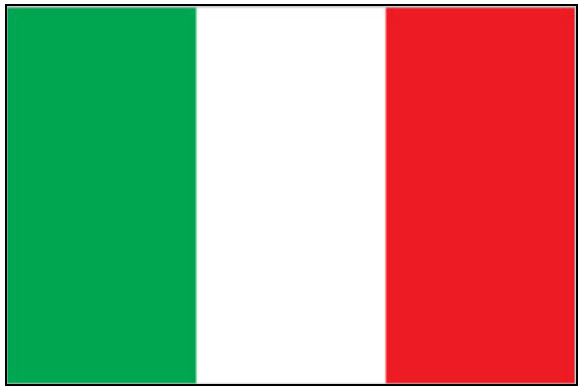
CLIMATE CHANGE LEGISLATION IN

ITALY

AN EXCERPT FROM

The 2015 Global Climate Legislation Study

A Review of Climate Change Legislation in 99 Countries



Michal Nachmany, Sam Fankhauser, Jana Davidová, Nick Kingsmill, Tucker Landesman, Hitomi Roppongi, Philip Schleifer, Joana Setzer, Amelia Sharman, C. Stolle Singleton, Jayaraj Sundaresan and Terry Townshend

www.lse.ac.uk/GranthamInstitute/legislation/

Grantham Research Institute on Climate Change and the Environment

GLOBE The Global Legislators Organisation

1889 Inter-Parliamentary Union For democracy. For everyone.

Italy

Legislative Process

Italy has a bicameral parliamentary system. The Lower House is the Chamber of Deputies and the Upper House is the Senate. The last parliamentary election was held in February 2013; the next is scheduled for 2018.

For a text to become law, it must receive the vote of both Houses independently. A bill is discussed in one of the Houses, amended, and approved or rejected. If approved, it is passed to the other House, which can amend it and approve or reject it. A law currently under scrutiny by the Parliament could differentiate the roles of the two Houses in the future.

Laws may be applied directly, or require the government to issue a regulation to indicate how they should be enforced, or how citizens should ask for what they are entitled to. Regulations can be updated more quickly than laws, which have to go through Parliament, but they cannot always be used. Some legal matters are reserved to laws, and most regulations have to be authorised by a specific law. A regulation may be: a Presidential Decree, a Decree from the President of the Council of Ministers, or a Ministerial Decree. The Presidential Decree is the most common and does not usually require prior authorisation by a law.

The Constitution reserves some matters to the regions and the laws of the Republic may delegate power to the regions to issue norms for enforcement.

Approach to Climate Change

Soon after Kyoto ratification, the Inter-Ministerial Committee on Economic Planning (CIPE) established guidelines for national policies and measures to reduce GHG emissions. These provisions were later confirmed by several pieces of legislation. Industry organisations, environmental NGOs and other groups concluded the Voluntary Climate Pact with the government (1999), under which they agreed to curb CO_2 emissions. A fund for the reduction of atmospheric emissions and the promotion of energy efficiency and sustainable energy sources was established in 2000, financed from 3% of the receipts accruing from the carbon tax until 2002, when the carbon tax law ended.

In 2002, the Environment Ministry released the government's strategy to cut GHG emissions. The plan relies on the Kyoto Protocol's three flexible mechanisms of emissions trading and joint projects with other countries to deliver over half of the required emissions cuts. Several plans, including a reforestation plan, are the basis of this strategy. For the most part, they have yet to be implemented. The Inter-Ministerial Technical Committee for GHG emissions (CTE) was also established in 2002. In 2007 the CIPE adopted a further

deliberation providing guidance to update the national strategy (Climate Change Action Plan). The latest CIPE deliberation was adopted in 2013 in order to enable Italy to contribute to achieving the Kyoto Protocol target and commitments set by the EU.

Energy Supply

The key energy policy document is the National Energy Strategy, adopted in 2013. It has a double time horizon (2020 and 2050) and aims to improve the competitiveness of the energy system and environmental sustainability. It aims to achieve four main targets by 2020: reducing energy costs by aligning prices with EU levels (national savings on electricity and gas estimated at approximately EUR9bn (USD11.3bn) per year); exceeding the European targets set out in the 2020 European Climate-Energy package (reducing GHG emissions by 21% compared with 2005, reducing primary energy consumption by 24% compared with the business as usual scenario, and achieving a 19-20% share of renewable energy in gross final consumption); improving security of supply, reducing dependency on energy imports by about EUR14bn (USD17.6bn) per year; boosting growth and employment by mobilising investments of EUR170bn – EUR180bn (USD213bn – USD225.9bn) by 2020, both in traditional sectors and in the green economy. A National Renewable Energy Action Plan was elaborated in 2009 in line with EU targets.

