

# Renewed interest in RES investments in Italy.

Together with Portugal, Italy has recently introduced a significant simplification in the authorization procedures for RES plant, which is intended to accelerate the process and overcome the traditional bureaucratic obstacle which has always been considered a brake to the development of solar and wind infrastructures.

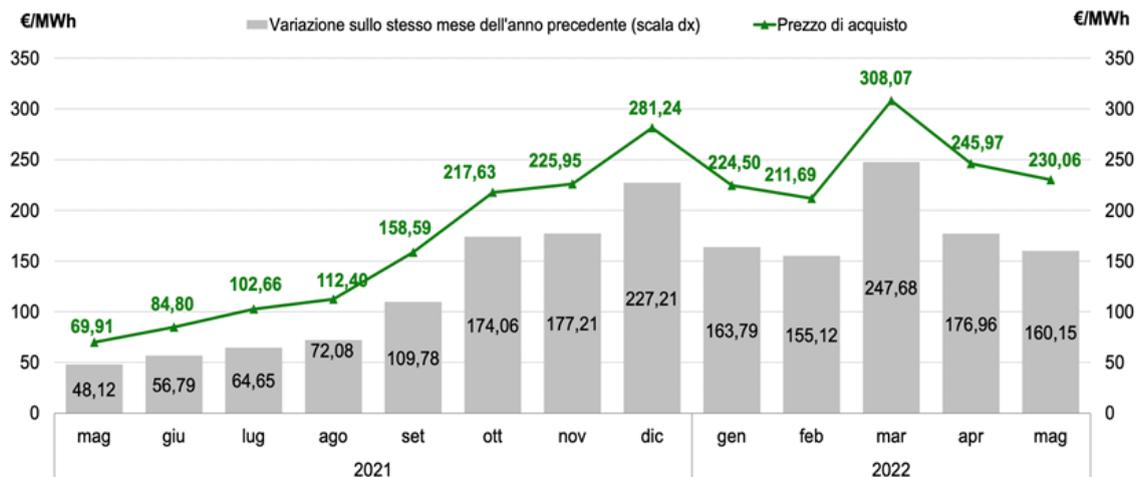
Italy in particular is attracting the interest of foreign investors, as demonstrated by the 30MW plant for a Spanish investor in Sardinia under development. The acceleration in the authorization process, spurred by the need to have as much as possible RES plants in operation, has also strengthened this trend: in the first six months of the years, the EIA commission has examined 32.300 MW of wind and solar projects, which represents about half of the 70.200 MW for which authorization has been requested in recent years. The rate of growth of authorization has increased more than 63% compared to the first six months of the 2021, and more than 400% of the first six months of 2019 and 2020.

## High Electricity purchase price

The prices of electricity, high all over Europe for a number of reasons (not only scarcity of gas due to Ukrainian war, but also increased demand and, more recently, stoppage for maintenance of almost half of the nuclear plants in France, and droughts which have heavily affected the hydropower output) have reached maximum levels in Italy. The electricity purchase price – Prezzo Unico Nazionale PUN - was 230,06 Euro/MWh in May (-15,92 Euro/MWh or -6,5% vs April), reflecting the reduction in the cost of gas and high level of imports.

Comparing the prices in 2022 with the 2021 ones, one can perceive the huge rise in prices, both for baseload and for peak.

	Prezzo medio di acquisto				Volumi medi orari				Liquidità	
	2022	2021	Variazione		Borsa		Sistema Italia		2022	2021
	€/MWh	€/MWh	€/MWh	%	MWh	Var.	MWh	Var.		
<b>Baseload</b>	<b>230,06</b>	69,91	+160,15	+229,1%	<b>23.706</b>	+3,6%	<b>31.042</b>	+3,7%	<b>76,4%</b>	76,4%
<i>Picco</i>	241,82	75,27	+166,55	+221,3%	28.407	+1,8%	37.004	+2,5%	76,8%	77,3%
<i>Fuori picco</i>	223,59	67,16	+156,42	+232,9%	21.121	+4,0%	27.763	+3,7%	76,1%	75,8%
<i>Minimo orario</i>	119,43	3,00			13.511		19.537		64,0%	69,1%
<i>Massimo orario</i>	400,00	99,50			31.355		40.088		87,7%	82,2%



Source: Gestore Mercati Energetici (GME)

This has clearly attracted the interest of national and international investors, even if the persistence of high prices cannot be guaranteed in the long period, taking into consideration the action of the UE under definition to counter this trend.

