

Energy Efficiency in Europe

Assessment of Energy Efficiency Action Plans and
Policies in EU Member States

2013



Country Report



Summary Assessment

Introduction

This report is one of 27 country reports published within the Energy-Efficiency-Watch project and assesses both ambition and quality of EU Member States' energy efficiency action plans and policy implementation (see more at www.energy-efficiency-watch.org).

The Italian NEEAP has developed partly comprehensive sectoral policy packages. However, some parts of the NEEAP remain unsatisfactory which has also been recognised by the assessment of interviewed domestic experts. The NEEAP assessment shows that Italian energy efficiency (EE) can be considered extensive, though the lack of a long-term target is noticeable. The involvement of non-governmental and market actors, the existence of both a national and regional energy agency and the white certificate scheme are positive elements. The interviewed experts, on the contrary, are far more critical regarding the progress of Italian policy. More than 80 percent of the interviewees see no or little progress in the last three years. Almost 90 percent of the interviewees consider Italian EE policy to be of low ambition or only ambitious in few sectors. More than 70 percent of the survey participants believe that Italy will fail to or barely meet its ESD target.

Sectoral Assessment

At sectoral level, the assessment is as follows:

- The NEEAP shows that the **public sector** is covered by a rather balanced policy package, which includes requirements for public buildings, lightning and procurement. Furthermore, provisions for public procurement can be considered as very well designed. On the contrary, about one quarter of the interviewed experts see the most important gaps. More than 30 percent of the experts see no progress in the field of public procurement. Accordingly, almost 30 percent of the experts think of the public sector as the one with the most important policy gaps.
- With respect to **residential housing**, financial support schemes like tax allowances and low-interest loans are main elements in the Italian energy efficiency policy in this sector. The Italian policy package also contains the definition of minimum energy performance standards and energy performance certificates.
- Italy has as well implemented various measures to increase the energy efficiency of **appliances**. However, the NEEAP does not exemplify their design on detail. Therefore, the NEEAP assessment remains somewhat inconclusive. About 25 percent of the survey participants find the most important policy gaps in the residential sector.
- The NEEAP assessment points to a balanced policy package for the **industrial and services sector**, which addresses the supply and demand side. The main instrument in use to increase energy efficiency in the industrial and service sector is the white certificate scheme.
- Based on the NEEAP assessment, the Italian EE policy targeting the **transport sector** can neither be regarded strategically coordinated nor well-balanced. Only a few measures are mentioned in the NEEAP. A lot of policies are in the planning stage, but the NEEAP does not explain how and when they are going to be implemented. Agreeably, about one quarter of interviewees see the most important policy gaps in this sector.

Conclusions

Though Italian energy efficiency policy is using various instruments, experts are comparatively critical towards the Italian policy package. Improvements could be the following:

- **Each sector** should have a long-term strategy (until 2050) and be complemented by a more strategic approach
- **Appliances sector** should establish financial incentives to support the purchase of energy-efficient appliances. The policy package should be amended with a voluntary labelling scheme, information campaigns and education and training programs
- **Industry sector** should set energy saving targets and the use of regulatory instruments should be extended
- **Transport sector** has to improve the policy package substantially, e.g. by introducing economic incentives and adding measures to supply advice and information.

Screening of the NEEAP



Overarching Energy Efficiency Governance Framework

| | | | |
|------------------------|--|--|--|
| long-term strategy | | | |
| other actors involved | | | |
| energy-agencies | | | |
| coordination/financing | | | |
| energy services | | | |
| horizontal measures | | | |
| MRV | | | |

| Comprehensiveness of policy package | |
|--|---|
| Long-term EE target(s) and strategy | <ul style="list-style-type: none"> No long-term strategy or other relevant plans mentioned. |
| Involvement of non-governmental and market actors, and sub-national authorities | <ul style="list-style-type: none"> Excellent description of institutional context. Cooperation with Energy Companies in White Certificates Standards (WCS). |
| Energy agencies and climate protection agencies | <ul style="list-style-type: none"> ENEA is the national energy agency. Regional energy agencies exist. |
| EE mechanisms for overall coordination and financing | <ul style="list-style-type: none"> WCS and EPC had been established in 2004. |
| Favourable framework conditions for energy services | <ul style="list-style-type: none"> ESCOs market is still in an beginning phase but the energy savings sector is growing rapidly. |
| Horizontal measures | <ul style="list-style-type: none"> Support for research programmes and other. |
| Monitoring, reporting and verification | <ul style="list-style-type: none"> Top-down and bottom-up methods are in use. |



