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From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

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To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

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Subject: COMMISSION RECOMMENDATION of 18.6.2019 on the draft integrated
National Energy and Climate Plan of Italy covering the period 2021-2030

Delegations will find attached document C(2019) 4412 final.

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Brussels, 18.6.2019
C(2019) 4412 final

COMMISSION RECOMMENDATION

of 18.6.2019

**on the draft integrated National Energy and Climate Plan of Italy covering the period
2021-2030**

{SWD(2019) 264 final}

COMMISSION RECOMMENDATION

of 18.6.2019

on the draft integrated National Energy and Climate Plan of Italy covering the period 2021-2030

THE EUROPEAN COMMISSION,

Having regard to Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council¹, and in particular Article 9(2) thereof,

Whereas:

- (1) Pursuant to Regulation (EU) 2018/1999, each Member State is required to submit to the Commission a draft of its integrated national energy and climate plan covering the period from 2021 to 2030 in accordance with Article 3(1) and Annex I of that Regulation. The first drafts of integrated national energy and climate plans had to be submitted by 31 December 2018.
- (2) Italy submitted its draft integrated national energy and climate plan on 8 January 2019. The submission of this draft plan represents the basis and first step of the iterative process between the Commission and Member States for the purpose of the finalisation of the integrated national energy and climate plans and their subsequent implementation.
- (3) Pursuant to Regulation (EU) 2018/1999, the Commission is required to assess the draft integrated national energy and climate plans. The Commission made a comprehensive assessment of the Italian draft integrated national energy and climate plan, taking into consideration the relevant elements of Regulation (EU) 2018/1999. This assessment² is published alongside the present recommendation. The below recommendations are based on that assessment
- (4) In particular, the Commission's recommendations may address (i) the level of ambition of objectives, targets and contributions with a view to collectively achieving the Energy Union objectives and, in particular, the Union's 2030 targets for renewable energy and energy efficiency as well as the level of electricity interconnectivity that the Member State aims for in 2030; (ii) policies and measures relating to Member State- and Union-level objectives and other policies and measures of potential cross-border relevance; (iii) any additional policies and measures that might be required in the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the integrated

¹ OJ L 328, 21.12.2018, p. 1.

² SWD(2019) 264.

national energy and climate plan within one dimension and among different dimensions of the Energy Union.

- (5) In developing its recommendations, the Commission considered, on the one hand, the need to add up certain quantified planned contributions of all Member States in order to assess the ambition at Union level, and, on the other hand, the need to provide adequate time for the Member State concerned to take due consideration of the Commission's recommendations before finalising its integrated national energy and climate plan.
- (6) The Commission's recommendations with regard to the Member States' renewable ambitions are based on a formula set out in Annex II of Regulation (EU) 2018/1999 which is based on objective criteria.
- (7) With regard to energy efficiency, the Commission's recommendations are based on the assessment of the national level of ambition put forward in the draft integrated national energy and climate plan, compared to the collective level of efforts needed to reach the Union's targets, taking into account the information provided on specific national circumstances, where relevant. The final national contributions in the area of energy efficiency should reflect the cost-effective potential for energy savings and be supported with a robust long-term building renovation strategy and measures to implement the energy savings obligation stemming from Article 7 Directive 2012/27/EU of the European Parliament and of the Council³. Member States should also demonstrate that they have properly taken into account the energy efficiency first principle, by explaining notably how energy efficiency contributes to the cost-effective delivery of the national goals of a competitive low-carbon economy, security of energy supply and to address energy poverty.
- (8) The Governance Regulation requires Member States to provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in the integrated national energy and climate plan, as well as a general assessment on the sources of that investment. The integrated national energy and climate plans should ensure the transparency and predictability of national policies and measures in order to ensure investment certainty.
- (9) In parallel, as part of the 2018-2019 European Semester cycle, the Commission has put a strong focus on Member States' energy and climate related investment needs. This is reflected in the 2019 Country Report for Italy⁴ and in the Commission's recommendation for a Council Recommendation to Italy⁵, as part of the European Semester process. The Commission took into account the latest European Semester findings and recommendations in its assessment of the draft integrated national energy and climate plans. The Commission's recommendations are complementary to the latest country-specific recommendations issued in the context of the European Semester. Member States should also ensure that their integrated national energy and climate plans take into consideration the latest country-specific recommendations issued in the context of the European Semester.

³ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

⁴ SWD (2019) 1011 final.

⁵ COM (2019) 512 final of 5.6.2019.

