the functioning of the market also remain to be further explored. Impacts of the renewable support schemes or the Italian Capacity Remuneration Mechanism (CRM) in terms of electricity prices are not illustrated. Finally, the draft plan does not yet include the level of electricity **interconnectivity** aimed for in 2030. On energy poverty, a dedicated assessment has been carried out, and the draft NECP details available policies, including on energy efficiency. Nevertheless, the final plan would benefit from the addition of specific measurable targets, and details on the financial resources for the implementation of the described policies.

- The **research, innovation and competitiveness** section mentions some encouraging developments, including the planned increase in the allocation of public resources and the preparation of a new 2019-2021 three-year plan, setting out new research objectives in line with the SET Plan and the participation in Mission Innovation. The final NECP could provide more clarity, in particular regarding specific research and innovation objectives and a description of policies and measures until 2030.
- Further work on synergies between different dimensions and policies could be expected. The final NECP would benefit from more clarity on the analytical and policy assumptions and on the methodology used and from more complete information on expenditures and funding sources.
- Regarding **investment needs**, Italy has provided a large amount of information, including the incremental annual investments for 2017-2030 across different sectors and their expected macro-economic impacts. Therefore, the draft plan takes advantage of the role NECPs can play in providing clarity to investors and attract additional investments in the clean energy transition. The presented assessment of expenditure and funding sources at national, regional or Union level is still partial.
- There is significant potential for further **regional cooperation** both at bilateral level and within high-level groups. Italy could further explore the cross-border potential of a coordinated energy and climate policy notably in the Adriatic with the aim of reducing the region's carbon footprint and implementing an ecosystem approach. In this regard, an assessment of the macro-regional aspects would further enrich the analysis and provide solid basis for regional cooperation in the future.
- The draft plan qualitatively mentions the interactions with **air quality and air emissions policy**, in particular in the context of domestic heating and agricultural emissions, with synergies between air and climate measures explicitly mentioned. However, this part of the analysis would benefit from more quantitative information.
- On a **socially just and fair energy transition**, the final plan should better integrate the social effects of decarbonisation. This includes possible shifts in sectors/industries and their impacts, also in terms of employment, income distribution and energy poverty. More details would in particular be useful on skills and training.
- A **good practice** from Italy is the detailed analysis of energy subsidies albeit no concrete actions are expected to reduce fossil fuels subsidies. A list of actions undertaken and planned to phase-out energy subsidies, in particular for fossil fuels, needs to be included in the final plan.

**Related links:**

[National Energy & Climate Plans](#) – for links to the Commission recommendations and Staff Working Document for Italy and all other Member States, to the Commission Communication assessing all draft NECPs, and to the draft NECPs themselves.

More information about the [Clean energy for all Europeans package](#)

More information about the [2030 climate & energy framework](#)