Since 2007, a feed-in tariff (FiT) has been offered to solar PV plants. The FiT is paid on the basis of the amount of energy produced and dispatched, and it is granted for a 20-year period. Rules governing the FiT are set out in the Conto Energia legislation, which is updated periodically by the legislature.

Since 2002, energy plants fuelled by other types of RES (wind, biomass, etc.) qualify for an incentive regime based on green certificates (GCs), which are issued by the GSE, traded between operators on a dedicated market, and surrendered to GSE at a fixed price. The GC scheme aims to increase the share of renewable energy in energy supply and reduce energy dependence. From 2016 the GC regime will be replaced by a dedicated FiT, calculated on the basis of the average price for the sale of electricity during the relevant year. To keep supporting plants already benefiting from incentives while ensuring long-term sustainability of the support system, further changes were introduced early in 2014 by the 'Destinazione Italia Decree', including lower guaranteed minimum prices and higher taxation for industrial renewable producers.

Energy demand

Energy demand policy was updated by the National Energy Strategy (NES, 2013), which lays down the key targets for energy demand management and aims to exceed targets in the 2020 European Climate-Energy package). The targets include: reducing primary energy consumption by 24% by 2020 compared with the business as usual scenario and reducing primary consumption by 17-26% by 2050 compared to 2010, by decoupling economic growth from energy consumption. Efforts in building and transport are identified as critical.

In accordance with EU rules, Italy has been elaborating National Energy Efficiency Action Plans since 2007. The latest version of the Plan was published in July 2014. The proposed measures in the residential, services, industry and transport sectors aim to achieve a primary energy saving target of 20.05% by 2020. Minimum energy efficiency standards have been introduced, principally following the requirements of the Ecodesign and the Energy Performance of Buildings Directives. Tax deductions for upgrading buildings were introduced by the Budget Law 2007 and have helped to generate savings in excess of 0.86 Mtoe/year, corresponding to more than 2 million tonnes/year of avoided CO2 emissions. A White Certificate energy efficiency obligation scheme was established in 2005 and has been expanded, most recently in 2014 to include telecommunications, water distribution, and transport. 'Thermal account', has been operational since 2013. This is the first nationwide direct incentive scheme for renewable thermal energy generation and the first direct scheme encouraging public authorities to implement energy efficiency actions in buildings and technical installations.

The Reorganisation of Energy Sector Regulation (2004) devolved power to regions to promote energy efficiency and renewable energy sources while maintaining the national scale of such promotion. The Budget Laws of 2007, 2008 and 2010 provide for fiscal incentives and financial measures to improve energy efficiency and abate emissions. These include the opportunity for municipalities to reduce real estate tax to buildings equipped with renewable energy installations (2008) and creation of a special fund to support the implementation of energy efficiency targets (2010).

Carbon pricing

Italy implemented the EU ETS in 2006. It has committed, with 12 other EU members, to return 50% of ETS revenues allocated to climate and energy efficiency programmes. Thus, the Budget Law 2007 established the "Revolving fund for Kyoto". It provides EUR200m (USD251m) annually to finance measures to promote GHG emission reductions through loans for energy efficiency (incl. buildings), distributed generation and small scale renewable generation.

Transportation

A number of national and regional incentives promote cleaner transportation and vehicles. In 2000, an Environment Ministry decree created incentives to encourage car-sharing. In 2004, the Ministry of Environment set up a programme that will reimburse city governments up to 65% of the cost of adding environmentally friendly vehicles to each city's fleet.

Policies on biofuels build on various regional incentives as well as the Biomass Fuels National Plan (2000, PROBIO), which aims to promote the deployment of biomass to replace fossil fuels through incentive systems. In 2005, a national indicative target was established of 2.5% of substitution of traditional fuels with biofuels by the end of 2010, increased to 5.75% in 2007. Today, Italy is Europe's

fourth-biggest producer of biodiesel, with a capacity of approximately 2.2mt per year. It is set to mandate the use of advanced biofuels in cars and trucks. A Decree issued in October 2014 introduced an obligation for fuel suppliers to have at least 0.6% advanced biofuels (derived from substances such as algae, waste, or agricultural residues) in petrol and diesel from 1 January 2018, 0.8% from 1 January 2020 and 1% from 1 January 2022.

