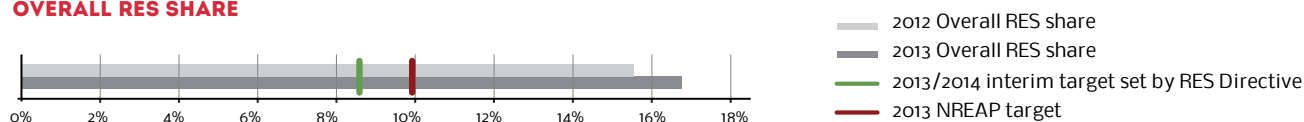




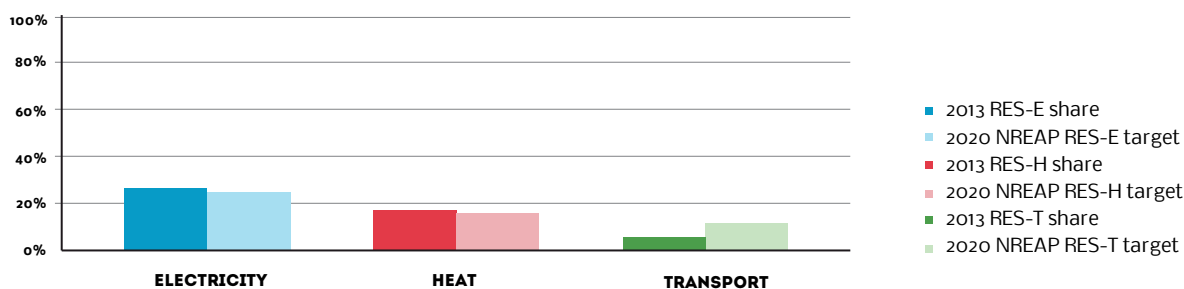
IS ITALY on track?

- Italy is comfortably above both its 2013 NREAP target and the interim target 2013/2014.
- The target RES-E and RES-H&C shares for 2020 have already been achieved, and growth is still strong. On the other hand, growth needs to accelerate regarding the RES-T share.

OVERALL RES SHARE

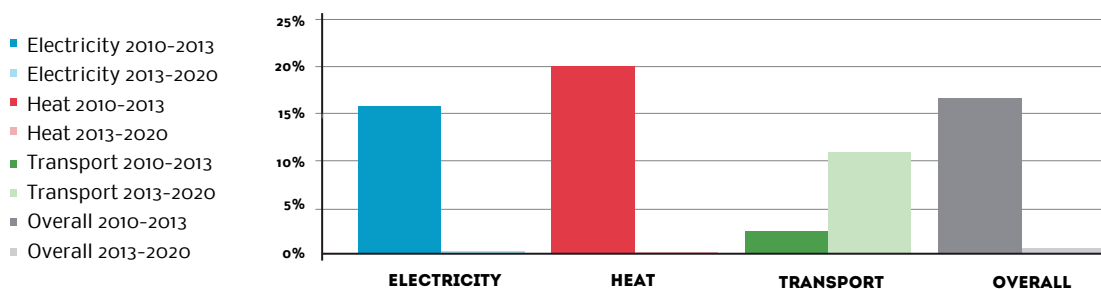


2013 RES SHARE COMPARED TO 2020 TARGET SHARE IN CORRESPONDING SECTORAL GROSS FINAL ENERGY DEMAND



	ELECTRICITY	HEAT	TRANSPORT	TOTAL
2013 actual share of RES in sectoral gross final energy demand	31.3%	18.0%	5.0%	16.7%
2013 NREAP target	21.0%	8.4%	5.4%	9.9%
2013/2014 interim target set by RES Directive	-	-	-	8.7%

AVERAGE ANNUAL GROWTH RATES OF RES SHARES FROM 2010 TO 2013 COMPARED TO GROWTH RATES REQUIRED FROM 2013 TO 2020





BARRIERS

to RES deployment

ELECTRICITY

BARRIER	DESCRIPTION
UNRELIABILITY OF THE LEGISLATIVE FRAMEWORK AND THE SUPPORT SCHEME	The endless modification of normative framework and the inadequacy of support schemes do not allow for long term investment planning. Retroactive impacts of specific measures (e.g. "Spalmaincentivi") are undermining the reliability of the sector.
DIFFICULTIES IN THE ACCESS TO FINANCE	The uncertainty about the obtainment of the incentive, its amount and what will happen after 2015 (DM 06/07/2012) are creating problems for the access to finance. Moreover, the quotas of incentivized energy of the new support scheme have revealed inadequate and wrongly distributed among the different RES technologies and sizes.
UNCLEAR FISCAL LEGISLATIVE FRAMEWORK	Tax structure is quite complex and many bureaucratic fulfilments are necessary. In addition, local tax agencies often provide different interpretations for the rules, thus leading to different treatments among operators. Bioenergy sector is especially affected since many different fuels are used.

