



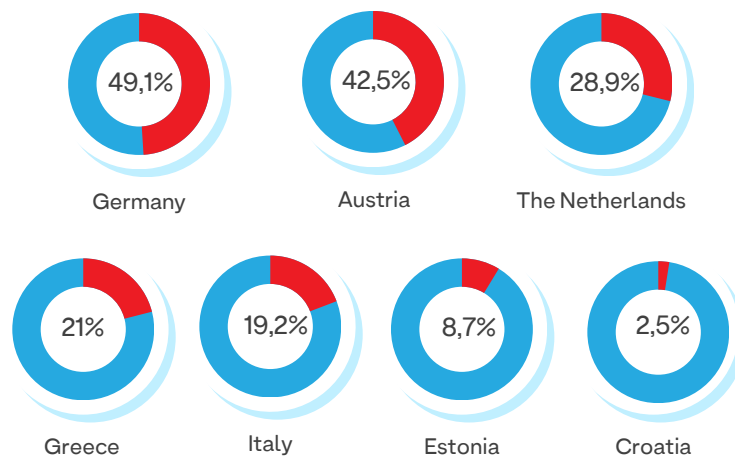
**POLICY FICHE FOR
ALLEVIATING ENERGY POVERTY
IN THE PRIVATE RENTED SECTOR**

Italy



The Rental Sector in the Population (2022)

Source: Energy Poverty Dashboard



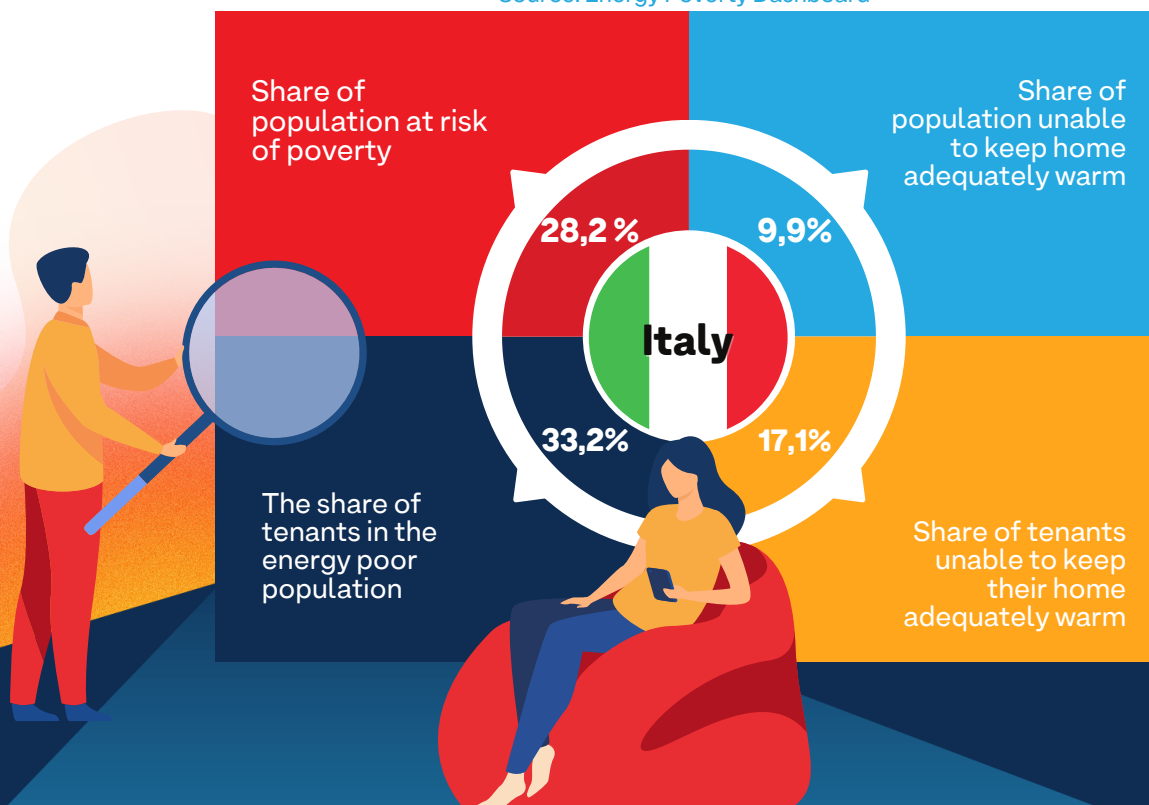
Current Energy Poverty Definition and Strategy

