



ITALY

BACKGROUND AND GOVERNANCE

BACKGROUND

In the last decade, **electricity and gas prices** for households have grown by 35% and 23% respectively, much more rapidly than inflation. Combined with the effect of the **financial crisis** from 2008, this has increased the risk for households to fall in energy poverty.

While there is not yet a definition officially adopted in the Italian legislation, the National Energy Strategy (Nov.2017) introduced the following definition of energy poverty:

“Difficulty of purchasing a minimum basket of energy goods and services or, alternatively, access to energy services that involves a distraction of resources, in terms of expenditure or income, exceeding a ‘normal value’.”

This strategy estimated that **2.2 million households** (i.e. **8.6%**) were in energy poverty in **2016**, using an indicator defined in a [report](#) of the Bank of Italy in 2014 (first official national study on energy poverty in Italy) (see next page). The **Italian Observatory on Energy Poverty (OIPE)** was created in 2019 (see box). The [National Energy and Climate Plan](#) (NECP, Dec.2019) mentioned the objective to decrease the share of households in energy poverty below 8% (while the baseline trend would be an increase).

Current policies to tackle energy poverty are first focused on **direct aids for energy expenses**: [electricity](#) and [gas](#) bonuses (bill discounts, started in 2008); tax deductions on electricity and heating fuel. The NECP noted that only about a third of potential beneficiaries had requested them (partly due to a lack of awareness and administrative complexity). The bonuses were then revised in 2019 to be automatically granted from 2021.

The main national policy for **energy efficiency in dwellings** ([‘Ecobonus’](#)) is an income tax deduction. Its provisions were revised in 2017 to make it accessible to low-income households and social housing, and to facilitate its use for multifamily buildings. A new programme dedicated to the energy renovation of social

housing is also in preparation. **Renewable energy systems** for own consumption are promoted as a way to tackle energy poverty, through the development of [energy communities](#) (see ‘Good practices’) and a new [National Energy Income Fund](#).

STAKEHOLDERS AND SCHEMES

The [Ministry of Ecological Transition](#) (MITE, in charge of energy) sets the energy policies, including the decisions about the aids for energy and energy efficiency, and the framework for energy communities.

[ARERA](#) (Italian Regulatory Authority for Energy, Networks and Environment) has a key role in ensuring the protection of consumers and in administering the main direct aids for energy (electricity and gas bonus).

Municipalities processed the applications for these aids until 2020 (before their automatization) and are still processing the applications for the ‘physical discomfort’ bonus (see p.3). **Regions** have a key role for the social policies, energy planning and energy efficiency programmes (especially through Regional Operational Programmes co-funded with EU funds). Some Regions and municipalities are also active in supporting the development of **energy communities**.

[ENEA](#) (National Agency for New Technologies, Energy And Sustainable Economic Development) implements and monitors the ecobonus and superbonus for energy efficiency in dwellings.

Universities, associations and NGOs (e.g., [AISFOR](#), [consumers’ associations](#)) are actively involved in doing research and reports about energy poverty, and promoting pilot projects (e.g., as part of European projects).

Italian Observatory on Energy Poverty



[OIPE](#) was created in **2019**, as a **network** of researchers, experts and practitioners from universities, public and private bodies interested in the topic of energy poverty.

Working structure:

- **54 members (persons)** as of May 2021;
- Hosted by the University of Padova (Giorgio Levi Cases’ Centre for Energy Economics and Technology);
- Chaired by Pr. Valbonesi, assisted by an executive committee made of researchers from universities and experts from the Bank of Italy and ENEA (Italian energy agency).

OIPE has also collaborated with the European observatory (EPOV).

Objectives:

- Carry out **research, information and dissemination activities** on energy poverty, at national and international level.

Activities & production:

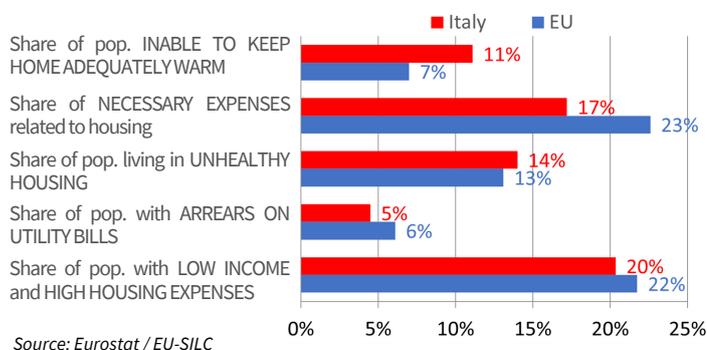
- **Annual report** on energy poverty in Italy ([2019](#); [2020](#)) with a detailed analysis of energy poverty, related drivers and trends, and possible policies to tackle it;
- **Seminars and conferences**;
- Production and **dissemination of research studies, data and good practices** about measuring and tackling energy poverty;
- **Connecting** national and international experts to encourage the development of new studies (e.g., about energy poverty issues related to cooling or transport).