Public Sector

| | | | |
|------------------------|--|--|--|
| public sector strategy | | | |
| role model | | | |
| public procurement | | | |
| public buildings | | | |
| adequacy of package | | | |

| Comprehensiveness of policy package | |
|--|---|
| Public sector strategy | <ul style="list-style-type: none"> There is no clear strategy for the public sector. However, targets as well as timeframes are given for the measures aiming at the public sector. |
| Role model, transparency, and demonstration | <ul style="list-style-type: none"> Activities to promote and disseminate best-practise examples are in place. Furthermore, a monitoring and reporting scheme is implemented. |
| Public procurement | <ul style="list-style-type: none"> Requirements for public procurement respecting energy efficiency criterias and with clear responsibilities are implemented. |
| Public buildings | <ul style="list-style-type: none"> Minimum environmental standards for public contracts in the building sector and requirements for efficient public lighting are implemented. |
| Adequacy of policy package | <ul style="list-style-type: none"> A rather balanced policy package, including requirements, demonstration projects and subsidies. The supply and demand sides of energy efficiency markets are addressed. |



Residential Sector - Buildings

| | | | |
|------------------------|--|--|--|
| MEPS | | | |
| other regulations | | | |
| economic incentives | | | |
| financing instruments | | | |
| EPCs | | | |
| advice and audits | | | |
| information | | | |
| demonstration | | | |
| education and training | | | |
| adequacy of package | | | |

| Comprehensiveness of policy package | |
|--|---|
| Minimum Energy Performance Standards (MEPS) | <ul style="list-style-type: none"> This directive constitutes an important guideline for the energy performance of buildings and addresses mandatory minimum requirements for the primary energy demand of new houses. |
| Other regulations | <ul style="list-style-type: none"> There are different energy efficiency improvement measures. |
| Economic incentives | <ul style="list-style-type: none"> Tax allowance is a tool which has the potential to lead to great energy savings in the housing stock. |
| Financing instruments | <ul style="list-style-type: none"> Loans are provided and a plan for energy saving will be released. |
| Energy performance certificates (EPCs) | <ul style="list-style-type: none"> Certificates on the energy performance of buildings are established, setting minimum mandatory requirements. |
| Energy advice and audits | <ul style="list-style-type: none"> Information campaign for energy efficiency. Energy manager are promoted to give expertise on energy issues. |
| Information tools | <ul style="list-style-type: none"> A website is used as information tool open to the public. |
| Demonstration projects | <ul style="list-style-type: none"> Pilot projects are planned. |
| Education and training for stakeholders | <ul style="list-style-type: none"> There are various and detailed forms used for education and training. |
| Adequacy of policy package | <ul style="list-style-type: none"> The policy package is diverse and well balanced. Good economic incentives are given, training and education as well as standards are set or in planning. |
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Residential Sector - Appliances

| | | | |
|------------------------|--|--|--|
| MEPS | | | |
| economic incentives | | | |
| energy labels | | | |
| information tools | | | |
| education and training | | | |
| adequacy of package | | | |

| Comprehensiveness of policy package | |
|--|--|
| Minimum Energy Performance Standards (MEPS) | <ul style="list-style-type: none"> Ecodesign Directive 2009/125/EC was implemented. |
| Economic incentives | <ul style="list-style-type: none"> White Certificates: Replacement of incandescent bulbs, dishwashers etc. Other replacement programmes were implemented, but they are not in place anymore. |
| Energy labels | <ul style="list-style-type: none"> Italy implemented the EU Labelling Directive 2010/30/EC. |
| Information tools | <ul style="list-style-type: none"> An internet site has been set up to inform the public. In 2005 the EC launched the Sustainable Energy Europe campaign. |
| Education and training for retail staff and other supply chain actors | <ul style="list-style-type: none"> No mention of education and training campaigns. |
| Adequacy of policy package | <ul style="list-style-type: none"> The policy package considers the demand and supply side with (EU) policies and measures. The policy mix is not well balanced. |



