



COUNTRY POLICY PROFILE

Italy

October 2014

**LOG FILE OF CHANGES IN SUPPORT
POLICIES AS COMPARED TO LATEST
MEMBER STATE PROGRESS REPORT**

The EurObserv'ER project

The EurObserv'ER Barometers monitor the renewable energy progress in each Member State of the European Union. Every two months a barometer dedicated to one particular renewable energy technology is published. Moreover, once a year a EurObserv'ER Overview Barometer¹ collects the main indicators published during the year and completes these with additional renewable sectors which have not been detailed in the individual Barometers. Finally, the Overview Barometer also reports on socio-economic aspects: employment and turnover in the field of renewables, and the renewable energy investment climate. The country policy reports monitor policy developments by providing an overview of policy changes compared to the Member State Progress Reports.

All Barometers are available for download at <http://www.eurobserv-er.org>. An overview of direct links to Barometers is available in Annex A.

New Barometer releases are announced on Twitter (https://twitter.com/eurobserv_er).



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¹ Free download at <http://www.eurobserv-er.org/pdf/bilan13-gb.asp>, latest edition is 2013.

Abstract

The Italian renewable energy incentive features a quota system, tradable green certificates (TGC), and feed-in tariffs (usually over 20 years) for electricity up to 1 MW as an alternative to the green certificates, simplified means of selling energy directly fed into the grid at fixed market prices for small producers and regulations on net metering.

In Italy, electricity generated from renewable energy sources is promoted through a number of feed-in and premium tariffs and a tendering system. Depending on the source and the size, RES-E plant operators may be obliged to opt for a certain system or may choose between the available ones. Electricity may be sold on the free market or through "ritiro dedicato" (purchase by Gestore dei Servizi Elettrici at a guaranteed price). Under certain conditions, electricity producers can make use of "scambio sul posto" (net-metering). In general, all technologies used in renewable electricity generation are promoted; however, they are eligible for different incentives.

The thermal (heating and cooling) energy generated from renewable energies is incentivized through tax regulation and loans.

A quota system is presently used for biofuels (transport).

In the year 2012 the major share of renewable electricity generation is accounted for by hydropower (3796 ktoe), mainly large plants. PV (1622 ktoe) and wind power (1066 ktoe) provide the next largest contributions. As for renewable heating, solid biomass makes the largest contribution with 4671 ktoe, followed by geo thermal at 3228 ktoe. Biofuels used in renewable transport amount to 1343 ktoe (source: EurObserv'ER, 2014, www.eurobserv-er.org).

Under the country's NREAP, Italy has set a renewable energy target (electricity) of 26% to be achieved by 2020. The 2012 total share of renewable energy in Italy amounted to 13.5%; the target for 2020 has been defined as 17% (source: EurObserv'ER report 'The State of Renewable Energies in Europe'²).

² Free download at <http://www.eurobserv-er.org/pdf/bilan13-gb.asp>, latest edition is 2013.

Abbreviations

ANEV	Associazione Nazionale Energia del Vento (Italian Wind Energy Association)
BCHP	Block-type heating power station
BTL	Biomass-to-Liquids
CHP	Combined heat and power plant
EEAG	Environmental and energy aid guidelines (issued 9 April 2014)
EU-27	European Union, 27 Member States (excludes Croatia)
EU-28	European Union, 28 Member States (includes Croatia)
FEC	Final energy consumption
FiT	Feed-in tariff (scheme)
FiP	Feed-in premium (scheme)
GDP	Gross domestic product
GHG	Greenhouse gas(es)
GWh	Gigawatt hour
HH	Households
HP	Heating plant
HVDC	High-voltage direct current transmission
IEA	International Energy Agency
ktoe	Kiloton oil equivalent
kWh	Kilowatt hour
MSW	Municipal solid waste
Mtoe	Megaton oil equivalent
MWh	Megawatt hour
N/A	Not available
NREAP	National Renewable Energy Action Plan
PEC	Primary energy consumption
PV	Photovoltaic energy
RE	Renewable energy
RED	Renewable Energy Directive
RES	Renewable energy sources
RES-E	Electricity from Renewable Energy Sources
RES-H/C	Heating and Cooling from Renewable Energy Sources
RES-T	Transport from Renewable Energy Sources
RMSW	Renewable Municipal solid waste (renewable fraction in MSW)
RQS	Renewable quota scheme, typically administered with a certificate scheme
TSO	Transmission system operator

Renewable energy mix and 2020 target

In the year 2012 the major share of renewable electricity generation is accounted for by hydropower (3796 ktoe), mainly large plants. PV (1622 ktoe) and wind power (1066 ktoe) provide the next largest contributions. As for renewable heating, solid biomass makes the largest contribution with 4671 ktoe, followed by geo thermal at 3228 ktoe. Biofuels used in renewable transport amount to 1343 ktoe (source: EurObserv'ER, 2014, www.eurobserv-er.org).