Source: ENPÖR Policy Fiches

Definition	Strategy
<p>Definition in the Italian National Energy Strategy in 2017: the difficulty of purchasing a min. energy goods and services or, access energy services that involves a distraction of resources, in terms of expenditure or income, exceeding a "normal value".</p>	<p>National programmes for improving the energy efficiency of households (Ecobonus, Superbonus 110, VAT reduction on renovation), national local grants, Italia in Classe A programme</p>
<p>The draft 2023 NECP highlights how vulnerable customers are identified, not only regarding the economic conditions, but considering health, age, housing, considering electricity and natural gas.</p>	<p>National and local financial measures: financial assistance for energy bills (electric bonus, gas bonus, financial assistance for heating costs)</p>
<p>The regulatory authority sets out the contractual and economic conditions reserved to them</p>	<p>Disconnection protection, subsidies to low-income families</p>

Housing and Energy Poverty in Figures

Source: Energy Poverty Dashboard



Policy background

Context within the residential sector

In Italy, flats are the most popular type of housing in cities or rural areas (54.9%), followed by houses (44.6%) and other (0.5%). According to the Italian Strategy for Energy Retrofitting of the National Building Stock (Italy, MiTE, 2021) in 2018 there were 12.4 million residential buildings, with a total surface of more than 3 billion m². More than 65% of buildings were built before the first law on energy efficiency in 1976 (i.e., prior to any regulatory requirements on the building energy performance) and 22% of the total residential building stock is not occupied. Italy needs to retrofit 2.6% of the residential and tertiary building stock annually to reach its target. Documents and statistics on the state of the art of energy efficiency of the Italian building stock are available on ENEA's platform on energy performance certificates¹ and the national portal on buildings.²

Ownership is more common than renting. In 2021, 73.7% of the population lived in a household owning their home, while the remaining 26.3% lived in rented housing. While most of the households own their homes, 70% of low- and middle- to low-income households rent their homes (OECD, 2022). There has been a steady increase of rents in the EU between 2010 and 2021, in Italy the rent evolution is under the EU average, although a rise can be observed. Owners of rented properties are eligible for the Ecobonus and Superbonus, but there is no data on their share of the total use.

In 2021, the housing cost overburden rate (i.e., the share of the population living in a household where total housing costs represent more than 40% of disposable income) was 9.2% in cities and 6.4% in rural areas. The average share of housing costs in disposable income was 15.8% and the share of those at risk of poverty (i.e., with a disposable income below 60% of the national median income) was at 32.6% of the population.

¹ <https://siape.enea.it>

² <https://pnpe2.enea.it/>

The draft 2023 NECP reports that the increase in electricity prices for households in Italy in 2021 compared to 2020 (14.9%) is more pronounced than the euro area average (9.6%)³. Using the harmonised consumer price indices collected by Eurostat, household gas prices have increased significantly in 2021 (19.2%) and taking into account the overall price changes over the last three years (2019,2020 and 2021), Italy presents a more linear evolution, with an increase (14.9%) slightly higher than Spain (+12.6%) but lower than the euro area average (18.7%).

Energy poverty definition and strategy

The 2017 Italian National Energy Strategy defined energy poverty as the difficulty of purchasing a minimum basket of energy goods and services or, alternatively, access to energy services that involves a distraction of resources, in terms of expenditure or income, exceeding a “normal value”. This definition is mentioned also in 2020 Italy’s NECP.

According to a 2023 Report of the Italian Observatory on Energy Poverty run by a network of researchers from universities, public and private entities and institutions working on energy poverty, the energy poverty rate in 2021, according to this definition, has reached 8.5%, up by half a percentage point from the previous year, as a consequence of the increase in the final prices of electricity and gas. At the regional level energy poverty levels are estimated to vary between 4.6% in Marche Region to a maximum of 16.7% in Calabria.

The Italian Annual Report on Energy Efficiency 2022 reported a higher share of energy poor households living in rented dwellings (14.5%), compared both to the national average value and to disadvantaged social groups. Owners were significantly less exposed to energy poverty risks, with only a 5% rate being reported in 2020, whereas energy poverty among those living free of rent was higher (16.5%). According to the EPD, overall, 8.6% of Italians were unable to keep their home adequately warm in 2021 with the share of energy poor among tenants being significantly higher (14.8%). The share of tenants in the energy poor population is 34.4%, which is proportionally higher than the share of tenants in the population (26.3%).

³ <https://commission.europa.eu/system/files/2023-07/ITALY%20-%20DRAFT%20UPDATED%20NECP%202021%202030%20%281%29.pdf>

Policy Framework for the Integration of Tenant Protection

Among the social protection measures, the most important ones are the electricity and gas bonuses that provide a discount on the bill, which is linked to the number of household members and, for the gas bonus only, based on the climatic zone and the type of use.

