



EmpowerMed

# National Policy Recommendations *Italy*





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# TABLE OF CONTENTS

1	National context	4
1.1	Legislative and strategic framework	5
1.2	Measures and programs targeting energy poverty in Italy	5
2	Data and conclusions from pilot sites	7
	Gender indicators	8
	Health indicators	9
	Efficiency indicators	10
3	Key recommendations	10
	CONCLUSION	12

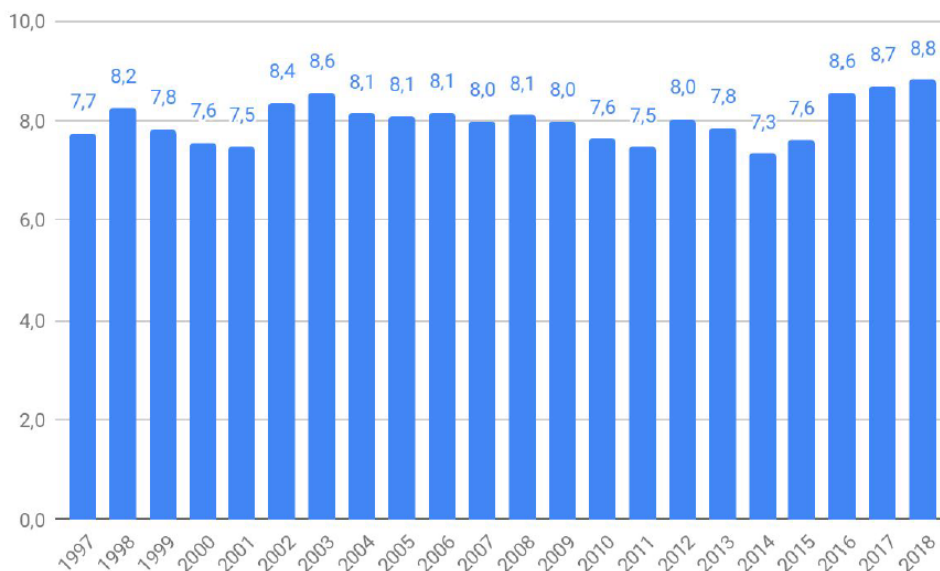
# 1 National context

In Italy there is still no official measure of the EP, intended as a measure codified by the National Statistical Institute (ISTAT). However, since 2017, the Italian government has adopted in its official documents (Energy Strategy 2017, National climate and energy Plan 2019) a measure proposed by some researchers (indicator LIHC-PNIEC) which for 2018 fixed the percentage of families in poverty at 8.8 percent energy in Italy.

In some cases, reference is made to different EP measures for Italy, such as the percentage of households receiving support measures in the electricity bill. The use of these measures presents at least two critical issues:


- 1) the number of families actually benefiting from a measure is different from the number of potentially beneficiary families;
- 2) the number of families in EP does not necessarily coincide with the families that respond to the criterion with which the benefit is paid (in the case of the energy bonus the conditions are: an ISEE – an indicator of the economic condition of a family - below a certain threshold or to benefit from the citizenship income – a social welfare system created in Italy in January 2019 as guarantee of minimum income to alleviate poverty). In fact, being in conditions of vulnerability is a necessary but not sufficient condition to be in EP.

The indicator chosen is the Low-Income High Costs (LIHC) index adopted by the Government in the National Energy Strategy and in the National Climate-Energy Plan (here defined as LIHC-PNIEC). The chart below shows the % of EP families in Italy from 1997 to 2018 according to the LIHC-PNIEC index.



Nowadays it emerges a new and complex scenario in which is important to pay particular attention to energy poverty.

- 1) The implementation of a sustainable energy transition, investigated in the Integrated National Energy and Climate Plan (PNIEC), in order to achieve the European goals by 2030 (the reduction of greenhouse gas emissions by 55%). The energy transition will



exert an upward pressure on energy prices: they already have risen and they will increase further in the coming decades. Therefore, emerges the need to manage this transition in a fair and inclusive way, with particular attention to the most vulnerable part of the population, which is, moreover, highly exposed to the harmful effects of climate change and environmental degradation.