REDD+ and LULUCF

Italy participates in REDD+ by funding international projects directly or through the GEF, in countries such as Bolivia, Ecuador, China, Albania and Indonesia. The projects focus mainly on creating protected areas, managing forests to reduce wildfires or promoting sustainable agriculture.

Adaptation

The Ministry for the Environment, Land and Sea's National Strategy for Adaptation to Climate Change is being finalised. The focus is on the integration of adaptation into different sectoral policies (so far the National plan for water use, 2005; National Strategic Plan for Rural Development 2007-2013; White Paper of the Ministry for Agriculture on "Challenges and opportunities of the rural development in adapting and mitigating climate change", 2011). Regional governments are responsible for the implementation of local adaptation action plans.

Italy: Legislative portfolio

Name of law	**Law Decree no. 145/20131 (the 'Destinazione Italia Decree')**
Date	2014
Summary	This Decree introduces an optional incentive system for existing plants and new rules for plants benefiting from incentives based on electricity rates. Among others, the Decree presents a new optional incentive scheme to certain renewable electricity producers. Producers owning power plants that have already obtained green certificates and/or all-inclusive tariffs, may do one of the following: • Continue to benefit from their existing incentive scheme over the remaining original period. If so, for 10 years after the end of the original incentive period, any new initiative on the same site will not benefit from further incentives, including dedicated withdrawal and net-metering • Restructure their existing incentive scheme. In this case, the existing incentive is reduced by a percentage which differs according to the type of plant, while the incentive period is extended by 7 years. This rule does not apply to power plants which benefit from: • CIP 6 incentives scheme ; • Incentives available under the FER Decree, with the exception of those covered by the interim regime.

	Additional measures include: • Reinforcing the Ecobonus: Tax incentives for the energy efficiency of buildings have been extended, and the deduction has been raised to 65%. The 50% deduction for building refurbishment has been extended, widening its sphere of application to several types of furnishings and home appliances • Enhancing the "White Certificate" (or Energy Saving Certificates – ESC) mechanism, prevalently applied to the industrial and service sectors, and promoting infrastructure energy saving in sectors that have been neglected up to now (ITC, water distribution network, transports)

Name of law	**Law no. 116, ratifying with amendments the Law Decree no. 91 of 24 June 2014 on "Urgent provisions for the agricultural sector, environment, company development and, inter alia, reduction of energy bills"**
Date	20 August 2014
Summary	The Law ratifies with amendments the Law Decree on "Urgent provisions for the agricultural sector, environment, company development and reduction of energy bills" and lays down new provisions on feed-in-tariffs for photovoltaic and other renewables sources plants. It regulates the restructuration of feed-in tariffs for photovoltaic plants (capacity > 200 kW). Starting from 1st January 2015, the feed-in-tariffs are to be paid based on one of the following three options, to be selected by the owner of the plant: a) Current feed-in-tariffs will be reduced depending on the actual remaining period of life of the plant (from 25% for 12 years remaining to 17% for more than 19 years remaining) and distributed over a period of 24 years starting from the grid connection date instead of 20 years b) The fixed reduction of feed-in-tariffs, when the owner of the plant can opt for a reduction of the current feed-in-tariffs by a fixed percentage over the 20-year period (same as before). The Law now provides for the following different percentages, depending on the nominal capacity of the plant: • 6% for plants with nominal capacity with nominal capacity of 200 - 500kW; • 7% for plants with nominal capacity with nominal capacity of 500 - 900kW; • 8% for plants with nominal capacity above 900 kW. c) The variable restructuration of feed-in-tariffs, which provides for current feed-in-tariffs to be reduced initially by a certain percentage and increased, by the same amount, at a later stage. The aim of introducing such option is to ensure annual savings of EUR600m (USD753m) over 2015-2019. In addition, the Law provides that owners can sell up to 80% of their expected future feed-in-tariffs to a third investor (selected among European leading financial operators through competitive tenders).

Name of law	**Energy efficient buildings and biofuel standards (2010 Finance Law)**
Date	2010
Summary	The Finance law 2010 provides incentives for energy efficient buildings and the use of biofuel. Fossil fuels are subject to specific excise duties on the basis of weight or volume units. Biofuels are incentivised through a reduction of this excise duty. In particular, the Budget Law 2010 defines a maximum of 18,000 tonnes of biofuels that can benefit from this reduction. Italian legislation also stipulates that fossil fuel producers should annually supply a minimum quota of biofuels based on the total amount of fuel supplied during the previous year.