## National Targets

National Energy strategy (SEN 2017) set a target of 40 TWh/yr of wind energy production (mostly land based). In line with SEN 2017 the final version of the Integrated National Energy and Climate Action Plan (PNIEC) was published in December 2019.

This Plan sets a target of 30% of overall annual energy consumption from renewable energy sources (RES). The contribution of the wind energy is fixed in a total installed capacity of 19.3 GW (including 0.9 GW offshore) producing 41.5 TWh/y at 2030.

Therefore, a significant increase in wind power capacity is expected in the next years, also fostering the revamping and repowering interventions to minimize the use of virgin soil and better exploit the windy sites of the old plants.

## Progress & Operational Details

According to the National Wind Energy Association (ANEV), Italy installed a new net wind power capacity of 101.6 MW in 2020. The overall wind electricity production in 2020 according to TERNA data was 18.5 TWh, corresponding to 6.1% of Italy's total electricity demand (total consumption plus grid losses). The 2020 average national capacity factor was 19.9 %.

In 2020, 10 new wind farms of relatively small size were grid-connected. The maximum plant size was 18 MW. 38 new turbines were installed, bringing the **country's total to more than 7,100 operating units**.

The estimated average capital cost of 2020 new capacity was 1,200 EUR/kW (1,467 USD/kW).

## New simplified authorization regulation: Decree 17/2022

The Senate, on April 21, 2022, approved the conversion law of Legislative Decree 17/2022. The legislation, currently being published in the Official Journal for its entry into force, marks a substantial change in the simplification of authorization.

### Simplifications for wind and photovoltaic

The goal is to allow in specific areas the maximum diffusion of photovoltaic systems with certain characteristics (on buildings or building structures or with modules on the ground or even floating on reservoirs and water and agro-voltaic basins), of wind power plants, even off- shore, hydroelectric storage plants through pure pumping and biogas and biomethane plants and the increase of possible self-consumption configurations that can access public incentives.

The simplification tools used consist in the expansion of the number of **areas classified as "suitable" (aree idonee)** ope legis pursuant to Legislative Decree 199/2021 (known as the Red II decree), in which the authorization simplifications are immediately applicable, without the need for implementing regulatory measures national or regional and in the strengthening of simplified procedures.

"Suitable areas" are those sites where substantial changes are planned (reconstruction, upgrading or complete reconstruction), including with the addition of storage systems or photovoltaic systems, including newly built ones, inside industrial plants and factories.

Those classified as agricultural are also "suitable areas", regardless of landscape constraints, provided that they are enclosed in a perimeter whose points are no more than 300 meters away from industrial, artisanal and commercial areas,

including sites of national interest, as well as quarries and mines. The “suitable areas” also include those adjacent to the motorway network and those available to the managers of railway and motorway infrastructures.

In these areas it will be possible in a single day, with a simple sworn declaration of commencement of works (Dichiarazione di inizio lavoro - Dila), to authorize photovoltaic systems and related works of power less than 1 MW of new construction or following upgrades, renovations or complete reconstruction interventions, for the implementation of which no expropriation procedures are envisaged.

For this type of plant, landscape authorization will not even be required, even if the site is restricted. The only limitation concerns the cultural heritage regulated by the second part of the Town planning Code (Code of cultural heritage and landscape).

