



# Territorial and Distributional Aspects of Just Transition in the draft updated Italian National Energy and Climate Plan

Reform Institute in cooperation with ECCO

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#### **Author**

Maria Niewiata-Rej (Reform Institute)

#### **With contributions from**

Aneta Stefańczyk and Aleksander Śniegocki (Reform Institute)

Giulia Colafrancesco and Chiara Di Mambro (ECCO)

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Zofia Lasocka

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#### **Reform Institute**

office@ireform.eu | ul. Puławska 12/3, 02-566 Warsaw | www.ireform.eu

## Table of Contents

<b>I. Introduction and purpose of the document</b> .....	<b>4</b>
<b>II. Methodology and development of assessment criteria</b> .....	<b>5</b>
<b>III. Territorial aspects</b> .....	<b>6</b>
Aspect 1. Ambitions and targets .....	6
Aspect 2. Supporting local economies and communities .....	8
Aspect 3. Local clean energies and decarbonised industries .....	10
Aspect 4. Inclusivity of regional transition .....	12
Aspect 5. Regional just transition governance .....	13
<b>IV. Distributional aspects</b> .....	<b>15</b>
Aspect 6. Overarching impact assessment of distributional impacts .....	15
Aspect 7. Energy poverty .....	16
Aspect 8. Transport poverty .....	18
Aspect 9. Financing needs and sources of funding .....	20
Aspect 10. Tax, insurance and social security policies .....	21
Aspect 11. Work conditions and re-training .....	23
Aspect 12. Stakeholder engagement and public consultation .....	24
<b>V. Summary</b> .....	<b>26</b>
<b>VI. Annex. Summary table for the aspects considered in the assessment</b> .....	<b>28</b>

## I. Introduction and purpose of the document

National Energy and Climate Plans (NECPs) are planning tools required under the EU Governance Regulation. Italy, like other Member States (MS), is updating its NECP to adjust the plan to a more ambitious climate agenda in line with the European Climate Law and the Fit for 55 package. The draft updates were expected to be submitted to the European Commission (EC) by the end of June 2023. Less than a third of Member States have met the deadline and submitted their Plans on time. The Italian plan was published with a slight delay in July 2023.

The final updated versions of NECPs should be made available by the end of June 2024. By then, documents should include revisions made by the national governments based on the feedback and recommendations provided by the EC, as well as based on outcomes of extensive dialogue with stakeholders and the wider public. National Energy and Climate Plans serve as a crucial tool for integrating national efforts into the broader European context, fostering sustainability, and ensuring a coordinated approach to address the challenges posed by climate change and the transition to a climate-neutral economy. The plans also provide the opportunity to include measures that encourage innovation in clean energy technologies and practices, fostering socio-economic development and competitiveness.

The purpose of this document is to present the assessment of the just transition aspects included in the draft updated NECP developed by Italy. The country is a significant economic player with a diverse and advanced industry; however, it simultaneously faces certain challenges that impact its economic situation. Like many other countries, Italy confronts the challenge of adapting to a changing world, especially in the context of climate change and its far-reaching effects.

The assessment focuses on both the territorial and distributional aspects of the just transition. We define just transition as a process that maximises positive opportunities and outcomes related to the transition to climate neutrality, while mitigating the challenges and minimising the negative effects for impacted regional and local communities (territorial aspects of just transition) and vulnerable individuals (distributional aspects of just transition).

This document summarises the extent to which Italy has implemented the principles of just transition in its draft updated National Energy and Climate Plan, published in the summer of 2023.

## II. Methodology and development of assessment criteria

This document follows a comprehensive assessment methodology developed by the project team<sup>1</sup>. It includes the checklist of criteria that should be fulfilled by the updated NECPs if they aim to be effective in addressing the just transition challenge.

The assessment follows two essential dimensions of just transition: territorial and distributional, which are further divided into sets of criteria covering their most important aspects.