Name of law	**Law concerning anti-crisis measures: energy provisions (Law no. 102)**
Date	3 August 2009
Summary	The Law is designed to accelerate the deployment of more advanced, efficient and energy-saving technologies. While the law does not specify energy performance thresholds for the equipment, the measure aims to encourage the replacement of existing equipment with newer, more efficient technology. The law also provides that depreciation rates for capital goods should vary according to energy use, in order to take account of the evolving impact on production processes of more efficient equipment.

Name of law	**Finance Law 2008 (Law No. 244 24/12/2007 and Law No. 222 29/11/2007); M.D. 18.12.08; Law 99/09)**
Date	2008
Summary	This Law confirmed the 2007 Budget Law measures, and extended the deadline of borne expenditures from December 2007 to 2010. Putting a price on carbon: the revisions concerning green certificates are twofold. First, the incentive period is raised to 15 years. Second, the number of certificates issued varies depending on the type of renewable source, according to a coefficient of multiplicative energy produced. Energy – demand-side policies: the 2008 Budget Law includes new measures relating to the production of electricity from renewable energy sources. In particular, it allows small renewable plants (<1 MW and < 200 kW for wind plants) commissioned after 1 January 2008 to choose between green certificates and a feed-in tariff mechanism (called "all inclusive tariff") for an incentive period of 15 years. Both green certificates and all-inclusive tariffs are differentiated by renewable energy source.

Name of law	**Finance Law 2007**
Date	2007
Summary	This law provides for various fiscal incentives and financial measures to improve energy efficiency and to abate emissions. It also established an obligation for all traditional fuel producers to supply, each year, a minimum quota of biofuels determined as a percentage of the previous year's total supply volume. The initial quota was 1% for 2007; subsequently it was increased to 2% for 2008 and 3% for 2009. Non-compliance with the quota is subject to penalties. The Ministry of Agriculture and Forestry is responsible for verifying the fulfilment of this obligation. The Law introduced tax allowances for purchase or installation of high-efficiency electric motors and for high-efficiency fridges and freezers. It also promotes the reduction of duty for biofuels used for transportation and fiscal incentives for enhancing energy efficiency and use of renewable energy in buildings. The Law also established the Revolving fund for Kyoto: it provides EUR 200 million (USD 272 million) for financing measures to promote GHG emission reductions for 2010–2012 and to achieve the targets. It finances, for instance, a high-performance micro-cogeneration plant.

Name of law	**Reorganisation of Energy Sector Regulation (Law no. 239)**
Date	23 August 2004
Summary	In 2004, the Italian government devolved power to Italian regions to promote energy efficiency and renewable energy sources while maintaining the national scale of such promotion. Energy – demand-side policies: several measures served to reorganise the energy markets and encourage competition, including the expansion of green certificate trading from renewable and CHP projects to include hydrogen. The law also reduces the size of green certificates from the initial value of 100 MWh to 50 MWh.

Name of law	**Fund for GHG emissions reduction and energy efficiency (Finance Law 2001 Art. 10)**
Date	2001
Summary	The financial law, approved at the end of the year 2000, establishes a fund for the reduction of atmospheric emissions and the promotion of energy efficiency and sustainable energy sources. The fund is financed from a portion equal to 3% of the receipts accruing from Italy's carbon tax. The fund will finance up to 80% of the cost of programmes for installation of solar collectors (mostly PV), particularly in southern Italy. The fund will also finance reforestation programmes to increase absorption of CO_2.

Italy: Executive portfolio

Name of Policy	**National Energy Strategy (Interministerial Decree of 8 March 2013)**
Date	8 March 2013
Summary	The National Energy Strategy (NES), which has a double time horizon (2020 and 2050), directs efforts towards substantially improving the competitiveness of the energy system and environmental sustainability. The results expected by 2020 are: • Wholesale prices of all energy sources will be aligned with average European average price levels, resulting in savings of about EUR9bn (USD11.3bn)/year in the overall power and gas bill (from current EUR70bn (USD87.8bn) - assuming same commodity prices). • Expenditure on energy imports will be reduced by about EUR14bn (USD17.6bn)/year from the present EUR62bn (USD77.8bn), and dependency on foreign supplies from 84% to 67%, thanks to energy efficiency, increased production from renewables, lower electricity imports and increased production from national resources. • Private investment of EUR180bn (USD213bn) will be supported by incentives between now and 2020 in renewables and energy efficiency and in traditional sectors (electricity and gas networks, re-gasification plants, storage, hydrocarbon development). • GHG emissions will fall by about 21% compared to the 2005 level, exceeding the European 20-20-20 targets for Italy. • Renewable energy sources will account for 19-20% of gross final consumption (compared with about 10% in 2010). This is equivalent to 22-23% of primary energy consumption, while fossil fuel use will fall from 86% to 76%. Renewables will become the primary source in the electricity sector together with gas, accounting for 34-38% of consumption (compared with 23% in 2010). • Primary consumption will fall by about 24% by 2020 compared with the reference scenario (an estimated 4% below 2010 levels); this exceeds the European 20-20-20 targets of -20%, thanks mainly to energy efficiency measures.