- 2) In Italy from the 1970s to today, the average temperature has progressively increased, moreover extreme climatic events (as heat waves) will be destined to worsen in future years, significantly impacting the well-being of people, especially the most fragile ones. The measure should also pay attention to the issue of cooling, that is the need of the families to ensure the comfort in their homes during summer periods.
- 3) The crisis resulting from the Covid-19 pandemic has led to a generalized increase in poverty, with more effects on the vulnerable population. For this reason, a review of the policy measures should consider the following new conditions which a large part of the population is subjected: great uncertainty about the income (especially for the precarious and seasonal workers), longer stay in the home and the consequent increase in expenses for utilities, a general increase in psychological and psychological distress.
- 4) The energy crisis resulting from the war in Russia (2022) prompted the Italian Government to introduce various measures to limit the impact on the economy and citizens. On 18<sup>th</sup> March 2022 the Government approved a decree including restrictions on energy and fuel price increase, support to companies and humanitarian aids.

## 1.1 Legislative and strategic framework

Policies to reduce EP can be classified into the categories of "protection" and "promotion". The first are short-term measures and aim to preserve a minimum level of access to energy. These include energy bonuses which aim to reduce the cost of electricity and gas for the vulnerable families. The second group of policies instead are long-term measures and aim at a structural improvement of the condition of fragile individuals, making them emerge from situations of poverty. These policies include those related to the upgrading of housing conditions, with energy efficiency improvements and the increase of household awareness in the use of energy services.

A good policy to reduce poverty should include both components.

## 1.2 Measures and programs targeting energy poverty in Italy

This section has been elaborated taking in account the first OIPE report (2019), that focused on the protection measures. The types of interventions to reduce energy poverty are organized into three categories:

### **1) actions for the energy efficiency of homes;**

## **2) actions for the reduction of final prices (social tariffs, bonuses);**

### **3) actions for income support.**

1) The energy efficiency of buildings (for example: renovation of the thermal insulation system, replacement of fixtures) have a long-term return on investment, while those relating to the technological equipment (for example: the heating system in place, as well as the efficiency of the equipment electricity in use in the home), have a lower financial commitment and make it possible to offset the investment expenditure with savings already in the medium-short term. Nowadays in Italy, there are many tax deduction tools in support of increasing the energy efficiency of homes:

- Ecobonus
- Bonus casa
- Bonus facciate
- Superbonus 110%(or 90%)

For sure, poor families, including those in energy poverty, often do not have sufficient resources to finance redevelopment interventions, even if with a positive economic return; alternatively, they live in rent or in public housing, and are therefore not authorized to carry out the works. In Italy, 50% of EP families own their own house, 38% rent it and the remaining 12% live in the house either with a free title or usufruct. Finally, they do not appear to have sufficient guarantees to obtain a bank loan to finance the works. Hopefully, the credit transfer mechanism (which is the possibility to transfer the fiscal incentive for interventions or the supply of the services in exchange for a discount or transfer the credit directly to a bank or a third party) could provide a useful contribution to increasing access to the mechanism of deductions for energy requalification for families in energy poverty.

2) Policy makers moderate the incidence of expenditure for the essential energy consumption of low-income families through the so-called "social tariffs". Since 2009, two instruments have been adopted in Italy: the electricity bonus and the gas bonus, which reduce the spending on electricity and gas purchased by selected families, respectively. Access to benefits is regulated on the basis of the family's ISEE (Equivalent Economic Situation Indicator) or, in the case of the electricity bonus only, if a family member needs a life-saving machinery (bonus for physical discomfort). Furthermore, the gas bonus can only be provided to households connected to the methane distribution network, thus excluding households residing for example in Sardinia Island and in other areas not reached by the network. The amount, which varies according to the number of components and, in the case of the gas bonus, the type of use (cooking food and domestic hot water or the same plus heating) and the climatic zone of residence, covers approximately 1-2 months. On one hand, social tariffs and bonuses reduce the spending on energy, increasing the spending capacity for other goods and services. The subsidy could incentivize the beneficiaries to increase their energy consumption, especially if the beneficiaries are under-consuming families, and the effect induced could increase the well-being of the whole family. On the other hand, it is important that the subsidy

instrument considers the energy expenditure of the household in an inclusive way, without any kind of limitations which would discriminate families in energy poverty.