<b>Territorial Aspects</b>	1. Ambitions and targets
	2. Supporting local economies and communities
	3. Local clean energies and decarbonised industries
	4. Inclusivity of regional transition
	5. Regional just transition governance
<b>Distributional Aspects</b>	6. Overarching assessment of distributional impacts
	7. Energy poverty
	8. Transport poverty
	9. Financing needs and sources of funding
	10. Tax, insurance and social security policies
	11. Work conditions and re-training
	12. Stakeholder engagement and public consultation

<sup>1</sup> Stefańczyk, A., Grześczyk, A., Lipiński, M., and Śniegocki, A. (2023), *Territorial and Distributional Aspects of Just Transition in the updated National Energy and Climate Plans – Assessment Methodology*, Reform Institute, Warsaw. [HTTPS://IREFORM.EU/EN/OUR-PROJECTS/TERRITORIAL-AND-DISTRIBUTIONAL-ASPECTS-OF-JUST-TRANSITION-IN-THE-UPDATED-NATIONAL-ENERGY-AND-CLIMATE-PLANS/](https://ireform.eu/en/our-projects/territorial-and-distributional-aspects-of-just-transition-in-the-updated-national-energy-and-climate-plans/)

Each of these criteria can be assessed using the following scale:

0 no mention of a given issue	1 issue addressed to a limited extent	2 issue addressed to a significant extent	3 good practice
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Each of the aspects has its own, more specific description that outlines what is required from a given NECP to be awarded a given number of points. These are described in more detail in the methodological report<sup>2</sup>.

In the following chapters, we provide an assessment of each aspect, with the justification and the source provided (e.g. the page number of the document where the specific information can be found). Furthermore, recommendations for potential improvements in the final version of the updated NECP are highlighted. Where relevant, we compare the draft NECP update from the summer of 2023 (NECP 2023<sup>3</sup>) to the current version of NECP prepared in 2019 (NECP 2019<sup>4</sup>).

<sup>2</sup> See above.

<sup>3</sup> We provide page references to the English version of the document, available online: [HTTPS://COMMISSION.EUROPA.EU/PUBLICATIONS/FILES/ITALY-DRAFT-UPDATED-NECP-2021-2030\\_EN](https://commission.europa.eu/publications/files/italy-draft-updated-NECP-2021-2030_en)

<sup>4</sup> Available online: [HTTPS://ENERGY.EC.EUROPA.EU/SYSTEM/FILES/2020-02/IT\\_FINAL\\_NECP\\_MAIN\\_EN\\_0.PDF](https://energy.ec.europa.eu/system/files/2020-02/IT_FINAL_NECP_MAIN_EN_0.PDF)

### III. Territorial aspects

Territorial aspects of just transition focus on the impact of the transition on regions, communities, and local economies, with special attention paid to those particularly vulnerable to changes brought by the new EU energy and climate policies. In this part, we focus primarily on the assessment of NECP elements that support local communities in the process of green transition, provide incentives for decarbonisation at the local scale, ensure inclusive regional transition, and provide governance frameworks and tools conducive to just transition. The assessment also investigates to what extent draft NECPs are consistent with Territorial Just Transition Plans (TJTPs) and guide actions on the regional level. Territorial aspects are only considered with respect to territories that have been recognised by the national governments as most affected by the decarbonisation process. In Italy, the areas of the Province of Taranto and Sulcis Iglesiente have been indicated among the territories most severely affected by the transition to a climate-neutral economy.

#### Aspect 1. Ambitions and targets

Before we proceed to the assessment, it is worth briefly discussing the challenges that the identified regions are facing. They have an impact on ambitions and targets.

Region Sulcis Iglesiente is characterised by its reliance on traditional heavy industries and mining, which have historically been significant contributors to the local economy. Coal mining activities officially stopped in 2015. However, the energy supply in Sardinia still relies on coal, as the island is not connected to the mainland<sup>5</sup>.

The Province of Taranto is characterised by its strategic location along the coast of southern Italy. It is known for its industrial activities, including primary steel production and petrochemical industries. However, the region has faced environmental and economic challenges due to the presence of heavy industry and pollution<sup>6</sup>.

The Province of Taranto and Sulcis Iglesiente are the regions that find it the most challenging to move away from emission-intensive activities, and the Italian government acknowledges this issue in the NECP 2023. The transition to a more sustainable economy is a significant concern for both regions. For example, the plan mentioned difficulties in the closure of coal-fired power plants. Unfortunately, it seems that the departure from fossil fuels mentioned in NECP 2023 is often synonymous with moving away only from coal. There are plans to increase the use of natural gas in certain sectors in Italy which can pose challenges to achieving climate neutrality. Such an approach is reflected in our assessment of ‘Ambitions and targets’ within the Plan. Italy, however, plans to phase out subsidies for fossil fuels, which is a positive development and will reduce their economic viability. Many initiatives will also be implemented to increase the utilisation of renewable energy sources, including in the most vulnerable regions.