	To attain these results, the strategy formulates seven priorities, each with specific supporting measures already set in motion or currently being defined: • Fostering Energy Efficiency • Promoting a competitive gas market, integrated with the other European markets and with aligned prices • Developing renewable in a sustainable way, in order to exceed the European targets ("20-20-20"), while at the same time keeping energy bills competitive • Developing an efficient electricity market fully integrated with the European market; with gradual integration of renewable power production • Restructuring the refining industry and the fuel distribution network, to achieve a more sustainable system competitive on the European level • Sustainably raising national hydrocarbons production, which will bring major economic and employment benefits, while observing the highest international standards in terms of security and environmental protection • Modernising governance of the energy sector to make decision-making processes more effective and more efficient • Research and development will play a key role in developing technologies that allow for a more competitive and sustainable energy system The NES lays down long-term indicative objectives for 2050. Among the most important: • The need to strengthen efforts in energy efficiency. Primary consumption will have to fall in the range of 17-26% by 2050 compared to 2010, by decoupling economic growth from energy consumption. In particular, efforts in building and transport will be critical • The high penetration of renewable energy, than in any of the scenarios envisaged at the time is expected to reach levels of at least 60% of gross final consumption by 2050, with much higher levels in the electricity sector. In addition to the need of research and development for the reduction of costs, it will be fundamental to rethinking the market and network infrastructure • A substantial increase in the degree of electrification, which will almost double by 2050, reaching at least 38%, particularly in electricity and transport • The key role of gas for the energy transition, despite a reduction of its weight both in percentage and in absolute value in the span of the scenario

Name of Policy	**Thermal account, incentive schemes set up by Ministerial Decree No 12/2012**
Date	2 January 2013
Summary	The Thermal Account is the first nationwide direct incentive scheme for the generation of renewable thermal energy, and the first scheme encouraging public authorities to implement energy efficiency actions in buildings and technical installations. The scheme is addressed to public authorities and to private parties i.e. individuals, condominiums, businesses and farms. GSE (Energy Service Operator) is in charge of implementing and managing the scheme. It also awards, disburses and revokes incentives and it is in charge of monitoring and checks. ENEA (National Agency for New Technologies, Energy and Sustainable Economic Development) assists GSE in preparing the technical rules for implementing the decree and takes part in the verifications. It also provides specialist assistance to GSE in monitoring activities and, again in cooperation with GSE, draws up an annual report. The Thermal Account supports the following energy efficiency actions implemented by public authorities: • thermal insulation of walls • replacement of windows • installation of screening and shading systems • replacement of heating systems with condensing boilers

	• It also support production of heat from renewable sources: • replacement of heat generators with electrical and gas heat pumps, including heat pumps for the production of sanitary hot water • replacement of heat generators with biomass-fed heat generators, heating fireplaces and • stoves • installation of solar thermal collectors and solar cooling systems The maximum power limit in order to qualify for the incentive is 1,000 thermal kW or 1,000m^2 of surface area for thermal solar systems. In the case of energy efficiency actions, an expenditure ceiling has been set for each type of action.

Name of Policy	**Special fund to support the implementation of energy efficiency targets (Decree Law no. 40)**
Date	25 March 2010
Summary	This decree established a special fund for the implementation of objectives related to energy efficiency, environmental protection and workplace safety. The Decree specifies the activities towards which funding is dedicated. The fund provides incentives for the following: High efficiency appliances; replacing motorcycles; purchase of new energy efficient buildings; purchase and installation of inverters; high efficiency motors; uninterruptible power sources; purchase of newer and more efficient farm machinery and machinery for construction and boats.