- 3) Income poverty, which is considered the absence of a minimum level of income sufficient to guarantee an acceptable quality of life, is strongly associated with energy poverty. It follows that income support policies also aim to reduce energy poverty. Among the actions belonging to this category of interventions there are direct subsidies to those who are below a certain income threshold (ISEE).

## 2 Data and conclusions from pilot sites

In the Italian pilot city of Padova, Community approaches, Household visits, DIY workshops, Support for small investments and Health workshops were held. Two collective assemblies were held as part of the first approach. Due to Covid-19 restrictions, both sessions had to be done online. Although more than 1,039 potential beneficiaries were contacted and invited to the sessions, only 26 attended the first assembly (21 February 2022) and 27 the second (16 March 2022), adding to a total of 53 participants as shown in the following table.

**TABLE 1. Overall results for Padova pilot site.**

KPI	CA	HHV	DIY	SFS	HW
Participants (women)	53 (38)	62 (37)	32 (15)	-	11 (6)
Electricity savings [kWh/year]	0	1,722	0	-	0
Heat energy savings [kWh/year]	0	16,583	0	-	0
Energy savings* [kWh/year]	0	18,298 (58%)	0	-	0
Water savings [m <sup>3</sup> /year]	0	545	0	-	0
Primary energy savings [kWh/year]	0	22,351	0	-	0
Cost savings [€/year]	0	2,529 (56%)	0	-	0
People free of debt [persons]	0	-	0	-	0
CO2 savings [kgCO <sub>2</sub> /year]	0	4,439	0	-	0

CA: Community approaches, HHV: Household visits, DIY: Do-It-Yourself workshops, SFS: Support for financial schemes, HW: Health workshops.

\*Includes heat and electricity.

Household visits were implemented during the summer of 2021, including 62 households from the Padova region, leading to a total of 18.298 kWh/year saved. These energy savings also translated into emissions and cost savings for the vulnerable households that participated in this action, as shown in Table 10. Water savings equal to 545 m<sup>3</sup>/year are also estimated to result from the Household visit actions.

For DIY Workshops two face-to-face sessions were implemented in September 2021: DIY Low cost measures workshop (17 participants), and DIY Smart meters (15 participants). This last activity included an additional part related to the understanding of basic supplies bills. Both sessions were held in the framework of a cultural festival held in a specific neighbourhood in Padova. Thus, attendees were mostly local residents interested in energy issues. Additionally, an online DIY Low cost measures workshop was organized in

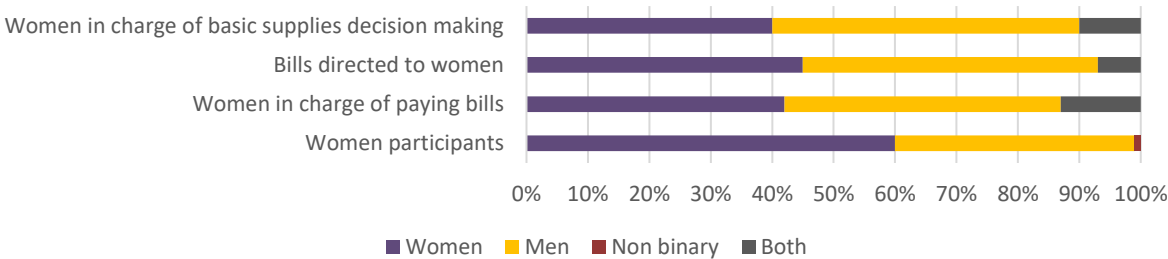
collaboration with eight municipalities of the nearby Vicenza Province. However, no data regarding participants is available from this DIY session, so it is not accounted in the KPIs presented in Table 10. The visualizations from the recording session are above 445 by the time of this report. As the DIY sessions were mostly informative, no KPIs regarding energy, cost or emissions savings are available for this activity.

Similar to DIY workshops, a Health workshop was held in collaboration with other local partners during a cultural festival organized in Padova on sustainable development topics. The main goal of the workshop was to raise awareness about available solutions for the redevelopment of buildings to improve people’s quality of living, for instance, by improving their indoor thermal comfort. A total of 11 people participated in this workshop as seen in Table 10. As this workshops were merely informative, no other KPIs could be calculated.