<sup>5</sup> For more details on the region, see [ENTRANCES case study](#).

<sup>6</sup> For more details, see [Mandelli and Novelli \(2022\)](#).

1. Ambitions and targets		
<p><b>1.1 Increasing ambition and avoiding backsliding on targets from Territorial Just Transition Plans</b></p>	0	<p><b>targets set in TJTP are mentioned but NECP sets them lower</b></p> <p>According to the NECP Sardinia plans to start the coal phase-out on the island in 2025 and aims to complete the process by 2028. This is a step backwards compared to the TJTP, which acknowledges the challenging situation on the island and the potential for a delayed phase-out of coal, but the coal phase-out date is still set for 2025.</p> <p><b>It is worth considering actions that would avoid or minimise the delay in the coal exit timeline, and use the additional time to transition directly to clean technologies.</b></p>
<p><b>1.2 Clear and science-based coal exit in power sector timeline</b></p>	1	<p><b>coal exit for power production is declared, but the coal exit timeline is postponed</b></p> <p>It represents a <b>deterioration</b> compared to NECP 2019, which provided a clear timeline for coal exit throughout Italy.</p> <p><i>'For Sardinia, on the other hand, the development of RES, accumulating and new interconnections with the Continente (Tyrrhenian link, SACOI 3) is essential for the abandonment of coal in electricity production (a total of around 1,000 MW) and there are difficulties in achieving this target by 2025; it is therefore realistic, as stated above, to start the phase-out in the island in 2025 and complete the process in 2028.'</i></p> <p>→ Read more on page 207 of NECP 2023 (EN version).</p> <p><b>In the final version of the updated Plan, it is worth including actions tailored specifically for Sardinia that will accelerate the coal phase-out compared to the current timeline.</b></p>
<p><b>1.3 Clear and science-based timeline for transition away from coal in the whole economy</b></p>	0	<p><b>does not mention the economy-wide timeline for the transition away from coal</b></p> <p>The specified date of 2028 pertains to the power sector.</p> <p><b>In the final version of the updated Plan, it is advisable to specify the timeline for transitioning away from coal across the entire Italian economy.</b></p>
<p><b>1.4 Clear and science-based timeline for transition away from fossil gas</b></p>	0	<p><b>does not mention the timeline for the transition away from fossil gas</b></p> <p>What is more, the new plan foresees gas expansion. The table depicting <i>Primary and final energy consumption (for each sector), projections 2020-2040 in the NECP scenario</i> (Table 60 in NECP 2023) shows higher values of gas consumption than the same table in the NECP 2019 (Table 66 in NECP 2019). Furthermore, NECP 2023 still hints to the possible building of new peaker plants: <i>'...the possible decision to build new high-efficiency open-cycle gas-fired thermal power plants for balancing the grid (peaker), where the closure of coal-fired power plants will require their presence'</i> (page 260 in NECP 2023).</p> <p>Transitioning away from fossil gas use will be crucial for achieving climate neutrality. The lack of any timeframes in this area is a concern. <b>In the final version of the updated Plan, it is worthwhile to include the timeline for transitioning away from fossil gas in Italy.</b></p>

<p><b>1.5 Clear and science-based timeline for transition away from oil</b></p>	<p><b>0 does not mention timeline for the transition away from oil</b></p> <p>The table depicting <i>Primary and final energy consumption (for each sector), projections 2020-2040 in the NECP scenario</i> (Table 60 in NECP 2023) shows higher values of oil consumption than the same table in the NECP 2019 (Table 66 in NECP 2019).</p> <p>Transitioning away from oil use will be crucial for achieving climate neutrality. The lack of any time frames is a concern. <b>In the final version of the updated Plan, it is worthwhile to include the timeline for transitioning away from oil in Italy.</b></p>
<p><b>1.6 Clear and science-based industrial transition to net zero emissions timeline (conversion or closure of industrial plants which emit GHGs from fossil fuels use or industrial processes)</b></p>	<p><b>1 industrial transition to net zero emissions declared, but no precise timeline is delivered</b></p> <p>The Province of Taranto is strongly influenced by the presence of the Acciaierie d'Italia (AdI, Ex-ILVA) plant, the largest primary steelworks in Italy. The reconversion of the production processes at the Acciaierie d'Italia site, including the timing and methods, is not yet known, despite being mentioned in the NECP 2023 (page 396) among the 'actions' considered in the reduction of emissions from industry. Furthermore, the funding for the DRI in Taranto foreseen by the NRRP (1 billion euros) was withdrawn and possibly shifted to other initiatives.</p> <p>→ <i>Read more on page 93 of NP JTF Italy 2021-2027.</i></p> <p><b>There are no clear references to transition affecting other industrial sources of emissions beyond steel sector, such as cement plants or the chemical sector. In the final version of the updated Plan, it is worth addressing broader industrial transition in the affected regions.</b></p>

