

**M62: EnR Regular & Full Meeting**

# **The Italian energy poverty strategy**

Luciano Lavecchia

London, February 21 , 2018

The opinions expressed in this presentation are the author's own and do not reflect the official policy or position of any agency of the Italian Government.

# A long time ago, in a Mediterranean country far, far away...

- no official definition, nor measure;
- several policy instruments (since 2008);
- poor coordination among gov departments and agencies;
- a few charities and NGOs operating without coordination;
- few research on this topic;

# ...the times they are a changin...

- **June 2016** - report of the Ministry of economic development (“The national energy situation in 2015”) - box on energy poverty;
- **February 2017** – the deputy minister for Economic development (energy portfolio) proposes the creation of an Italian observatory on energy poverty;
- **August 2017** - the annual competition law is approved, including a reform of bonus elettrico and gas;
- 
- **November 2017** - the new National energy strategy includes a strategy to tackle energy poverty, including:
  - a definition of energy poverty (hardship to buy a minimum basket of energy services - focus on cooling);
  - an official measure (based on Faiella and Lavecchia, 2015);
  - the need of a thorough review of the existing measures;
  - creation of an Italian energy poverty observatory.

# Measuring EP in Italy

A modified LIHC measure but: i) expenditure based; ii) including poor families with no heating expenditure);

$$\eta_3 = \frac{1}{n} \sum_{i=1}^n w_i \left\{ I \left[ \frac{s_{ie}^{eq}}{s_i^{eq}} > 2 * \frac{\left( \sum_{i=1}^n s_{ie}^{eq} \right)}{\left( \sum_{i=1}^n s_i^{eq} \right)} \right] * I[(s_i - s_{ie}) < s_J^*] \cup \left[ I(s_i^r = 0) * I(S_i^{eq} < P50_t(S_i^{eq})) \right] \right\}$$