Industry and Tertiary Sector

| | | | |
|---------------------|--|--|--|
| standards | | | |
| ES&A targets | | | |
| obligations | | | |
| economic incentives | | | |
| tradable permits | | | |
| energy taxation | | | |
| energy labelling | | | |
| other measures | | | |
| adequacy of package | | | |

| Comprehensiveness of policy package | |
|---|---|
| Standards for equipment, production process, products | <ul style="list-style-type: none"> The Ecodesign Directive has been implemented. |
| Energy savings and action targets for individual companies | <ul style="list-style-type: none"> Not mentioned in the NEEAP. |
| Obligations / commitments | <ul style="list-style-type: none"> Big energy consumers in the industrial, services and transport sector are obligated to appoint an energy manager. Nevertheless, it is not clear how many companies have an energy manager or what responsibilities and possibilities of these managers are. |
| Economic incentives | <ul style="list-style-type: none"> Tax exemption for the use of high-efficient electric motors and frequency inverters. |
| Tradable permits | <ul style="list-style-type: none"> A scheme with tradable Energy Performance Certificates or White Certificates is established and used for different sectors. It is possible to accumulate the incentive with the use of tax allowances. |
| Energy or CO₂ taxation | <ul style="list-style-type: none"> The excise duty rate for gas is below the minimum EU-rate. The excise duty rate for electricity is above the minimum EU-rate. |
| Energy labelling | <ul style="list-style-type: none"> EU energy labelling regulation. |
| Other measures | <ul style="list-style-type: none"> A scheme for training of Energy Managers is mentioned. |
| Adequacy of policy package | <ul style="list-style-type: none"> The policy package is balanced. Different actors and their specific barriers are considered. Both, supply and demand side of EE markets are addressed. |



Transport Sector

| | | | |
|------------------------|--|--|--|
| planning instruments | | | |
| regulatory instruments | | | |
| economic incentives | | | |
| information | | | |
| R&D support | | | |
| adequacy of package | | | |

| Comprehensiveness of policy package | |
|-------------------------------------|--|
| Planning instruments | <ul style="list-style-type: none"> Only one measure mentioned in the NEEAP. Development of public transport infrastructure and further MURE measures e.g. urban mobility plans. |
| Regulatory instruments | <ul style="list-style-type: none"> Due to the use of different regulatory instruments (emission limits, driving restrictions, rules for procurement) quality of measures suffers. |
| Economic incentives | <ul style="list-style-type: none"> The main focus is on replacing old cars and commercial vehicles up to 3.5 tonnes. Other measures (e.g. taxation, subsidising public transport) are not mentioned or only proposed without more detailed explanation. |
| Information and advice | <ul style="list-style-type: none"> There are some information measures listed but it remains unclear whether transport/mobility is de facto a topic of the measures mentioned. |
| R&D support | <ul style="list-style-type: none"> Not mentioned. |
| Adequacy of policy package | <ul style="list-style-type: none"> Some measures are mentioned. Often additional information about specific design of measures are missing. Only the measure "financial package for old vehicles scrapping" is further explained. Proposals for future measures are given, but no information in how far these measures will be planned and implemented. |

Findings from the Expert Survey

In 2011 and 2012, Energy-Efficiency-Watch conducted a quantitative and qualitative survey with national experts on implementation of energy efficiency policies in EU Member States.

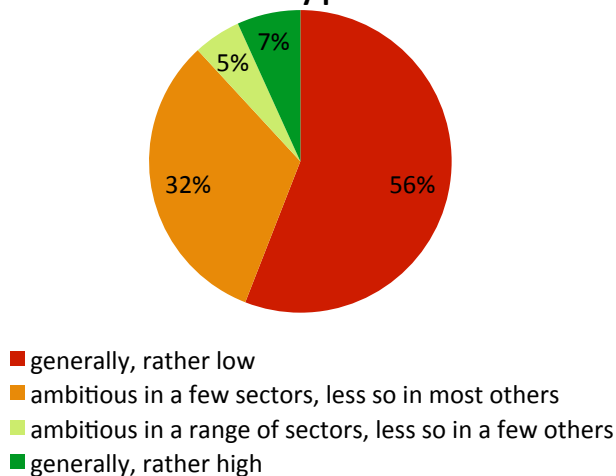
Regarding the state of Italian energy efficiency policy, 61 experts have completed the quantitative survey and three experts participated in qualitative interviews. Overall, interviewees are comparatively **critical of the Italian energy efficiency policy** and the progress made since the last NEEAP was filed. Less than 20 percent of the surveyed experts see the introduction of a range or many new additional policies in the last three years. A majority of interviewees is as well skeptical that Italy will attain or even outperform its ESD target.