Concerning energy efficiency, a measure aimed at improving the energy efficiency, with positive impacts in the medium and long term, is a tax deduction for the energy refurbishment of buildings, ranging from 50% to 65%, depending on the type of intervention, known as “Ecobonus”. This instrument has been extended thanks to the Budget Law for 2018 and also to independent social housing institutes. In 2020, the Decree-Law No 34/2020 introduced the “Superbonus 110%”, as a temporary measure to push for renovation of buildings. It is a deduction rate for expenses incurred for specific interventions in the field of energy efficiency, anti-seismic interventions, installation of photovoltaic systems or infrastructures for charging electric vehicles in buildings to 110%. It can only be used for deep renovation, as it foresees at least one “driving” measure (such as complete insulation - coating and windows - of the house, substitution of heating systems and/or anti-seismic measures, which can be accompanied by “driven” ones (such as EV recharging structures, PVs, etc.). Both abovementioned measures are not explicitly targeted towards vulnerable groups and/or those experiencing energy poverty.

Summarizing the main recent measures:

- National and local measures focused on financial assistance for reducing energy bills (electric bonus, gas bonus, financial assistance for heating costs);
- National programmes for improving the energy efficiency of households (Ecobonus, Superbonus 110, VAT reduction on renovation);
- National and local programmes on grants and tax reduction (conto termico, tax reduction for the first 150 kWh of electricity consumed per month)
- National Training and Information programme on Energy Efficiency (“Italia in Classe A”)
- (some) disconnection protection measures (reduction of available power);
- Subsidies to low-income families
- EU-funded Projects linked to energy poverty carried out in Italy (SMART-UP, ASSIST, LEMON, PADOVAFIT!, PADOVAFIT EXPANDED, ENERSHIFT, SER, GreenAbility, GreenRoad)

The draft 2023 NECP highlights how vulnerable customers are identified, not only regarding the economic conditions, but considering health, age, housing, considering electricity and natural gas. As a form of protection, the regulatory authority sets out the contractual and economic conditions reserved to them, based on market prices, which all sellers are required to offer to vulnerable persons. Despite the improvement and the measures taken in recent years, Italy still maintains a gap with other European Member States as regards both gas and electricity prices.

The unit cost of electricity in the protected market for typical households (resident, power 3 kW, consumption 2 700 kWh) shows a significant break in absolute values and tariff components from the last quarter of 2021 until the first quarter of 2023. During this period, the final unit cost reached a tripling of its value. In terms of tariff components, the energy share has increased by more than 80% of the final price, system charges have been cancelled by extraordinary regulatory measures to mitigate increases in bills. In 2023, the unit cost of household electricity almost realigned with historical prices until 2021. The unit cost of natural gas in the protected market for typical households (1400 Smc) also shows a significant increase from the last quarter of 2021 until January 2023. During this period, the final unit cost doubled its value, the energy share increased four times, weighing more than 80% of the final price. Regulatory provisions aimed at mitigating the final costs of bills, and VAT rates reduced.

In 2022, as part of the National Plan concerning natural gas consumption, with the aim to mitigate the effects of the international energy crisis, the Ministry of Ecological Transition issued Energy Saving Decree no. 383 of 6 October 2022, which defines the new time limits for the operation of heating systems supplied by natural gas, with the reduction of one degree of the maximum values of the temperature for the winter season 2022-23, (compared to Decree no. 74/2013) and reducing 15 days for the heating period and 1 hour in daily duration. The operation of thermal systems was allowed with different limits for the 6 different climatic zones.

Specific challenges and barriers for addressing energy poverty in the PRS beyond the split incentives

Italian policy measures target solely socially vulnerable groups, they do not take into consideration the specific issues of the PRS. Communication programs are pushing Energy efficiency by focusing on the promotion of renovation benefits, and the increased value of ownership is one of the key messages. Awareness raising for policymakers on energy poverty in this sector can be useful, highlighting to plan measures to avoid any possible adverse consequence for renters, risks of gentrification and “touristification” (short-period renting has been increasing). The main barrier/challenge to undertake communication and information activities specifically targeted to tenants is the difficulty to reach them, due to the fragmentation of the Italian PRS.



Description of the ENPOR policy

The policy further developed within ENPOR is the Italian National Energy Efficiency Training and Information Programme, (foreseen until 2023) according to Italian Legislative Decree 73/2020 art. 12, implementing EED.



ENEA, in cooperation with GSE – Gestore Servizi Energetici, after a public consultation, submits a 3-year plan to the Ministry in charge of Energy. Currently ENEA coordinates the Programme on behalf of the Italian Ministry of Environment and Energy Security. It is a multimodal programme including measures relating to education, training, information and awareness raising, as well as behaviour change. The related Communication Campaign is named “Italia in Classe A”.