The 2012 share of renewable energy in Italy amounted to 13.5%; the target for 2020 has been defined as 17% (source: 'The State of Renewable Energies in Europe', [2013 edition](#)).

Table Renewable energy production in the 27 Member States of the European Union (EU-27) and the corresponding figures for Italy. Data have been expressed in ktoe and refer to the year 2012

[ktoe, 2012]	European Union (27 countries)	Italy	Contribution of Italy to EU-27
Hydro*	29408	3796	12.9%
Wind*	17089	1066	6.2%
Solar PV	5732	1622	28.3%
Solar thermal**	2116	155	7.3%
Solid Biomass***	74804	4671	6.2%
Biogas	6212	581	9.3%
MSW****	4426	257	5.8%
Geothermal	7825	3228	41.3%
Biofuels	11711	1343	11.5%
Ocean energy	44	0	0.0%

* Normalised electricity generation

** Including electricity generation from Concentrated Solar Power

*** Including liquid biomass

**** Municipal Solid Waste only regards the renewable fraction in the waste

Source: EurObserv'ER, 2014 (www.eurobserv-er.org)

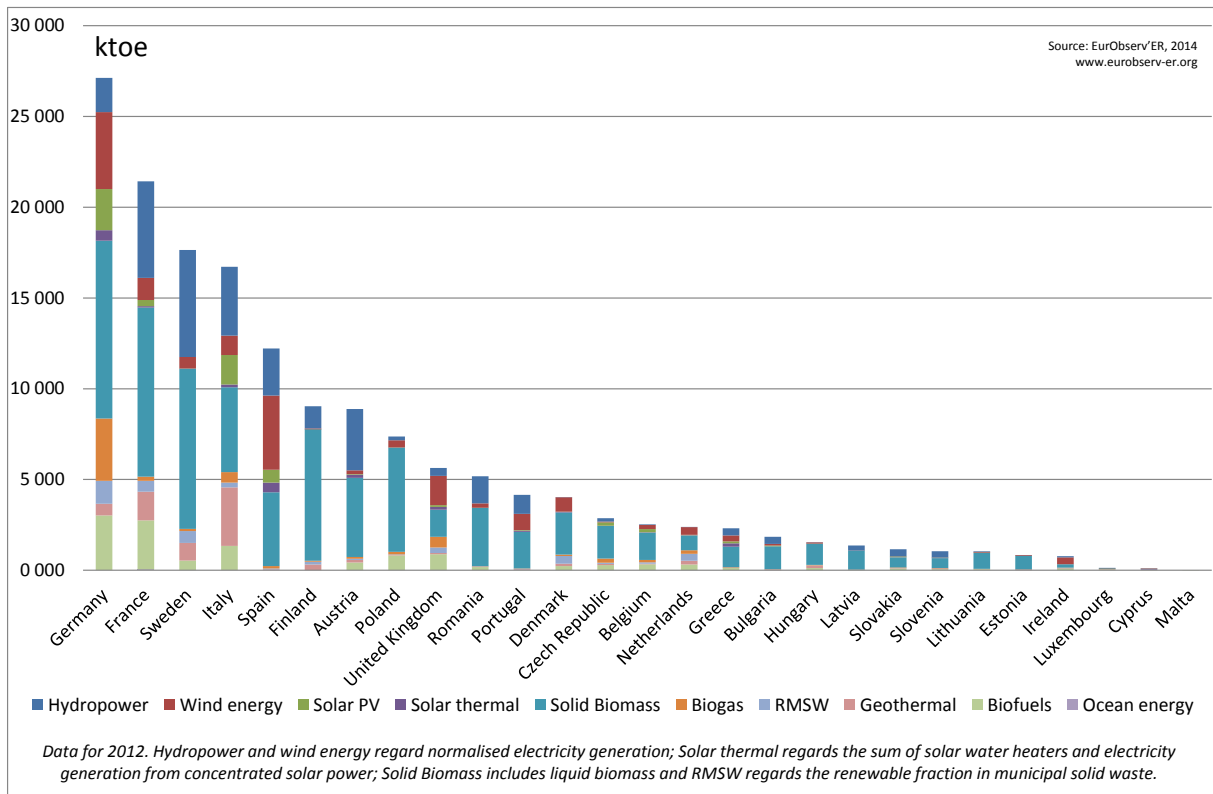


Figure Renewable energy production in the European Union Member States. Data have been expressed in ktOE and refer to the year 2012. Source: EurObserv'ER, 2014 (www.eurobserv-er.org)