STATISTICS



- Population: **60.4 million** (2019)
- National median equivalised income: **€17 165/year** (in current prices, 2019)
- Number of people living below the poverty line: **12.1 million** (20%) (2019)
- Climate: **6 climate zones** (from less than 600 to more than 3000 annual Heating Degree Days)
- Average annual expenses for « electricity, gas and other fuels » per inhabitant related to the dwelling): **€610 /year** (in current prices, 2019)

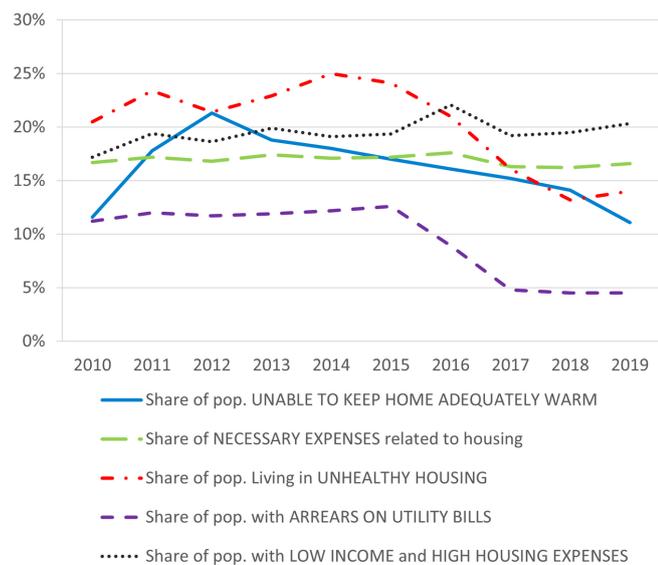
COMPARISON WITH THE EUROPEAN AVERAGE IN 2019



Italy is performing slightly better than the EU average as regards indicators related to expenses. On the contrary, housing-related indicators underperform in 2019 compared to the EU average: 11% of the Italian population are unable to keep home adequately warm (7% at EU level), and 14% live in unhealthy housing (13% at EU level). Although most of Italian households own their dwelling (72% in 2019; vs. nearly 70% at EU level, [Eurostat](#)).

The share of necessary expenses related to housing in the available income of households is relatively low: 17% in Italy (23% at UE). The 2019 unit consumption level (kWh/m²) of Italian buildings remains slightly below the EU average ([ODYSSEE](#)).

TRENDS OVER 2010-2019



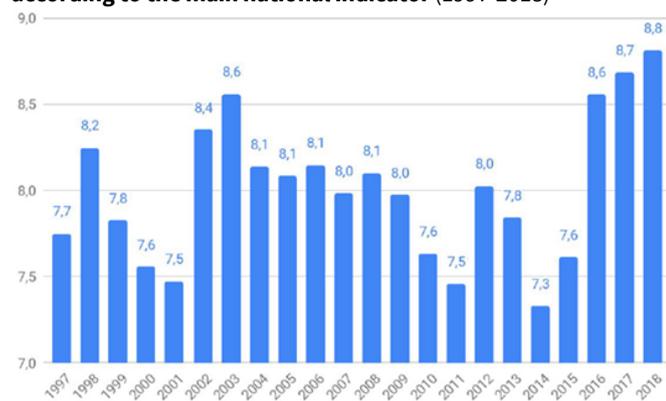
Since 2010, the at risk of poverty rate in Italy has been steadily increasing and has overreached 20% since 2016. In 2019, 12.1 million Italians lived below the poverty rate.

The share of population living in unhealthy housing has been strongly decreasing since 2014 to fall below 15% in 2018. The share of Italians unable to keep home adequately warm peaked in 2012 (financial crisis) before progressively coming back to the pre-crisis level in 2019.

Between 2015 and 2017, the share of population with arrears on utility bills has been divided by 2.5, partly due to the decrease of gas and electricity prices (both energies make about two thirds of the final consumption mix in the residential sector). These prices have followed an upward trend since then (Enerdata). The situation is contrasted regarding households and their housing expenses: the share of the population with high housing expenses in the poorest households (1st quintile) has increased strongly (+2.3%/year over 2010-2019), whereas a downward trend can be observed for all other revenues categories.