The statements of the three experts, who were qualitatively interviewed, allow one to get a more differentiated picture of the Italian policy. While they also see the **need for a long-term energy efficiency strategy**, they are able to name successful approaches, which should be continued. For example, they refer to the income tax deduction for homeowners, who retrofit their buildings, the agreement between the employers' federation and the three largest trade unions to support a national energy efficiency plan and the white certificate scheme. Another **important source of funding** for energy efficiency projects in Italy is Kyoto fund. Private households, public administrations and small and medium enterprises are eligible for low-interest loans to finance energy efficiency projects.

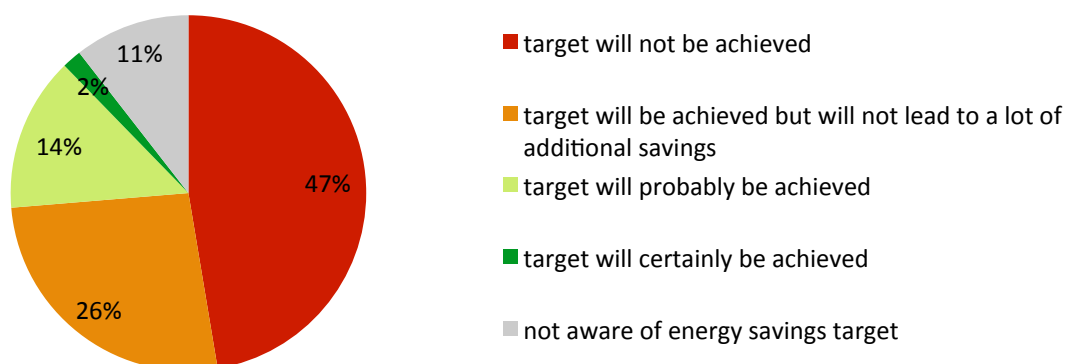
With respect to the **public sector**, experts criticize that the agency responsible for doing public procurement is not working effectively. More than 1.000 Italian municipalities are members of the Covenant of mayors, yet only a few of those have compiled Sustainable Energy Action Plans, let alone implemented them.

Experts appreciate the possibility of **tax deductions** in cases of retrofitting residential buildings, but critically remark that the deductible amount is capped at 10.000 EUR. This may hinder deep renovations. Also, experts remark, the **use of energy performance contracting should be extended**, to further the goal of an energy efficient **residential sector**.

Italy: overall ambition of the energy efficiency policies



Italy: achievement of national energy savings target



Whereas the existing white certificate system has positive effects especially in the **industrial sector**, experts see a lot of room for improvement regarding the policy for the industrial and services sector. There is yet **no specific legislation** for this sector except for an obligation for some enterprises to employ an energy manager.

Also, there is still **no obligation for energy savings** by the industrial sector, even though some companies have set themselves goals on a voluntary base. While a large number of energy service companies exist, a **lack of funding** impairs their success.

Interviewees are extraordinarily critical of the state of Italian energy efficiency policy for the **transport sector**. The Italian transport sector predominately relies on road transport and there are few promising policies to change this. The main responsibility for transport policy lies with municipalities, which are quite active, yet not necessarily as successful. But, some municipalities e.g. promote car-sharing or the use of electric vehicles.

Good Practice Examples

Italy succeeded in establishing a well-balanced buildings sector framework. Mandatory Minimum Energy Performance Standards address the primary energy demand for new houses. Financial support schemes, like tax allowances and low-interest loans are main elements in the Italian energy efficiency policy in this sector. The Italian policy package also contains the definition of minimum energy performance standards and energy performance certificates. Financing instruments like loans are provided and a plan for energy saving will be released. Especially in regard to education & training for stakeholders Italy shows many different programmes which can be also used as a good practice example.