**Gender indicators**

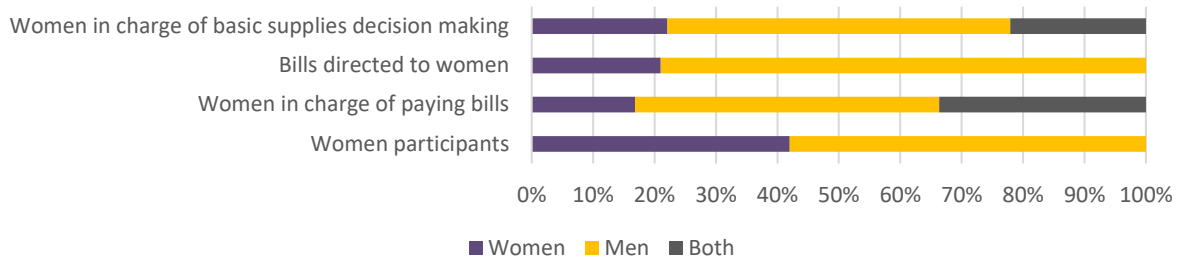
Women’s participation in the Italian pilot’s activities was particularly high in Community approaches in which they represented 72% of the attendees. In the rest of activities women represented 60% (Household visits), 47% (DIY Workshops) and 55% (Health workshops) of the participants, which also demonstrated a fair interest of women in the Energy poverty topic. Both DIY and Health workshops were held in public festivals, which explains the almost equal distribution between men and women in these activities. On the other hand, collective assemblies and household visits were addressed to specific vulnerable groups, which might explain the higher share of women participants.

Regarding women empowerment indicators, data from the Household visits (Figure 3) show that men are more represented in decision-making regarding energy at home, but their numbers are not much different than for women, only slightly higher. This pilot also shows a big share of households – in comparison to other participant locations – where both partners take decisions regarding basic supplies and are equally appointed as service contract holders. In DIY workshops (Figure 4), the share of women in charge of decision making regarding energy supplies is significantly lower than for Household visits (22% versus 40%), a trend also observed in the share of women as service contract holders and in charge of paying the bills. These results might be related to the share of women participants for these activities, which was lower than in collective assemblies.



**Figure 1. Gender indicators for Household visits in Padova pilot site (n = 62).**

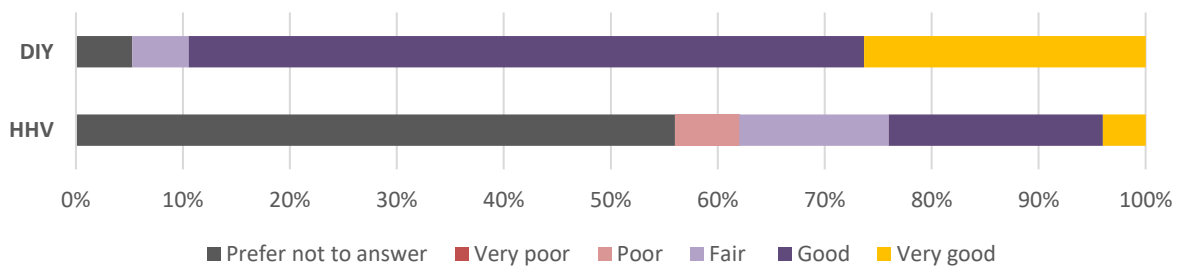




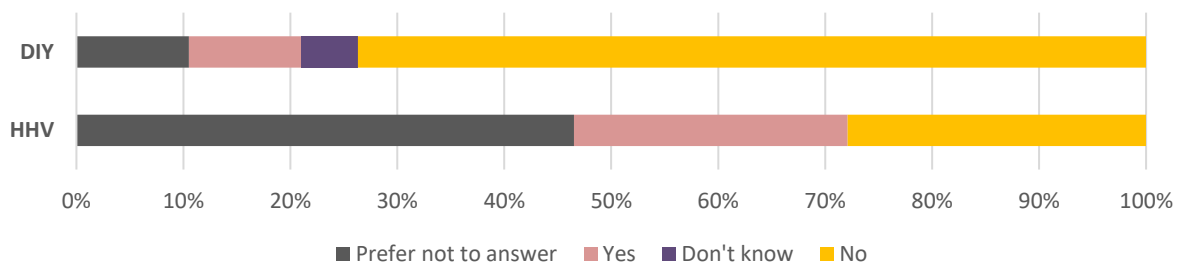
**Figure 2. Gender indicators for DIY workshops in Padova pilot site (n = 32).**

### Health indicators

Health indicators from Padova are available for the Household visits and DIY workshops attendees as shown in Figure 5 and Figure 6. It is important to notice that not all participants in the implemented actions answered the requested survey, which narrows the sample size to understand health issues in households affected by Energy poverty. Furthermore, a high number of respondents did not feel comfortable sharing information about their health status and prefer not to answer the questions.