HEAT

BARRIER	DESCRIPTION
COMPLEXITY OF THE LEGAL FRAMEWORK	Several laws regulate the RES-H sector and different provisions are set up at regional level. There is also a lack of implementation of primary measures and inconsistency between measures of different nature, which causes difficulties in the access to finance. Finally there is a general lack of know-how of involved actors.
INSUFFICIENT DEVELOPMENT OF THE BIOMASS SUPPLY CHAIN	The underdevelopment of the supply chain implies higher risks and a tendency to use imported biomass. From April 2015 a new draft of Ministerial Decree is under discussion, in order to allow the utilization of the urban, industrial, and agricultural biomass residues and pruning (so far treated as wastes) be used as fuels a competitive price. There is the need to set up a modern logistics infrastructure: forest management, system automation, transports.
INCOMPLETE LEGISLATIVE FRAMEWORK FOR SPECIFIC SECTORS	The lack/delay in the completion of the legislative framework is discouraging the development of new projects. Incentives due for the realization of new DH networks are provided by the law (D.Lgs. 28/2011), but still not implemented. The possibility to inject biogas into natural gas network is still not operational, since the legislative framework should be completed with all the necessary technical rules.

TRANSPORT

BARRIER	DESCRIPTION
LACK OF INFORMATION	There is a general lack of knowledge and experts: only very poor and unofficial data are available.
LACK OF A COMPREHENSIVE STRATEGY	The unavailability of information, the absence of competent stakeholders and the lack of communication channels between the involved parties do not allow to elaborate a comprehensive strategy (legislative framework+support scheme) for a sustainable transport system.

KEY TRENDS IN THE RES SECTOR

- In 2014, the number connection requests decreased, due to administrative barriers, a sharp reduction of incentives and retroactive effects of new laws as well as due to lengthy authorization procedures and grid connection.
- Currently (May 2015) the Ministry of Economic Development published a new draft of Ministerial Decree to establish a new support scheme for RES other than PV. The draft is now under discussion and is expected to be finalized before mid-June. The new support scheme will last until 1st December 2016, or when the threshold of the financial

amount (5 billion and 800 million euro) already established will be spent.

- “Conto Termico” (Ministerial Decree 28/12/2012), continues to be in force: it provides subsidies for thermal energy from RES and energy efficiency in buildings through conversion projects.
- A ministerial decree, published on 17 December 2013, set up an incentive system for the injection of biomethane into the gas grid and for its use in the transport sector.

POLICY RECOMMENDATIONS



ELECTRICITY SECTOR

- Guarantee clear and stable incentives over time: frequent modifications of support schemes and retroactive measures decrease the likelihood of obtaining bank loans. Investors need a clear and long-lasting support framework (3ITE, 4 ITE, 10ITE, 16ITE, 17ITE, 19ITE, 24ITE, 25ITE).
- Simplify administrative procedures through the centralization of energy competences: The distribution of competences among different public bodies (national, regional, local) causes an inhomogeneous implementation of the legislative framework at the local level. Decisional power should be kept at the national level as much as possible (5ITE, 11 ITE, 12ITE, 18ITE).



HEATING AND COOLING SECTOR

- Improve incentives and access to financing: As RES-H&C are considered as relatively costly. These technologies require financial incentives over an adequate period of time. Moreover, banks need more information and training on/in financing RES-H&C solutions, especially if linked to an ESCO (17ITHC).
- Simplify the of rules and implement a support scheme for district heating networks: regulation is complex (is not clear if DH networks should be considered a public service or not) and the incentives originally provided (D.Lgs. 28/2011) are still available (21ITHC).

- Improve the public perception of the RES-H&C sector: RES-H&C are still little known among citizens and installers. There is a need to increase the public awareness of different possible applications offered by the sector: domestic installations, industrial plants, public buildings (10ITHC, 25ITHC).



TRANSPORT SECTOR

- Elaborate a comprehensive strategy for the development of a sustainable transport system by designing a targeted legislative framework and a suitable support scheme, by improving training and creating an official statistics database (Ref: 17ITT).



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