Recent RES Policy Developments

The current EurObserv'ER policy profile is listing recent policy changes in the EU Member States. Starting point for this monitoring is the situation as it has been described in the country's Progress Report (which were due end of 2013). All Renewable Energy Progress Reports are available in English language from www.eurobserv-er.org (translated versions).

Date	Technology	Policy change
January 2014		The Italian progress report was released by the EC in December 2013.
February 2014		<no change to be reported>
April 2014		<no change to be reported>
June 2014		<no change to be reported>
August 2014	PV	A decree-law adopted in August introduced retroactive FIT cuts and new taxes for self-consumed electricity. Self-consumed PV electricity will be subject to a 5% "general system charge" as of 1 January 2015.
October 2014		<no change to be reported>
December 2014		<yet to come>

Planned expiration of the Conto Termico at the end of December 2015.

Note to the reader: the above overview had been compiled with care. However, in case you miss recent developments please be invited to inform EurObserv'ER on policy changes in a Member State. For communication use e-mail (policy@eurobserv-er.org) or Twitter (https://twitter.com/eurobserv_er).

Glossary

Auctions for granting renewable energy support	An auction is a process, organised by a governmental renewable energy implementation agency, of granting production or investment support to a specified volume of eligible renewable energy (or renewable energy generation capacity) based on the lowest bids per unit of renewable energy (or renewable energy generation capacity) by eligible renewable project developers.
Degression rate	See under 'Sliding feed-in tariff'
Feed-in tariff (FiT)	A technology-specific support scheme which provides for a technology-specific remuneration per unit of renewable energy payable to eligible renewable energy producers, typically for a period of 10-20 years. The FiT level is set <i>ex ante</i> by the National Regulatory Agency (NRA). It is to cover all future production costs including a <i>normal</i> rate of return to capital invested. In many schemes priority network access is offered to eligible renewable electricity generators, whilst a designated third party - e.g. the transmission or distribution network operator concerned - is being mandated to pay the FiT remuneration due. A proper, periodic review of FiT rates is often undertaken with the aim to prevent both too high FiTs so as to minimise regulatory rents, i.e. supra-normal returns and too low FiTs to preclude below-target market uptake because of FiT levels that are perceived by market participants to be less attractive.
Feed-in premium (FiP)	A technology-specific support scheme which provides for a technology-specific subsidy level per unit of renewable energy to eligible renewable energy producers, typically for a period of 10-20 years, at a pre-set fixed or floating (see under 'Floating FiP') rate, projected by the National Regulatory Agency (NRA) to enable renewable energy generation investments deemed commercially attractive by project developers without yielding supra-normal profits.
Floating FiP	A feed-in premium, which is periodically adjusted to exactly offset the change in the average energy wholesale market price, based on a pre-specified benchmark market price. A floating FiP may move freely or may only be allowed to move within a pre-set interval.
Grants	Grants are non-repayable funds disbursed by one party (grant makers), often a government department, corporation, foundation or trust, to a recipient, often (but not always) a non-profit entity, educational institution, business or an individual. (Source: Wikipedia.org)
Green public procurement	In Green public procurement contracting authorities take environmental issues into account when tendering for goods or services. The goal is to reduce the impact of the procurement on human health and the environment. (Source: Wikipedia.org)