Concerning the **transport sector** Italy has some minor deficits that could be addressed. R&D support is not mentioned in the NEEAP which should be done. Information and advice measures are not described in detail as well. For good examples Italian policy makers can consider the NEEAPs of **Finland**. Finland has implemented a policy package for the transport sector, which utilizes the complete set of instruments to achieve energy efficiency. Various measures aim to give guidance through information. Among these is the inclusion of energy-efficient driving in the curricula of driver's education. R&D support measures can be found as well.

The **industry and tertiary sector** is considered to be the weakest sector in the Italian NEEAP. Measures with missing or few information in some areas like binding targets, economic incentives or other measures must strongly be improved. Others like standards, obligations and energy taxation can be improved to achieve a better outcome. Here, the following NEEAPs offer good practice examples regarding information, governance and finance. For instance in **France** an agreement focus on removing the least-efficient light bulbs earlier than scheduled from the market. White Certificates Schemes are implemented in some countries and are seen by experts as rather effective. Good practice examples for White Certificates Schemes are described in the NEEAPs of **UK** and **France**. One strength is of course the use of "other measures", e.g. education, capacity building and energy audits. Good practice examples are given by **Austria, Estonia and Finland**, where educational measures play an important role. Strong financial support includes subsidies and tax incentives, which are especially prominent in the NEEAPs of **France, Germany** and **UK**, where different funds for research and innovation on energy saving technologies, implementation of energy saving measures and support for audits are in place. **Slovenia** has established a CO₂ tax and plans to link exemptions from the CO₂ tax to energy management at company level. Setting energy saving targets to companies is a further good practice used by **Bulgaria** setting e.g. individual energy saving targets for industrial systems with an annual consumption over 3.000 MWh. These entities must furthermore conduct energy audits every three years. **Sweden** established a programme for improving energy efficiency in energy-intensive industry (PFE) which operates as a voluntary agreement between a companies and the Swedish Energy Agency.

Disclaimer

The sole responsibility for the content of this publication lies with the authors. It does not necessarily reflect the opinion of the European Union. Neither the EACI nor the European Commission are responsible for any use that may be made of the information contained therein. The analysis performed here is based almost exclusively on the information provided in the NEEAPs. Consequently, a low score for any of the criteria analysed could also be the result of a NEEAP lacking detailed information. The purpose of this assessment is not an absolute ranking among Member States but is focusing on each Member State's individual conditions.

The Project

In 2006, the European Union adopted the Directive on energy end-use efficiency and energy services ("ESD"). The Directive sets an indicative energy saving target of 9 % by 2016 as well as obligations on national authorities regarding energy savings, energy efficient procurement and the promotion of energy efficiency and energy services. It requires Member States to submit three National Energy Efficiency Action Plans (NEEAPs), scheduled for 2007, 2011 and 2014.

The Energy-Efficiency-Watch Project aims to facilitate the implementation of the Energy Service Directive and the Energy Efficiency Directive. This Intelligent Energy Europe project tried to portray the progress made in implementation of energy efficiency policies since the Energy Service Directive via NEEAPs screening and an extensive EU wide expert survey.

www.energy-efficiency-watch.org

The Authors

Ralf Schüle, Thomas Madry, Vera Aydin, Jonas Fischer, Jan Kaselofsky, Thorsten Koska, Carolin Schäfer- Sparenberg, Lena Tholen (Wuppertal Institute)

Daniel Becker, Nikolas Bader (Ecofys)

Christiane Egger (O.Ö. Energiesparverband)

with contributions by

Reinhold Priewasser, Michaela Kloiber (University of Linz) Nils Borg (ecee),

Dominique Bourges (Fedarene), Peter Schilken (Energy Cities)

List of Abbreviations

EE – Energy Efficiency, **EED** – Energy Efficiency Directive, **EPC** – Energy Performance Certificates, **EPDB** – Energy Performance of Buildings Directive, **ES&A Targets** - Energy Savings and Action Targets, **ESCO** – Energy Service Company, **ESD** – Energy Service Directive, **EU** – European Union, **EEW** – Energy-Efficiency-Watch, **MEPS** – Minimum Energy Performance Standards, **MRV** – Monitoring, Reporting and Verification, **MURE** – Mesures d'Utilisation Rationnelle de l'Énergie, **NEEAP** – National Energy Efficiency Action Plan, **R&D** – Research and Development

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