NATIONAL INDICATORS

Rate (%) of Italian households in energy poverty according to the main national indicator (1997-2018)



OIPE's annual reports provide a detailed analysis of energy poverty in Italy, examining various aspects (e.g., regional aspects, income distribution, energy performance of the housing stock, particular groups such as elderly or immigrants, particular end-uses such as cooling or transport).

The overall trend is monitored according to the **main national indicator** that considers two sets of energy poverty conditions:

1. **High energy expenditures:** [equivalent energy expenditure > twice the average expenditure] AND [total expenditures net of energy expenditures < relative poverty threshold]; **OR**
2. **Deprivation:** [total equivalent expenditure lower than the median] AND [heating expenditures = 0].

NATIONAL POLICIES

NATIONAL POLICIES FOR ENERGY ACCESS, BUILDING RENOVATION AND ENERGY EFFICIENCY

	SCHEME	TARGET (RESULTS)	Other information
Energy access	Electricity and gas bonuses (since 2008) (direct aids to pay energy bills).	Eligibility based on income criteria (€8,265 to 20,000 per year depending on the household size). Electricity: €137 million for 840,000 households. Gas: €76 million for 560,000 households (2019). From 2021, the bonuses are automatically paid to eligible households: from €128 to €177 for electricity, and €30 to €245 for gas (depending on household size, and for gas also on climate zone and types of end-uses).	Administered by ARERA (Regulatory Authority for Energy). Funded through a charge on the electricity and gas tariffs.
	'Physical discomfort' bonus (since 2008) (aid from €189 to €676, depending on the equipment and related excess consumption).	Bonus for all households including a person suffering from serious illness requiring electro-medical equipment (no income criteria). About 41,000 households in 2019 (budget included in the electricity bonus, see above). Possible to cumulate with the electricity bonus.	Administered by ARERA (Regulatory Authority for Energy) and the municipalities receiving applications.
Renovation and energy efficiency	Ecobonus (since 2007) (income tax deduction for energy and seismic renovation works, rate from 50 to 90% depending on the action type; granted in 10 equal annual installments) Superbonus (special rate of 110%; granted in 4 or 5 installments) (2020-2023).	No social criteria for eligibility or grant rate. But from 2017, new provisions to make it possible for low-income households to use the scheme (possibility to transfer the tax reduction to a third-party), and for social housing from 2018. A superbonus was added in 2020 as part of the recovery plan (see below). The National Energy Efficiency Fund now provides financial guarantees for credit institutions to issue eco-loans to households or co-owners of condominiums for the energy renovation of dwellings, in synergy with the ecobonus. Which may also improve the access to it for low-income households.	Administered jointly by ENEA (Energy Agency) and the Revenue Agency. Third parties can be the owners' association, a bank financing the project, an ESCo or a contractor doing the works.
	National Energy Income Fund (since 2020) (free installation of solar PV).	Revolving fund with €200 million to cover 100% of investment costs for the installation of PV panels for low-income households for own consumption. The revenues from the excess electricity fed in the grid go back to the fund.	Implementation by the Regions that set the eligibility criteria.

The electricity and gas bonuses are complemented with specific tax reductions: reduction in the excise due for households for the first 150 kWh of electricity consumed per month, and reduced price of fuel used for heating in Sardinia and in mountainous areas/small islands. Moreover, the regulator can ask electricity suppliers to reduce the power for indebted households instead of disconnecting them completely.

The ['Conto Termico'](#), primarily meant for public bodies (including social housing), also provides households with financial incentive for small-scale RES systems for thermal energy (including heat pumps). It does not include social criteria.

COMPLEMENTARY INITIATIVES

TYPE OF INITIATIVE	DETAILS
Local aids for heating expenses	<i>Some municipalities provide local aids for heating complementary to the electricity and gas bonuses. Eligibility criteria and amounts vary according to the municipalities.</i>
Development of energy communities (see examples in 'Good practices')	<i>A decree of 16 Sept. 2020 set the practical conditions and incentives for self-consumption and energy communities. Some of these communities aim at contributing to tackling energy poverty.</i>
Alliance against energy poverty .	<i>Hub of news about energy poverty in Italy, and network of actors organising events about energy poverty.</i>

ZOOM ON the Superbonus



The Decree of the recovery plan of May 2020 ("[Decreto Rilancio](#)") created the superbonus as a special tax deduction with a higher rate of 110% to boost the construction sector while achieving environmental objectives.

To get this higher rate, the renovation project must upgrade the building by at least two energy classes, and include the insulation of at least 25% of the building envelope (with materials meeting environmental criteria) or the replacement of the heating system.