The revision of the program has included the improvement of contents on energy poverty, targeted actions for vulnerable groups and the PRS as well as developing specific communication materials for landlords, tenants and building managers.

Furthermore, awareness initiatives (surveys, engagement and training sessions) have been also carried out in high schools, where students showed high interest in the topics related to energy, its relationship with climate change, and on the issue of energy poverty. Considering the influence teenagers can have on their families, and their willingness to know more about energy efficiency, they are a relevant target group for further actions.

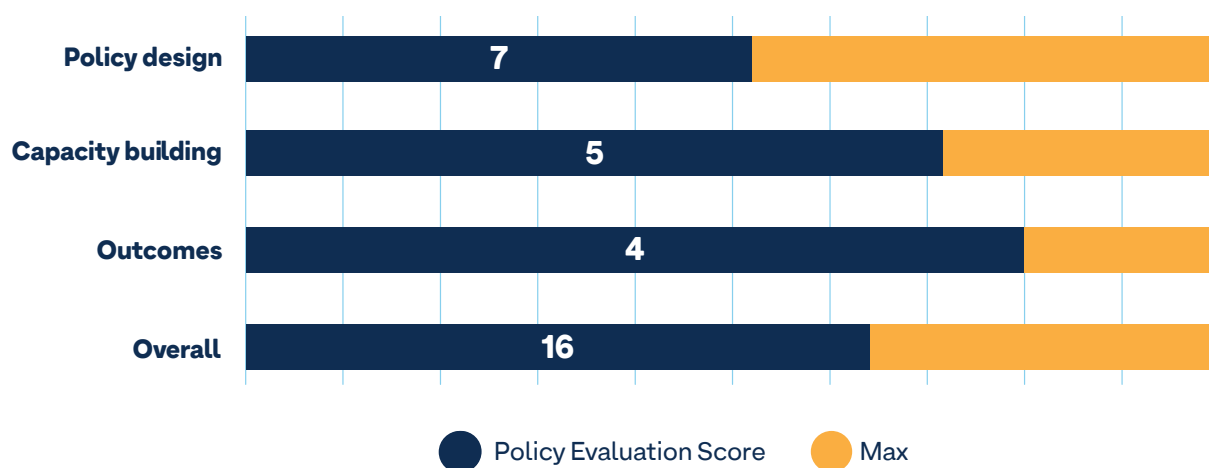


The “Italia in Classe A” public website will include content and learning materials on energy poverty. The materials designed and developed in the framework of ENPOR will be available on the website and will also be distributed through the network’s member associations who approved the final version. The Municipality of Cosenza in Calabria will distribute one hundred printed brochures for building managers and tenants.

Training and communication actions will be mainly implemented at national level, but also at local and regional levels through ENEA’s territorial offices working with regional and local authorities by providing scientific and technical support.

Evaluation of the policy against the KPIs

Energy upgrade of buildings programme



Area	Score	Comments
Policy design	7/13	<ul style="list-style-type: none"> ● This policy was designed with the input of a wide range of stakeholders including civil society organisations, utility providers, charities, energy consultants and representatives of property owners and tenants' associations. ● The policy refers to and is aligned with both national and EU-level policies addressing energy efficiency, although is not part of the overarching Italian national energy poverty strategy. ● Although an awareness-raising and behavioural measure, this policy worked to address the split incentive where possible by clearly detailing advantages/disadvantages, roles and responsibilities of each party as part of the information disseminated on energy efficiency measures.

Area	Score	Comments
Capacity building	5/7	<ul style="list-style-type: none"> <li data-bbox="692 300 1394 495">● Policy evaluation surveys conducted at capacity building events and REACT groups report increased knowledge and skills related to energy poverty in the PRS among relevant stakeholders such as building managers. <li data-bbox="692 524 1394 719">● The outputs of this policy are a range of content, training and activities that are publicly available and targeted to a range of different stakeholders, including students and policymakers, and thus capacity building will continue longer-term. <li data-bbox="692 748 1394 864">● This policy does not lead to the production of new data on energy poverty in the PRS or lead directly to new funding.
Outcomes	4/5	<ul style="list-style-type: none"> <li data-bbox="692 911 1394 1106">● Overall, based on past survey results for the overall campaign, the policy has reportedly led to an increase in knowledge on energy conservation measures, energy bills and thermal comfort. The policy was also successful in reaching energy poor tenants in the PRS. <li data-bbox="692 1135 1394 1285">● Nevertheless, as this is an information and behavioural change campaign, no structural improvements or renovations to the energy efficiency of buildings was made.
Overall	16/25	

Conclusion and further recommendations

In summary, it is evident that the policy has been carefully conceived, with extensive stakeholder engagement, including civil society organisations, utility providers, charities, and representatives of property owners and tenants' associations. Although it aligns with national and EU-level energy efficiency policies, it is not integrated into broader strategies to address energy poverty and energy efficiency among low-income households. The policy speaks to the split incentive challenge by providing clear information on the advantages, disadvantages, and responsibilities of each party involved in energy efficiency measures.