NRA	National Regulatory Agency
Renewable quota scheme (RQS)	A renewable quota scheme mandates certain market actors (typically retail suppliers or large energy end-users) to respect a pre-set minimum share or amount of their total energy procurements from renewable sources of energy. Typically a tradable green certificate (TGC) scheme is operated to enable the obligated parties to prove their compliance with the prevailing renewable quota target by means of TGCs. Typically the renewable quota target is increased gradually over time. Renewable quota systems are also known under terms such as quota (obligation) schemes or renewable portfolio standards.
Request for tenders (RFT)	A request for tenders (RFT) is a formal, structured invitation to suppliers, to bid, to supply products or services. In the public sector an official fee is needed to fortify and secure the tender bid engagement/win documents, such a process may be required and determined in detail by law to ensure that such competition for the use of public is open, fair and free from bribery and nepotism. For example, a government may put a certain level of MW of offshore wind energy at a pre-defined location 'out to tender'; that is, publish an invitation for other parties to make a proposal for the construction of offshore wind farms, on the understanding that any competition for the relevant government contract must be conducted in response to the tender, no parties having the unfair advantage of separate, prior, closed-door negotiations for the contract. An evaluation team will go through the tenders and decide who will get the contract. (source: adapted from Wikipedia.org)
RD&D funding	The funding of research, development and demonstration activities and programmes. For technologies far remote from commercial maturity, government grants or subsidies might be considered. For technologies close to commercial maturity which are not taken up for commercial research anyway, instruments such as fiscal instruments (tax credits, accelerated depreciation, etc.) and public-private partnerships may be considered, based on shared public and private RD&D funding.
Sliding feed-in-tariff	A FIT scheme which pre-sets technology-specific declining feed-in tariffs for certain prospective vintages in line with the technology-specific learning curve, as projected by the National Regulatory Agency (NRA). Often a depression rate is used indicating the %/annum decrease in the rate level.
Soft loans	Loans at concessional (below market-based) terms, for example at sub-market-conform interest rates, made available in several Member States to stimulate certain renewable energy technologies.
Tax credits	These are amounts a tax paying entity is allowed to deduct when declaring payable taxes, for example company tax or income tax, to the tax authorities, for example the producer tax credits (PTCs) used in the United States to stimulate among others wind energy deployment.
Tenders	See 'Request for tenders'

References

EurObserv'ER, 2014, www.eurobserv-er.org

Agenzia delle Entrate: [website's page for tax reduction](#).

ANEV 2012: [Proposta ANEV sul DM attuativo al D.lgs 28/2011 sulle modalità per l'attuazione dei sistemi d'incentivazione](#), Associazione Nazionale Energia del Vento, (sourced January 2012).

[Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009](#) on the promotion of the use of energy from renewable sources.

ENEA 2012: [website for tax reduction of 55%](#)

Energy & Strategy Group 2012: [Biomass Energy Executive Report](#), June 2012, (sourced August 2012).

Gazzetta Ufficiale 2013: [Decree introducing the new incentive mechanism for renewable heating systems](#), (sourced, April 2013).

GSE 2013: [GSE: website's page about all inclusive tariff](#) , Gestore dei Servizi Elettrici (GSE).

GSE 2013: [Fifth feed-in scheme](#), Gestore dei Servizi Elettrici (GSE), (sourced April 2013)

GIFI 2013: [Conto Energia V 2013](#), Gruppo Imprese Fotovoltaiche Italiane(Italian Photovoltaic Industry Association), (sourced August 2014).

Ministero dello Sviluppo Economico 2012: [Decreto ministeriale 6 luglio 2012 ed allegati - Incentivi per energia da fonti rinnovabili elettriche non fotovoltaiche](#),(sourced December 2012).

MISE 2013: [Strategia Energetica Nazionale](#): per un'energia più competitiva e sostenibile, March 2013, Ministry of the economic development and Ministry of Environment.

[National Renewable Energy Action Plans \(NREAPs\)](#) are published on the Transparency Platform on Renewable Energy, (sourced December 2010).

[NREAP Italy 2010](#): English version, (sourced August 2011).

PV Magazine2014: [Italian FiT cuts destabilizing PV market](#), 8 Sep 2014, (sourced October 2014).

Read more: http://www.pv-magazine.com/news/details/beitrag/italian-fit-cuts-destabilizing-pv-market--hurting-europe--says-epia_100016347/#ixzz3G7CVNbk2

ReShaping 2011: [Renewable Energy Policy Country Profiles](#), 2011 version, based on policy information available in March 2011, (sourced April 2011).

RES Legal 2014: [Legal Sources on renewable energy in Italy: Electricity](#), (August 2014).

RES Legal 2014: [Legal Sources on renewable energy in Italy: Heating and Cooling](#), (August 2014).

RES Legal 2014: [Legal Sources on renewable energy in Italy: Transport](#), (August 2014).

[Seconda relazione dell'Italia in merito ai progressi ai sensi della direttiva 2009/28/CE](#)

Annex A

Overview of support schemes in Italy. The current supporting schemes are:

- RES-E:
 - New premium tariff and total-comprehensive feed-in tariff (DM 6 July 2012)
 - Fifth “Conto Energia” (Energy Account), valid until July 2013
 - Tax reductions
- RES-H:
 - Fifth “Conto Energia” (Energy Account) for solar thermodynamic
 - “Conto Termico” (Heating Account)
 - Fiscal reductions
- RES-T:
 - Incentives in the use of biofuels supported through the biofuel blending obligation.