- (10) In addition, the Governance Regulation requires each Member State to take due account of any recommendations from the Commission to its draft integrated national energy and climate plan to be submitted by 31 December 2019 and, if the Member State concerned does not address a recommendation or a substantial part thereof, that Member State should provide and make public its reasons.
- (11) Where applicable, Member States should report the same data in their integrated national energy and climate plans and updates in later years as they report to Eurostat or the European Environment Agency. The use of the same source and, where available, of European statistics, is also essential to calculate the baseline for modelling and projections. Using European statistics will allow for a better comparability of the data and the projections used in the integrated national energy and climate plans.
- (12) All elements of Annex I of the Regulation (EU) 2018/1999 are to be included in the final integrated national energy and climate plan. In this context, the macroeconomic and, to the extent feasible, the health, environmental, employment and education, skills and social impacts of the planned policies and measures should be assessed. The public and other stakeholders are to be engaged in the preparation of the final integrated national energy and climate plan. These and other elements are described in detail in the staff working document published alongside this Recommendation⁶.
- (13) In its final integrated national energy and climate plan Italy should build on the positive interlinkages between planned policies and measures pointed out in its draft integrated national energy and climate plan, and further explore the more challenging policy interlinkages, notably between the decarbonisation, energy security and internal market dimensions. More details are expected notably: (i) on the consequences of the phase out of coal-fired power plants and expected evolution of the role of gas in the energy mix; (ii) on how to achieve the high penetration of renewables; (iii) on the impacts of the Italian Capacity Remuneration Mechanism (CRM) in terms of prices for energy consumers; (iv) on expected evolution of fossil fuels subsidies. Similarly, the objectives under the research, innovation and competitiveness dimension need to underpin the efforts planned for the other Energy Union dimensions.
- (14) The final integrated national energy and climate plan would benefit from highlighting areas of competitive advantage and potential challenges at global level for the low-carbon technologies sector, including for decarbonising energy- and carbon-intensive industrial sectors. Measurable objectives for the future defined on that basis would be beneficial, together with policies and measures to achieve them, making appropriate links to enterprise and industrial policy. The final integrated national energy and climate plan could also benefit from further elaboration on the greenhouse gas emissions savings stemming from actions related to the circular economy.
- (15) The Commission's recommendations to Italy are underpinned by the assessment of Italy's draft integrated national energy and climate plan which is published alongside this Recommendation⁷.

⁶ SWD(2019) 264.

⁷ SWD(2019) 264.

HEREBY RECOMMENDS ITALY TAKES ACTION TO:

1. Underpin the welcomed level of ambition of Italy's 30% renewable energy share for 2030 as contribution to the Union's 2030 target for renewable energy by detailed and quantified policies and measures that are in line with the obligations requested in Directive (EU) 2018/2001 of the European Parliament and of the Council⁸, to enable a timely and cost-effective achievement of this contribution. Increase the level of ambition of renewables in the heating and cooling sector to meet the indicative target included in Article 23 of Directive (EU) 2018/2001. Put forward measures to meet the transport target in Article 25 of Directive 2018/2001. Reduce the complexity and regulatory uncertainty and provide additional details on the enabling frameworks for renewable self-consumption and renewable energy communities, in line with Articles 21 and 22 of Directive (EU) 2018/2001.
2. As regards energy efficiency, ensure that the key policy instruments illustrated in the draft integrated national energy and climate plan would still deliver adequate savings in the period 2021-2030. Adequately reflect the envisaged updates and improvements to existing support schemes in the final integrated national energy and climate plan and in the following progress reports. Scale them up significantly to allow for the achievement of the indicated energy savings goals. Given the significant untapped potential, continue to work on strengthening energy efficiency measures for buildings (for new and existing public and private buildings) and in transport.
3. Specify the measures supporting the energy security objectives on diversification and reduction of energy dependency, including measures ensuring flexibility. Take into account the regional context and the actual potential of the interconnectors and of the generation capacities in the neighbouring countries when assessing resource adequacy in the electricity sector. Clarify to what extent the development expected in the gas sector is compatible with the stated decarbonisation goals and the envisaged phase-out of coal-fired thermoelectric plants.
4. Set clear objectives, milestones and timelines to deliver on the envisaged reforms in the energy markets, notably in the wholesale natural gas markets and in the operation of both the electricity and natural gas retail markets.
5. Clarify the national objectives and funding targets in research, innovation and competitiveness, specifically related to the Energy Union, to be achieved between 2021 and 2030, so that they are readily measurable and fit for purpose to support the implementation of targets in the other dimensions of the integrated national energy and climate plan. Underpin such objectives with specific and adequate policies and measures, including those to be developed in cooperation with other Member States, such as the Strategic Energy Technology Plan.

⁸ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82–209).

6. Carry out consultations with neighbouring Countries and within the Central and South-Eastern Europe Gas Connectivity (CESEC) High-Level Group in view of the finalisation of the integrated national energy and climate plan. Explore further the cross-border potential and the macro-regional aspects of a coordinated energy and climate policy, notably in the Adriatic with the aim of reducing the region's carbon footprint and implementing an ecosystem approach and further harness the potential of deeper Mediterranean cooperation.
7. List actions undertaken and plans to phase-out energy subsidies, in particular for fossil fuels.
8. Complement the analysis of the interactions with air quality and air emissions policy, including from a quantitative perspective.
9. Integrate just and fair transition aspects better, notably by providing more details on social, employment, skills, income distribution impacts of planned objectives, policies and measures, including for carbon-intensive and industrial regions. Complete the approach to addressing energy poverty issues by including specific measurable targets, and details on the financial resources for the implementation of the described policies as required by the Regulation (EU) 2018/1999.

Done at Brussels, 18.6.2019

For the Commission

Member of the Commission