However, there are areas for improvement. To enhance its impact, the policy should consider integrating with national-level efforts and programmes to reduce energy poverty, promoting the production of new data on energy poverty in the PRS, and seeking opportunities for funding allocation. Additionally, expanding beyond information and behavioural change campaigns to include structural improvements and renovations for energy efficiency could further alleviate energy inequalities in the PRS, while leading to more tangible outcomes for the private rented housing stock and its tenants.



Overview of KPI assessment

Indicator	Specification / Operationalisation	Yes/No
Does the policy allow tenants in the PRS to participate/benefit?	-	● Yes
Does the policy explicitly target the PRS?	-	● Yes
Does the policy explicitly target energy poor households in the PRS?	-	● No
Has the design of the policy been informed by input from the PRS?	Yes, from (representatives of) owners	● Yes
	Yes, from (representatives of) residents	● Yes
	Yes, from other relevant stakeholders	● Yes
Is the policy part of wider legislative, regulatory and/or programmatic commitments to address energy poverty?	Is it implemented by more than one agency?	● No
	Has it been publicly challenged?	● No
	Does it refer to other policies and/or legal acts?	● Yes
	Is the policy documented as an element of an overarching energy poverty strategy?	● No
Does the policy explicitly address the split incentives issue?	-	● Yes
Are the policy's target groups specified with view to criteria derived from an official energy poverty definition?	-	● No
Is the policy underpinned by clear mechanisms to identify energy poor households in the PRS?	I.e., there is a distinct procedure/process on how to identify an energy poor household applying specified criteria.	● No

Table 1: Overview of policy evaluation in terms of policy design - Italy

Indicator	Specification / Operationalisation	Yes/No
Does the policy help improve decision-making capacity (in terms of skills, co-operation and/or resources) by state organisations at the national or local level to address energy poverty in the PRS?	Does the policy promote the formation of new co-operations between state organisations and relevant stakeholders to better address energy poverty in the PRS?	● Yes
	Does the policy help improve relevant skills (e.g., with view to the administration of support programmes, the identification of and outreach to energy poor tenants, ...) in state organisations to better address energy poverty in the PRS?	● Yes
	Does the policy generate new insights/data to inform the implementation of energy poverty policies/programmes targeting the PRS?	● No
Does the policy help improve wider policy making (in terms of existing or future programme implementation) by state organisations at the national or local level, working on energy poverty alleviation?	E.g., does it generate new insights/data to inform the design of energy poverty policies/programmes?	● Yes
Does the policy help improve energy poverty alleviation-related knowledge and skills to address energy poverty among stakeholders relevant to the PRS?	Based on survey results from REACT group participants / capacity building events	● Yes
Does the policy help improve energy poverty alleviation-related communication and collaboration opportunities among stakeholders relevant to the PRS?	E.g., does it establish virtual or physical fora dedicated to promoting exchange / collaboration between stakeholders	● Yes
Does the policy help improve energy poverty alleviation-related resources (financial or otherwise) available to stakeholders working in the PRS?	E.g., via funding for energy efficiency renovations of dwellings	● No

Table 2: Overview of policy evaluation in terms of capacity building - Italy

Indicator	Specification / Operationalisation	Yes/No
Has the policy reached energy poor tenants in the PRS?	Based on output/monitoring data/estimates	● Yes
Is there evidence to suggest that the policy has led to a decrease in energy poverty prevalence in terms of improved thermal comfort among vulnerable groups?	Based on output/monitoring data/estimates	● Yes
Is there evidence to suggest that the policy has enabled energy poor households to increase their consumption of energy services to fulfil their basic needs?	Based on output/monitoring data/estimates	● Yes
Is there evidence to suggest that the policy has led to improved energy efficiency in dwellings occupied by energy poor tenants?	Based on output/monitoring data/estimates	● No
Is there evidence to suggest that the policy has led to improved understanding of energy bills and conservation options among energy poor households?	Based on output/monitoring data/estimates	● Yes

Table 3: Overview of policy evaluation in terms of outcomes - Italy

Partners



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