Overview table for renewable electricity

Type of plant	Incentives mechanism	Duration of the incentives	Incentive	Tariff
RES plants (not solar)	D.M. 6 July 2012	20-30 years according the source and the installed power	Installed power ≤1 MW: total comprehensive tariff for the energy to the grid	
			Installed power >1 MW Premium tariff for the energy to the grid	Auto-consumption or energy market
Photovoltaic plants	5° "Conto Energia" (Energy Account) ³	20 years	Installed power ≤1 MW: total comprehensive tariff and premium tariff for the energy to the grid and the auto-consumed energy	
			Installed power >1 MW Variable premium tariff for the energy to the grid and premium tariff for the auto-consumed energy	Auto-consumption or energy market
CSP Plant	Conto Energia CSP (Energy account CSP)	25 years	Premium tariff on the produced energy	Auto-consumption or energy market
				"Ritiro Dedicato" ¹
				"Scambio sul posto" ²
(1) Plants with installed power < 10 MVA or every value for renewable energies not predictable				
(2) Plants with power < 200 kW				
(3) Valid from 27/8/2012 to 6/7/2013				

The current **green certificate coefficients** for renewables can be seen in the table below:

	Any plant	plant capacity <1 MWe
	GC coefficient K	Optional feed in tariff (in €/MWh)
wind on-shore	1,0	220
wind off-shore	1,1	-
geothermal	0,9	200
Wave and tidal	1,8	340
hydro	1,0	220
biodegradable waste, biomass	1,3	280
biomass and biogas (CHP)	1,8	-
other biogas (landfill and sewage gas)	0,8	180

For tariff incentives in **onshore and offshore wind energy** see the overview table below.

		Power (kW)	Useful life (years)	Base tariff incentives (€/MWh)
Wind energy	On-shore	1<P≤20	20	291
		20<P≤200	20	268
		200<P≤1000	20	149
		1000<P≤5000	20	135
		P>5000	20	127
	Off-shore ⁽¹⁾	1<P≤5000	25	176
		P>5000	25	165

⁽¹⁾ For offshore wind farms which don't use the benefits of Article 25, paragraph 3 and realize with their money the connection to the grid, there is a premium of 40 €/MWh.

Electricity from solar energy (PV)

Installations below 1MW receive the tariffs listed below (tariffa omnicomprensiva), installations above 1MW receive the difference between the hourly area price ("prezzo zonale orario") and the tariffs, if positive, or the tariffs listed below.

Semester	Amount of payment
1st semester:	€ 0.113 – 0.288 per kWh
2nd semester:	€ 0.106 – 0.242 per kWh
3rd semester:	€ 0.099 – 0.218 per kWh
4th semester:	€ 0.095 – 0.196 per kWh
5th semester:	€ 0.92 – 0.176 per kWh
6th semester onwards:	tariffs reduced by 15% per semester

CSP

The Feed-in Tariff system in place since 31 December 2012, involves banding by total receiver surface, around the 2 500-m² threshold and the amount of electricity from non-solar sources required to integrate the solar output. The FiT for large plants (>2 500 m²) is € 0.32/kWh where the solar fraction is over 85%, € 0.30/kWh from 50 to 85%, and € 0.27€/kWh where it is less than 50%.

The Feed-in Tariff will be paid for 25 years and drop by 5% from 2016 onwards and by a further 5% from 2017 onwards. The Feed-in Tariffs for small plants (<2 500 m²) adopt the same solar fraction rules and are € 0.36/kWh, € 0.32/kWh and € 0.30/kWh respectively and apply the same sliding scale rules. Plants with more than 10 000 m² of receivers will be required to have an energy storage system.

Hydropower

The value for the “Tariffa Onnicomprensiva” (Feed-in tariff I) is 0.22 €/kWh.

Typology	Power (kW)	Useful life (years)	Incentives (€/MWh)
Diversion hydropower	1<P≤20	20	257
	20<P≤500	20	219
	500<P≤1000	20	155
	1000<P≤10000	25	129
	P>10000	30	119
Impoundment or pumped storage	1000<P≤10000	25	101
	P>10000	30	96

Wave & Tidal power

The value for the “Tariffa Onnicomprensiva” (Feed-in tariff I) is 0.34 €/kWh.