**Figure 3. Self-reported health condition from participants in Household visits (n = 50) and DIY workshops (n = 19) from Padova pilot.**



**Figure 4. Long standing health issues status from participants in Household visits (n = 43) and DIY workshops (n = 19) from Padova pilot.**

From those who responded, only a small share from the Household visits reported to have poor (6%) health conditions. Within this same group, 14% reported to have a fair health condition, whereas in DIY workshops only 5% shared the same status. In both cases, a higher number of attendees reported to have good or very good conditions, although this group was considerably higher in DIY workshops than in Household visits, which is expected as the second action was particularly addressed to vulnerable households.

Regarding longstanding illness or health problems, a higher share of respondents from Household visits (26%) also reported to suffer from this issue than in DIY workshops (11%). Also, within the first group, more respondents do not felt at ease with disclosing this information (47%), which reduces the number of participant households from which this information is known.

## Efficiency indicators

Efficiency indicators (Table 7) are calculated for the Household visits action where data about implemented energy saving actions was provided. The average euros saved per euros invested is 0.65, when no labour cost are considered. By accounting for these costs, the action might not be cost effective as currently implemented, given that 1.71 euros are estimated to be saved per hour of labour invested, and the latter has an average cost of 29.3 euros for Italy's current conditions<sup>1</sup>. Even when considering below average costs, the hourly labour cost is likely to be above the estimated euros saved. It must be noted that the actions in Padova were negatively influenced by Covid-19, which reduced the expected number of participants and under normal conditions the same level of effort would have likely resulted in higher energy and cost savings.

Regarding DIY workshops, their implementation of DIY activities required around 128 hours of labour carried out by a group of 12 different people, leading to an average of 6.73 hours of labour per household. This is the only KPI calculated for this action as seen in the table below.

**TABLE 2. Efficiency indicators for Padova pilot site.**

KPI	CA	HHV	DIY	SFS	HW
Euros invested per HH [€/HH]	-	64	-	-	-
Labour hours per HH [h/HH]	-	24	6.7	-	-
Energy savings* per volunteer [kWh/person]	-	407	-	-	-
Energy savings* per labour hours [kWh/h]	-	2.6	-	-	-
Energy savings* per euros invested [kWh/€]	-	4.7	-	-	-
Euros saved per volunteer [€/person]	-	56	-	-	-
Euros saved per labour hours [€/h]	-	1.7	-	-	-
Euros saved per euros invested [ $\frac{\text{€}_{\text{saved}}}{\text{€}_{\text{invested}}}$ ]	-	0.7	-	-	-

CA: Community approaches, HHV: Household visits, DIY: Do-It-Yourself workshops, SFS: Support for financial schemes, HW: Health workshops.

\*Includes heat and electricity.

## Key recommendations

### 1. Target vulnerable groups and take tackling measures

Key 'problems' that the project is aiming to tackle should be introduced.

Messages should be aligned with the stakeholders' interests. Instead of reaching a 'broad' category of stakeholders, specific stakeholder should be identified.

Messages for the citizens should be clarified, thus encouraging them to act at their level and join a larger movement. Document the current opportunities coming with energy poverty becoming more publicly discussed.

<sup>1</sup> Value obtained from the labour cost levels by NACE Rev. 2 activity reported for Italy in 2021 by

## **2. Strengthen intersectoral collaboration**

Collaboration and cooperation between OIPE, the local government entities, and cooperatives should be encouraged and strengthened.

Collaboration with the media (radio, newspapers, television) should be used to disseminate the findings and ask resulting from the survey currently undertaken.

It should be clarified how energy poverty is a cross-sectoral issue and who it affects.

## **3. Increase information on aggressive marketing and protection of vulnerable population**

Development of informative materials on aggressive marketing to make sure that citizens are protected against misleading information on energy prices and contracts offered by sellers.

This recommendation is addressed to Local and national authorities and regulators (ARERA).

