

Autorità per l'energia elettrica e il gas

PRESS RELEASE

Energy: new proposals to promote higher energy savings

Favouring consumption models and technological investments that will ensure higher and more lasting savings for consumers

Milan, 20 December 2010 – The Italian Energy Regulatory Authority has published consultation document DCO 43/10 whose objectives include: to promote investments in more structural technologies, i.e. technologies implying savings on bills for many years; to support – within the integrated energy-service sector – more efficient business models; and to prevent speculative behaviours in the white-certificate market.

By a further consultation document (**DCO 44/10**), the Authority also proposed new simplifications in the terms and conditions for qualifying a wide range of technologies eligible for incentives: e.g., interventions reducing consumptions of heating and conditioning systems, low-consumption modems, efficient lighting in tunnels and roads, efficient UPS systems for the tertiary sector, etc. Such solutions may grant very high savings with possible beneficial effects in view of the achievement of the 20-20-20 national objectives of the *European Climate Package* by 2020.

In addition, through its recent resolutions, the Regulatory Authority has made the following: has simplified access to incentives for *electrical heat pumps* to be installed for the production of hot water in homes; determined *savings objectives* to be achieved in 2011 by electricity and gas distributors with interventions in favour of end consumers; fixed a *tariff contribution* to be paid to distributors for the achievement of the new *saving objective 2011*, which is now globally 23% higher than the 2010 level (one million toe higher savings on top of the 4.3 million toe this year).

Details of New Proposals

A) Consultation Document **DCO 43/10**: *further improvements in the white certificate mechanism*.

Through the innovations introduced to the *white certificate mechanism* proposed in document DCO 43/10, higher incentives will be provided in favour of investments in more *structural* technologies, i.e. investments with a medium to long technical life and, therefore, in a position to generate energy and money savings in favour of consumers and Italian economy as a whole for many years ahead. Proposals are intended to increase the contribution granted for such technologies, with costs to consumers kept constant; in any case, costs have so far remained extremely limited as opposed to those of other mechanisms designed for the achievement of the same *sustainable development* objectives through renewable energy sources.

Within the same spirit, proposals were made to promote the dissemination of integrated energy services and the development of new business models intended to overcome a few informative and economic obstacles that still limit the choice of the most efficient technologies by consumers; more specifically: the development of *third-party financing*, i.e. full or partial financing of investments by credit institutions or energy service companies (ESCOs) certified by accredited bodies; the

proposition of energy-service *packages* including, e.g., energy diagnoses, energy-efficiency projects implementation and management (where necessary); and, more importantly, the requirement that achieved savings be guaranteed and assessed (with a compensation paid to consumers in case of noncompliance).

In addition, the Authority made proposals to prevent any speculative behaviours by operators; which behaviours may ultimately cause an increase in the cost payable by consumers if the number of white certificates is kept constant.

The set of proposals made by the Authority is based on the experience gained in its regulatory activity and management of the first five years of functioning of the white certificate mechanism (whose results are encouraging) and take account of the recent evolution in legislation¹, although the Government still has to determine national objectives for the years after 2012.

B) Consultation document **DCO 44/10**: *simplified access to incentives for new saving solutions*.

The Authority made six new proposals (including *data sheets*² and simplified methodologies) to expand the energy-saving potential.

As part of its proposal for interventions on buildings, the Authority also published a self-diagnosis software application on its website (developed by ERSE within the *Electrical Power System Research* initiative) by which operators may enter their actual data and calculate the value of *white certificates* they would be entitled to.

Consultation documents and resolutions are available on the Authority's website (www.autorita.energia.it).

¹ In particular: European Directives 2006/32/EC and 2009/28/EC; National Action Plans on energy efficiency and renewable energy sources; the recently published national technical standards related to the development of the energy-service sector.

² *Data sheets* are instruments developed by the Authority to assist operators in their quantification of energy savings achievable with specific types of interventions and, therefore, in the calculation of number of *white certificates* to be issued – while avoiding complex assessments/readings of consumptions before and after interventions.