Typology	Power (kW)	Useful life (years)	Incentives (€/MWh)
Wave and tidal power	1<P≤5000	15	300
	P>5000	20	194

Deep geothermal electricity and CHP

The value for the “Tariffa Onnicomprensiva” (Feed-in tariff I) is 0.20 €/kWh.

Typology	Power (kW)	Useful life (years)	Incentives (€/MWh)
Geothermal	1<P≤1000	20	135
	1000<P≤20000	25	99
	P>5000	25	85

Renewable Heat (Biomass heat, biogas, geothermal, biodegradable waste use)

a) Conto Termico

The price-based scheme “Conto Termico” provides an incentive for small RES-H sources. Heat pumps (aerothermal, geothermal, hydrothermal), biomass and solar thermal are eligible technologies and the incentive is granted for a period varying between 2 and 5 years.

b) Loan (Fondo Kyoto)

The fund has a total amount of € 600 million and a life-span of three years (2012 – 2013 – 2014). It supports biomass, biogas, geothermal and solar thermal plants.

c) Tax regulation scheme

The tax regulation scheme allows for a 55 % tax deduction from personal income tax (IRPEF) and corporate income tax (IRES) (“detrazione”) for expenses related to refurbishment of existing buildings and / or energetic requalification of buildings and / or installation of RES-H technologies. This disposition is valid for works undertaken up to 31 December 2013.

Solar thermal heat

The legal framework setting a Feed-in Tariff for heat production has been in place since the law of 2 January 2013 (law no. 28, art. 28). Beyond, the Conto Termico was implemented, which is a dressed-up installation subsidy system. Solar thermal installations (hot water-only or combined systems) of less than 50 m² are eligible for € 170/m² of aid per annum for two years. When combined with a cooling system, the incentive rises to € 255/m² for two years. Systems with more than 50 m² of collectors are eligible for € 55/m² of aid per annum for 5 years and when combined with a solar-powered cooling system € 83/m² is payable. Every installation has to go through an authorization procedure with GSE (Gestore dei Servizi Energetici). Italy has two other solar thermal installation financing possibilities (which cannot be piggy-backed to the Conto Termico) – a 65% tax deduction for energy efficiency investments in buildings or a 50% tax deduction for renovating buildings and installation subsidies that can both be used over a ten-year period.

Biofuels (biodiesel, bio-ethanol, biogas and other fuels)

Decree 28/2011 sets the obligatory share of biofuels in fuel consumption at 4.5 % in 2012. The projected blending targets in fuel consumption are given in the table below.

Year	Blending target
2010	3.5 %
2011	4.0 %
From 2012 to 2014	4.5 %

There are no subsidies or tax reliefs for biofuels in Italy, as the government removed excise exemptions for biodiesel and bioethanol in 2011.

ANNEX B

EurObserv'ER Barometers published are all available for download in different languages. See previous edition **in ITALIAN** at: http://www.eurobserv-er.org/downloads_ital.asp

Direct links to all EurObserv'ER publications:

Biofuels Barometer

(July 2014, PDF, English language, 14 pages)

http://www.eurobserv-er.org/pdf/baro222_en.asp

Solar Thermal Barometer (CSP and solar water heaters)

(May 2014, PDF, 18 pages, English language, 3.6 MB)

http://www.eurobserv-er.org/pdf/baro221_en.asp

Solar Photovoltaic Barometer

(April 2014, PDF, 16 pages, English language, 2.9 MB)

http://www.eurobserv-er.org/pdf/baro-jdp11_en.asp

Wind Power Barometer

(February 2014, PDF, English, 14 pages, 2.8 MB)

http://www.eurobserv-er.org/pdf/baro-jde14_en.asp

'The State of Renewable Energies in Europe', 2013 edition

(January 2014, PDF, English language, 200 pages, 12 MB)

<http://www.eurobserv-er.org/pdf/bilan13-gb.asp>

Solid Biomass Barometer

(December 2013, PDF, English language, 14 pages, 2.9 MB)

http://www.eurobserv-er.org/pdf/baro219_en.asp

Heat Pump Barometer

(October 2013, PDF, English language, 18 pages, 2.5 MB)

<http://www.eurobserv-er.org/pdf/baro218.asp>

Biogas Barometer

(December 2012, PDF, English/French language, 14 pages, 2.0 MB)

<http://www.eurobserv-er.org/pdf/baro212biogasEu.asp>

Renewable Municipal Waste Barometer

(December 2012, PDF, English/French language, 12 pages, 1.9 MB)

<http://www.eurobserv-er.org/pdf/baro212mswEu.asp>