## **4. Incentives for energy efficiency also to public housing**

Ensure that incentive policies for energy efficiency refurbishment address the issue of property ownership and renting/public housing. SOGESCA recommends to the Municipality that incentives are also applicable in cases of public ownership and renting, for example in case of one public flat in an entire block of flats.

This recommendation is addressed to Local and national authorities.

## **5. Connect energy poor citizens into the power grid**

Energy is one of the basic social rights and energy poor citizens should be able to use at least basic energy services.

Given the rise in energy prices – the issue of disconnected citizens will be in rise. SOGESCA will try to tackle the issue with local and national authorities and utility companies in raising awareness on this issue.

## 6. CONCLUSION

In Italy there is still no official measure for Energy Poverty. In some cases reference is made to different EP measures leading to misleading results. The Italian Observatory for Energy Poverty (OIPE) proposes a measure based on income and energy expenditures (indicator LIHC-PNIEC) which has been used for official Government plans. Families struggling to pay the bills or living in poor energy conditions (suffering from cold during the winter and from summer heat waves) are increasing due to various contingent issues such as rising energy prices, climate change, the Covid-19 pandemic and the Russia-Ukraine conflict. Therefore both "protection" and "promotion" policies to reduce EP should be adopted.

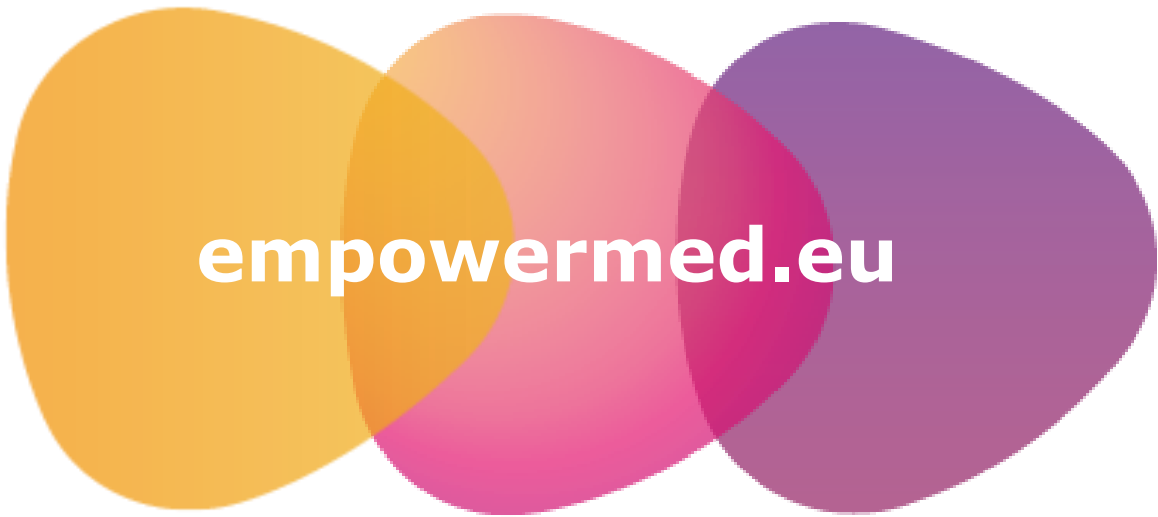
The results from the collective assemblies and household visits carried out in the Italian pilot city of Padova show an active participation from women, which demonstrates their interest in the Energy Poverty topic. However, data from the household visits show that men are slightly more represented in decision-making regarding energy at home. On the other hand, DIY and Health workshops were held in public festivals and had therefore an almost equal distribution between men and women participation. When working to address EP issues, messages should be aligned with the stakeholders/target audience interests. Instead of reaching a 'broad' category of stakeholders, specific targets should be identified. Messages for the citizens should be clarified, thus encouraging them to act at their level and join a larger movement.

When advocating for the development of EP policies, collaboration and cooperation between OIPE, the local government entities, and cooperatives should be encouraged and strengthened.

Information should be increased to support the population thus improving their capacity of protection from aggressive marketing.

Incentive policies for energy efficiency refurbishment should overcome the issue of property ownership and renting/public housing.

Finally, the disconnection from the energy services for poor families that delay/do not pay the bills should not be permitted as access to energy represents a basic social right.



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