The other action types eligible to the ecobonus are eligible to the superbonus as complementary actions (as well as PV panels and charging infrastructures for electric vehicles). Maximum eligible costs are set for each action type. The super bonus also facilitates the mechanism of credit transfer to a third party and invoice discount. This can help the energy poor households to use it to renovate their homes.

GOOD PRACTICES

Porto Torres' Energy Income (solar PV; 2017-)

Pilot project of the municipality of Porto Torres (in Sardinia), in partnership with GSE (operator of the feed-in tariff)



Objective: reducing energy poverty while contributing to the RES target of the municipality.

Approach: funding the full cost of installing **PV panels for own consumption** for low-income households. The revenues from the excess electricity fed in the grid are used to fund the installation of further PV panels (**revolving fund**).

Results: the electricity used for own consumption is estimated to be equivalent to an aid of 200 euros/year. The project started with equipping 50 households, the first revenues provided €8,000 for the revolving fund. The project has **inspired the National Energy Income Fund** started in 2020 that enables to replicate the approach.

EnerSHIFT (Social housing ; Horizon 2020 ; 2016-2020)

Coordinated by the Liguria Region, involving its regional energy agency, social housing bodies and tenants unions (co-funded with ERDF)



Objective: develop new business and financing models for the **energy renovation of social housing**.

Approach: public tenders to select **ESCos** (Energy Services Companies) for **Energy Performance Contracts** where the energy savings partly finance the renovation works. The approach covers multiple aspects: technical (assessing the actions), legal (tenders and contracts), economic (financial models) and social (tenants' involvement). The Region helps the ESCos to access credit and minimize the financial risks.

Results: renovation of 76 buildings (3050 dwellings) for a total investment of €13.7 million, saving 11.6 GWh/year (>45%). The project received the European Commission's European Energy Service Award in 2019.

ENPOR and Italian REACT group (Horizon 2020; 2020-2023)

Implementation of the European project ENPOR in Italy done by ENEA.



Objective: tackle energy poverty in the **private-rented sector** (with concrete implementation in Italy).

Approach: the Italian REACT (Regional Energy Action) group develops a **training and information campaign** for stakeholders to provide support to energy poor households in the rental sector, especially for them to be able to **use the ecobonus or superbonus**.

REACT already made 2 workshops and gathers 16 stakeholders. The objective is to develop the renovation of the rental sector by enhancing the renovation policies.

Scandiano's Energy Community (solar PV; 2019-)

Coordinated by the Emilia Romagna Region's non-profit consortium ART-ER (with co-funding from ENEL, and technical support of ENEA and Bologna University)



Objective: demonstrate the feasibility of **collective self-consumption communities**.

Approach: renovate condominiums, with installation of **PV panels**, storage systems, and shared electric vehicles. PV revenues are distributed to all residents on a fair basis thanks to specific measurements.

Results: pilot, part of ART-ER's **Self User** project, on a condominium with 20 privately-owned and 28 social housing dwellings in the municipality of Scandiano. The NGO **Legambiente** found 9 projects of collective self-consumption in condominiums and social housing in operation or under development in 2020.

LEMON (Social housing ; Horizon 2020 ; 2016-2020)

Coordinated by Modena's energy agency, involving two social housing bodies and ART-ER



Objective: experiment innovative financing models for **deep renovation of social housing**.

Approach: **Energy Performance Contracts** (payback over 15 years) complemented with '**Energy Performance Tenancy Agreement**' (agreement between the social housing body and tenants about an increase in the rent for a limited period of time, this increase being lower than the energy savings) and capacity building for the tenants about energy management.

Results: renovation of 626 dwellings for a total investment of €9.5 million, saving about 4 GWh/year (>40%).

GreenAbility (capacity building; Erasmus+; 2019-2022)

Coordinated by the Italian NGO Fratello Sole, with partners in Italy, France and Spain



Objective: tackle energy poverty by **complementing the social expertise** of workers in contact with energy poor households.

Approach: **information and training activities about energy issues** and aimed at managers, staff, operators, health and social workers and volunteers, for them to advise energy poor households.

Results: two toolkits already developed.

Information sources (see also the documentation annex)

- **OIPE** - [Italian Energy Poverty Observatory](#)
- **ARERA** - [Italian Regulatory Authority for Energy](#)
- **ENEA** - [Energy Efficiency Unit](#)
- Italy's [National Energy & Climate Plan](#)
- [National Energy Strategy 2017](#)
- Faiella, I., and Lavecchia, L. (2021). [Energy poverty - How can you fight it, if you can't measure it?](#)