Name of Policy	**Cleaner vehicle purchase incentives (Decree Law No. 5 of 2009)**
Date	2009
Summary	In February 2009, as part of measures aimed at supporting industrial sectors in crisis, the Council of Ministers launched a temporary incentive scheme for consumers to replace their old vehicles with new ones meeting certain environmental criteria. Energy – demand-side policies: the scheme applies to cars, light commercial vehicles, as well as motorcycles and scooters. The incentives are provided in the form of a discount obtained by consumers directly from the dealers, who in turn receive this as a tax credit. A bonus of EUR1,500 (USD1,882) is provided when a car more than nine years old and meeting Euro 0, 1 or 2 standards is exchanged for a new vehicle meeting Euro 4 or 5 standards and that emits a maximum of 130g CO2/km for diesel cars or 140g CO2/km for others. The exchanged vehicle must have been registered by December 1999. This can be combined with a purchase incentive of EUR 1,500 should the new vehicle run on electricity, hydrogen or methane. Similar bonuses are provided for lightweight commercial vehicles, motorcycles and scooters.

Name of Policy	**Climate Change Action Plan (CIPE Deliberation No. 135/2007)**
Date	2007
Summary	In June 2007, a revision of the national guidelines on GHG reduction was approved. The environment committee set out a comprehensive action plan aimed at helping Italy comply with GHG reduction targets under the Kyoto Protocol. Energy supply: among the proposals was a ban on the sale of household appliances ranked below A on the EU energy efficiency labelling scale. The industrial sector would be encouraged to switch to low energy devices and install more efficient engines and motors. Small and medium sized firms would be targeted. Energy saving is encouraged through various incentives aimed at industrial and domestic consumers. Under a new system of energy tariffs, heavy users and daytime users pay more per unit of energy.

Name of Policy	**New Feed-In premium for photovoltaic systems (Ministerial Decree)**
Date	19 February 2007
Summary	The decree introduced a new version of the feed-in premium scheme applied to photovoltaic plants connected to the grid by individuals, registered companies, condominiums and public bodies, with a nominal capacity higher than 1 kWp (output power achieved by a Solar module under full solar radiation). The decree provided a set of tariffs, valid for a period of 20 years, with a bonus in cases of a high degree of photovoltaic integration in the buildings.

Name of Policy	**White Certificate Trading for End-Use Energy Efficiency**
Date	2005
Summary	Two Decrees voted in 2004 require electricity and gas suppliers to help their customers save energy and engendered the 2005 White Certificates trading scheme. The two decrees repealed two previous decrees of 2001 about the identification of quantitative national targets for energy savings and development of renewable sources. Energy – demand-side policies: In compliance with specific energy conservation targets, all Italian electricity and gas distributors with at least 100,000 end customers at the close of 2001 can – as of May 2006 – trade white certificates of certified energy savings. The white certificates represent marketable documents issued by the Energy Market Administrator testifying the energy saved by the energy distribution companies – as well as by their controlled partnerships – and by the Energy Service Companies (ESCO). The white certificates can be exchanged by means of bilateral contracts, or in the frame of a specific market ruled by GME. Energy service providers, subsidiaries of electricity and gas distributors and distributors themselves will all sell energy efficiency certificates (white certificates) each representing primary energy savings of one tonne of oil equivalent (toe). Distribution companies must meet specified energy savings targets, either by implementing energy conservation projects that benefit their customers, which will earn them white certificates, or through the purchase of white certificates produced by energy conservation projects undertaken by others.

Name of Policy	**Biofuel (decree no. 128/2005)**
Date	2005
Summary	This Decree established a national indicative target of 2.5% of substitution of traditional fuels with biofuels by 31 December 2010. From 1 January 2007 the quota for that date has been increased to 5.75%.

Name of Policy	**Introduction of the Green Certificates System (Legislative decree 79/99 of 16 March 1999 entitled; Ministry of Productive Activities decree 18.03.02; Followed by Ministry of Productive Activities decree 14.03.04, implementing the rules for the green certificates)**
Date	2002
Summary	This legislation completes the introduction of a cap-and-trade mechanism to promote renewable energy sources. It introduces the green certificates that producers and importers can buy. Energy – demand-side policies: the 1999 Electricity Liberalisation Act and Decrees from the Ministries of Trade and Industry and of Environment introduced a cap-and-trade mechanism to promote renewable energy sources. It required Italian energy producers and importers (producing or importing more than 100 GWh/year from conventional sources) to ensure that a certain quota of electricity fed into the grid comes from renewable energy sources, aiming at a general reduction of CO2 emissions of about 4Mt – 6Mt by 2006. A 2% quota obligation was set, strengthened in 2003 and again in 2008. Producers and importers can comply with the obligation by means of green certificates. They can buy those certificates through bilateral contracts or by participating in the green certificates platform (managed by GME, the energy markets operator). Suppliers can fulfil the obligation by buying green certificates from eligible new renewable energy plants, by building new renewable energy plants or by importing electricity from new renewable energy plants from countries with similar instruments on the basis of reciprocity. Renewable energy producers in operation before 31 December 2007 can obtain green certificates for 12 years. Subsequent regulatory interventions have increased the incentive period to 15 years.