**High costs**
**Low expenditure**

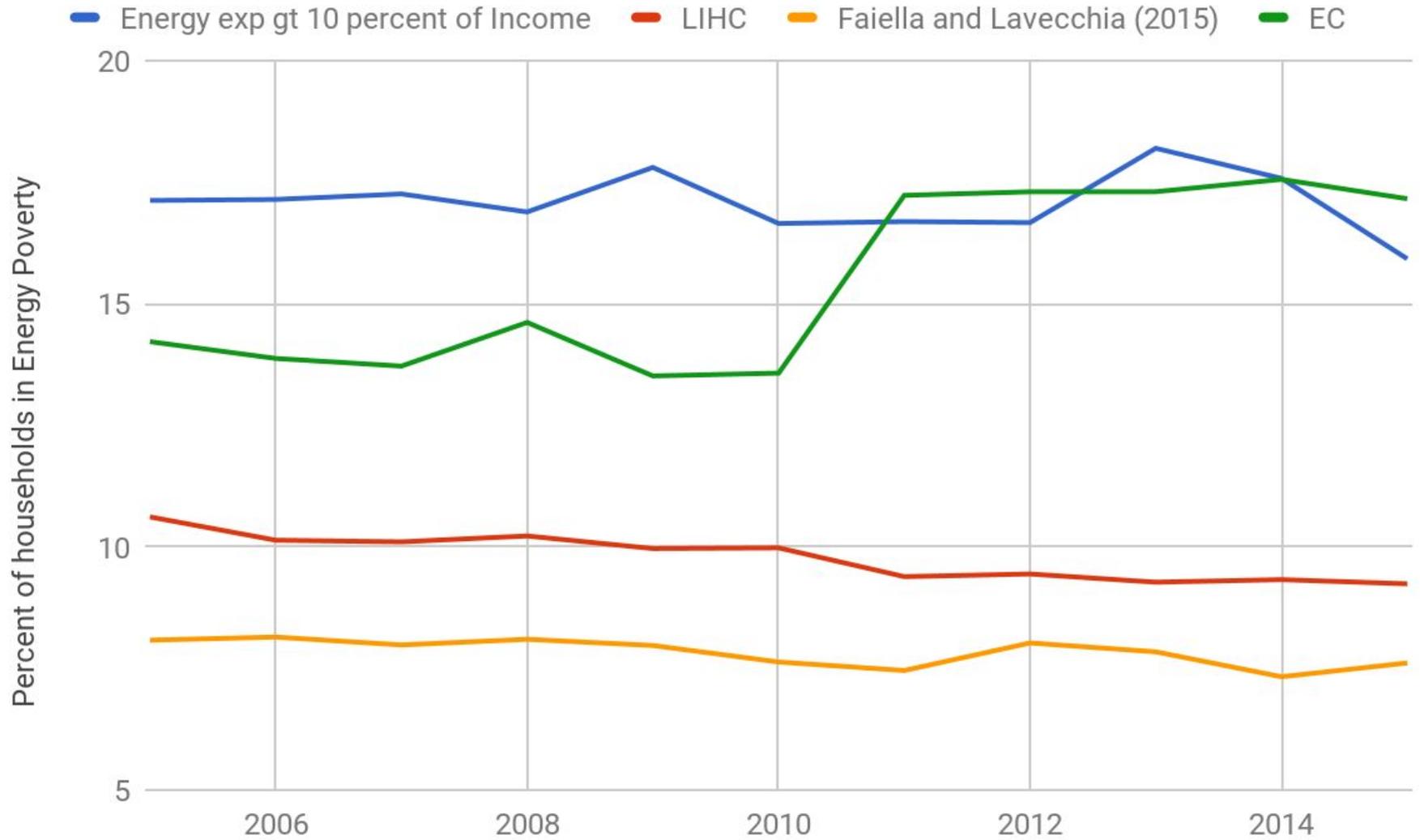
**2 conditions:**

- 1) Heating expenditure= 0
- 2) Total eq. exp < median

**Low expenditure, high costs**  
(1.057.000 HH's in 2015)
**Hidden energy poor HHs**  
(957.000 HH's in 2015)

**Avg 2005-2015: 7,8% or 1,9 mln households**  
(1,963 mln energy poor HH's in 2015)

# EP in Italy: a comparison



# Existing measures

- **“Bonus gas” & “Bonus elettrico”**

- since 2009, cover on avg 1 or 2 months of electricity or heating consumption
- eligibility: equivalised household income and wealth (ISEE) <EUR 8.107,5
- total cost: EUR 174,5 mln in 2014 (1,1 mln recipients in 2016)
- to be reformed following the approval of the Annual competition law (August 2nd, 2017)

- **“Ecobonus”**

- since 2006, tax expenditure for energy retrofitting of existing buildings
- eligibility: n.a.
- total cost: EUR 984 mln in 2016 (1,8 mln recipients)
- recently extended to energy poor HHs;

- **two generalized tax expenditures**

- exemption on the tax levy for the first 150 kWh of electricity consumed per month per each household (since 1993) - total estimated cost in 2016: EUR 634 mln;
- discount on the final price of heating fuels cons. (diesel and LPG - since 1998): in mountainous areas, Sardinia and small isles; total cost: EUR 219 mln in 2016;