For plants in simplified procedure (Pas) or with single authorization, the procedural advantages introduced by Legislative Decree 199/2021 are also applied to the EIA phase (Environmental impact assessment) and related works. In fact, the competent authority in landscape matters expresses itself with a mandatory non-binding opinion even in the EIA and, in the event of silence, this authorization can be disregarded. In addition, the terms of the proceedings will be reduced by one third.

### **The role of the services conference (conferenza dei servizi)**

The only criticality is that any dissent must be overcome in the service conference. The simplified procedure (Pas) will be applicable even if the plant is connected to high voltage and to authorize the related works and infrastructures and for **photovoltaic plants up to 20 Mw** in certain areas, for floating plants up to 10 Mw and **for “agri -voltaics”** with innovative integrative solutions that are no more than 3 kilometers away from industrial, artisanal and commercial areas.

There are also exemptions from the procedures for verifying eligibility to EIA for **plants up to 20 Mw**, provided that it is self-certified that the plant is not located within areas included among those specifically listed and identified as unsuitable (ex letter f) of annex 3 Ministerial Decree of 10 September 2010. For some items in the list, it is necessary to verify concretely with the rules for the protection of landscape plans.

## Incentives for agri PV plants in the Recovery Plan of Italy

The Italian “Piano Nazionale di Ripresa e Resilienza – PNRR” (Eu-funded Recovery Plan for Italy) simplifies the authorization procedures and establishes incentives to support the establishment of PV plants in agriculture. In particular 1.5 billion Euro is earmarked for “parchi agricoli” (agri-PV parks). The Ministry of Agriculture has recently issued the procedure for installing PV panels on the roofs of agricultural buildings. Beneficiaries of the subsidies are agricultural entrepreneurs, direct farmers and agro-industrial enterprises. 40% of the resources are destined for the regions of Abruzzi, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna e Sicilia. The goal is to cover 4.3 million square meters with photovoltaic panels with an installed capacity of 0.5 GW.

Among the other dispositions, a particular distinction is introduced with regard to the size of the land affected by the installation of photovoltaic panels: **under ten hectares** of land the procedure is greatly simplified, and an opinion is not required from the Ministry of Culture, owner of the defense of the landscape.

## Acceleration of the Authorization process

Today all the wind plants with capacity higher than 30MW and PV plants with capacity higher than 10 MW need to be approved by the EIA commission of the Ministry of the Energy Transition and require an opinion of the Ministry of Culture, while for lower capacities the Regions authorize the plants.

According to a study by Regions2030<sup>[1]</sup>, in the first six months of the years, the EIA commission has examined 32.300 MW of wind and solar projects, which represents about half of the 70.200 MW for which authorization has been requested in recent years. The rate of growth of authorization has increased more than 63% compared to the first six months of the 2021, and more than 400% of the first six months of 2019 and 2020.

Besides, the July council of ministers has examined 12 cases where the Ministry of Culture has objected to the favorable opinion of the EIA commission, and has overruled its objections in 11 cases.

The first council of ministers of September has also finally approved the **wind park** in the Mugello mountains between Firenze and Bologna, proposed by AGSM, the multi-utility of Verona, which started the process to build 7 wind turbines in 2019. They got the approval from the area's municipalities and after

two years and half they got the approval also from the Toscana Region: to get the EIA and the “autorizzazione unica” they had to get the approval of 59 institutions/bodies aggregated in the “Conferenza dei Servizi”. An “inchiesta pubblica” (open discussion with the population) has been established to fend off five comities contrary to the installation of the wind turbines.

At the end of the process with “l’inchiesta pubblica”, the “Conferenza dei servizi” stated that the energy transition is more important than the objections of some institutions and therefore the Toscana region granted the authorization. But the “Soprintendenza Archeologica, belle arti e paesaggio” of the Culture Ministry opposed the decision in front to the office of the prime minister. The motivation was the cutting of part of the wood. The Wind turbines are expected to save 16 million cubic meters of gas and produce 80 million kWh every years.

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[1] Published in *IlSole24ore* , August 21,2022