Name of Policy	**Inter-Ministerial Technical Committee for GHG emissions (CIPE resolution 123/2002)**
Date	2002
Summary	The resolution established an Inter-Ministerial Technical Committee for GHG emissions (CTE). The CTE is chaired by the Ministry of the Environment, Land and Sea and is constituted at the level of general directors and integrated with representatives of the Prime Minister's office, along with representatives of the Ministries of Economy and Finance, Economic Development, Agricultural, Food and Forestry Policies, Infrastructures, Transport, University and Research, Foreign Affairs and of Regions. The main task of the CTE is to monitor GHG emissions, evaluate the implementation of policies and measures identified in the national strategy of GHG emissions and assist the Ministry of the Environment, Land and Sea in elaborating the national plan for the reduction of GHG emissions.

Name of Policy	**Strategy to Cut National Greenhouse Gas Emissions (Kyoto implementation)**
Date	2002
Summary	The Environment Ministry released the government's strategy to cut national GHG emissions by 6.5% on 1990 levels by 2008–2012, as agreed under the Kyoto Protocol. Putting a price on carbon: the plan relies on the Protocol's three flexible mechanisms of emissions trading and joint projects with other countries to deliver over half of the required emissions cuts. Emission reduction targets: the estimated 93 million tonnes of CO_2 cuts are to be achieved through existing – but yet to be implemented – plans (reducing emissions by 52 million tonnes) plus reforestation (minus 10.2 million tonnes). The remaining 30m tonnes are to be cut through measures yet to be detailed.

Name of Policy	**Utility targets for increasing energy efficiency/introduction of white certificates (Ministerial Decree)**
Date	24 April 2001, amended 2007
Summary	Ministerial decrees of 2000 and subsequent amendments establish national targets for increasing energy efficiency in end-uses of energy up to 2012 for electricity and gas distributors. Italian Distribution System Operators (DSO) of gas and electricity with more than 100,000 customers were obliged to achieve energy savings not lower than the target defined within the scheme. Companies that carry out energy efficiency improvement projects related to district heating, including use of renewable energy sources and technologies, may obtain white certificates, tradable on a specific environmental exchange managed by GME. The 2007 amendment extended the system to 2012 and extended the scope of the programme to companies with more than 50,000 customers.

Name of Policy	**National Plan for Biofuels and Biomass (CIPE resolutions: 15/02/2000 [PROBIO]; 24/06/1998 [PNERB]; 18/06/1999 [PNVBAF])**
Date	2000
Summary	The Biomass Fuels National Plan (PROBIO) aims to promote the deployment of biomass to replace fossil fuels through incentive systems. This is projected to affect mainly the agricultural, transportation and energy sectors. It represents the first operative tool of the two CIPE resolutions "National Programme for the Valorisation of Agricultural and Forestry Biomass (PNVBAF)" and the "National Programme for the Energy Valorisation of Biomass (PNERB)", which set goals for the reduction of GHGs (3–4% by 2010/12), the production of renewable energy from agro-forestry products and by-products, the development of eco-compatible agricultural methods and increased use of energy crops.

Name of Policy	**Provisions on GHG emissions reduction (Kyoto targets) (CIPE resolutions: 137/98; 126/99; 123/02; Budget Law 2007; Ministerial decree 25.11.2008)**
Date	1998
Summary	The resolution establishes the guidelines for national policies and measures for GHG emissions reduction. It also sets the targets of such reduction for 2008–2012. A further CIPE deliberation known as the "Italian white paper on renewable energy" identifies, for each renewable source, the targets that have to be achieved in order to realise the planned reduction and the relative strategies and instruments needed. In 2002 the targets were revised, setting new reduction targets of 6.5% (from 1990 levels) for the period of 2008-2012.