# Policy evaluation: bonus EE and gas

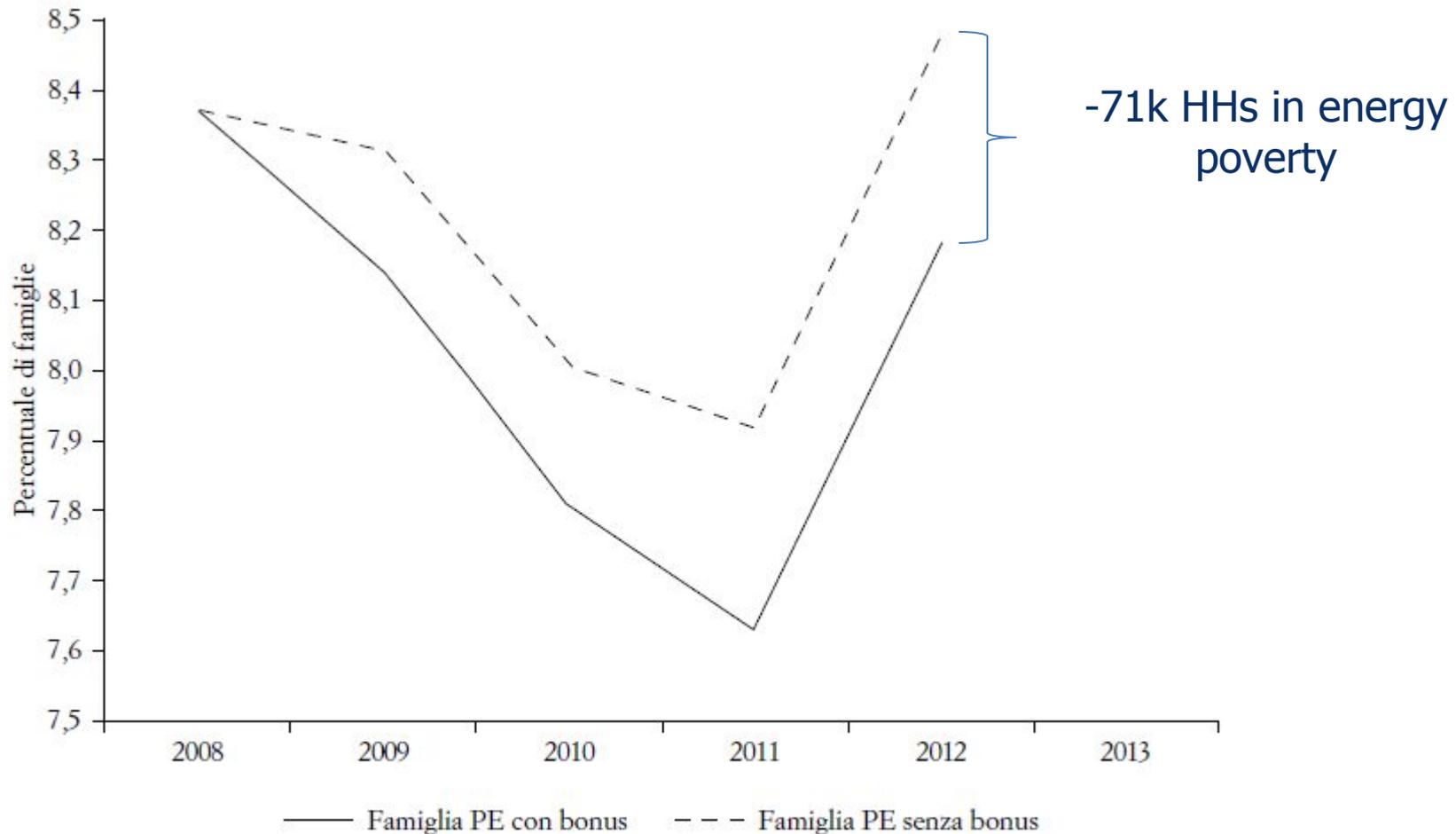


FIG. 18. Effetto del bonus sulle famiglie PE: 2009-2012 (valori percentuali).

Fonte: elaborazioni su dati ISTAT (ICF), Banca d'Italia (IBF) e AEEGSI.

# Next steps

*“You say you want a revolution  
well, you know  
we all want to change the world”*

- creation of the Observatory;
- reform of the bonus elettrico and gas (under way);
- draft of the the Integrated energy and climate plan (if applicable....);

Thank you for your attention

[luciano.lavecchia@mise.gov.it](mailto:luciano.lavecchia@mise.gov.it)