Sources

Darlington, R., 2010. A Short Guide to the Italian Political System. URL:http://www.rogerdarlington. me.uk/Italianpoliticalsystem.html]. Accessed 15 December 2012.

European Energy Agency, 2010. Annual European Union Greenhouse Gas Inventory 1990–2008 and Inventory Report 2010. Submission to the UNFCCC Secretariat, European Energy Agency Technical report No. 6/2010 [URL: http://www.eea.europa.eu/publications/european-union-greenhouse-gas-inventory-2010]. Accessed 15 December 2012.

International Energy Agency, 2011. Relation with Member Countries – Italy. International Energy Agency website [URL: http://www.iea.org/country/m_country.asp?COUNTRY_CODE=IT].

ISPRA (2014). Italian Greenhouse Gas Inventory 1990 – 2012, National Inventory Report 2014. Istituto Superiore per la Protezione e la Ricerca Ambientale. http://www.ipsoa.it/documents/impresa/ambiente/quotidiano/2014/07/26/paee-2014-online-il-il-piano-d-azione-per-l-efficienza-energetica (accessed on 17 November 2014).

Italian Ministry for the Environment, Land and Sea (2013) Fifth National Communication under the UN Framework Convention on Climate Change. Available at: http://unfccc.int/files/national_reports/annex_i_natcom/submitted_natcom/application/pdf/ita_nc6_resubmission.pdf (accessed on 20 December 2014).

Italian Ministry for the Environment, Land and Sea (2014), Rapporto sullo stato delle conoscenze scientifiche su impatti, vulnerabilità e adattamento ai cambiamenti climatici in Italia, http://www.minambiente.it/sites/default/files/archivio/allegati/clima/snacc_2014_rapporto_stato_conoscenze.pdf (accessed on 19 December 2014).

Italian Ministry for the Environment, Land and Sea (2014), Elementi per una Strategia Nazionale di Adattamento ai Cambiamenti Climatici, http://www.minambiente.it/sites/default/files/archivio/allegati/clima/snacc_2014_elementi.pdf (accessed on 19 December 2014).Ladu, R., 2001. Update to Overview of the Sources of Italian Law. LLRX.com website [URL: http://www.llrx.com/features/ladu2.htm]. Accessed 15 December 2012.

Lexadin website, n.d. The World Law Guide: Legislation Italy [URL: http://www.lexadin.nl/wlg/legis/nofr/eur/lxweita.htm]. Accessed 15 December 2012.

Medri, S. (2013). Overview of key climate change impacts, vulnerabilities and adaptation action in Italy. *Centro Euro-Mediterraneo sui Cambiamenti Climatici.* http://www.cmcc.it/wp-content/uploads/2013/08/rp0178-serc-07-2013.pdf (accessed on 14 November 2014).

Ministry of Economic Development, 2011. Italian Ministry of Economic Development website [URL: http://www.sviluppoeconomico.gov.it/]. Accessed 15 December 2012.

Ministry of Economic Development (2013). Incentivazione della produzione di energia termica da fonti rinnovabili ed interventi di efficienza energetica di piccole dimensioni. *Gazetta Oficial*. http://www.gazzettaufficiale.biz/atti/2013/20130001/12A13721.htm (accessed on 25 November 2014).

Ministry of the Environment, 2011. Italian Ministry of the Environment website [in Italian] [URL: http://www.minambiente.it/]. Accessed 15 December 2012.

Ministry of Infrastructure and Transport, 2011. Italian Ministry of Infrastructure and Transport website [URL: http://www.mit.gov.it/mit/site.php]. Accessed 15 December 2012.

MISE (2014). National Energy Efficiency Action Plan 2014. http://ec.europa.eu/energy/efficiency/eed/doc/neep/2014_neeap_en_italy.pdf (accessed on 20 November 2014).

National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA), 2011. ENEA website [URL: http://www.enea.it/]. Accessed 15 December 2012.

Nichols, W. (October 2014). Italy unveils first national mandate for advanced biofuels. *Business Green*. http://www.businessgreen.com/bg/news/2375765/italy-unveils-first-national-mandate-for-advanced-biofuels (accessed on 10 November 2014).

Senni, L. (2013). Italy's New Energy Strategy: Focusing on Competitiveness and on Sustainability. *European Energy Innovation.* http://www.europeanenergyinnovation.eu/Articles/Spring2013/ItalysNewEnergyStrategyFocusingOnCompetitivenessAndOnSustainability.aspx (accessed on 13 November 2014).