## Aspect 2. Supporting local economies and communities

Both regions, Sulcis Iglesiente and Taranto, have rather challenging economic situations. The Sulcis Iglesiente's economy heavily relies on steel. Tourism has seen growth but still lags behind the national average. The employment situation is challenging, with low entrepreneurship and more businesses disappearing than emerging. The Portovesme industrial zone crisis led to increased unemployment, and the upcoming coal phaseout risks further job losses. The transformation of the ENEL Grazia Deledda power plant also threatens the perspective of losing jobs. The area of Sulcis Iglesiente has potential for renewable energy but faces environmental challenges due to contaminated sites. Large industrial entities are taking emergency safety measures to address the presence of heavy metals and organic compounds in the groundwater across Portovesme. The labour market is characterised by a high unemployment rate and growth in inactivity, especially among women and young people. Carbusulcis Spa employees face risks due to the end of mine safety activities in 2027.

The Province of Taranto, influenced by the Acciaierie d'Italia steel plant, faces a decade-long crisis resulting in reduced employment and active businesses, particularly in the industrial sector. Welfare interventions, like the Redundancy Fund, increased significantly in the Taranto metallurgy sector. The shipbuilding and aircraft manufacturing sectors show growth, attributed to strategic structures in the area. Agriculture, forestry, and fishing contribute significantly, as does the tourism sector (experiencing business and employment growth). Cultural industries also show promise with above-average growth. However, SME entrepreneurship is low, with few startups created in recent years. The Taranto area has numerous contaminated sites due to industrial and accidental pollution. In Puglia, there are 541 potentially



contaminated sites, with 77 in the province of Taranto. Reclamation efforts have begun but are incomplete. In 2000, the Taranto industrial area was designated as a Site of National Interest (SIN) due to pollution in the soil, subsoil, groundwater, and marine sediments.

The initiatives outlined in the assessment below are crucial to strengthen and support the local economy in vulnerable regions. Unfortunately, not all of them have been reflected in the NECP 2023. Even though, in general terms, the NECP 2023 presents only a national-level perspective and defers the detailed description of measures dedicated to regional and local communities to more specific documents or programs, the lack of clear governance for the plan hinders the exchange of information on the planned actions both within the country and with other Member States.

<b>2. Supporting local economies and communities</b>	
<b>2.1 Policies and measures supporting local economies through stimulating their endogenous growth potential, including promoting entrepreneurship, supporting SMEs and social economy</b>	<p><b>2</b> <b>many policies or measures in this area are discussed, but some important details are missing</b></p> <p>NECP 2023 only mentions that the Territorial Plans contain an assessment of the challenges to be addressed and their social, economic and environmental effects and a description of the types of intervention to be financed. → <i>Read more on page 399 of NECP 2023 (EN version).</i></p> <p>Below are examples of measures found in TJTP:</p> <p>Sulcis Iglesiente (<i>NP JTF Italy 2021-2027</i> – page 17)</p> <ul style="list-style-type: none"> <li>▪ Action 1.2 – Incentives to SMEs for improving energy performance;</li> <li>▪ Action 1.4 – Reclamation of sites to be used for new economic activities;</li> <li>▪ Action 1.5 – Support for the transition and diversification of the local economy, also through research projects;</li> <li>▪ Action 1.6 – Strengthening the capacity for technical support for innovation processes.</li> </ul> <p>Province of Taranto (<i>NP JTF Italy 2021-2027</i> – page 26)</p> <ul style="list-style-type: none"> <li>▪ Action 2.2 – Support for research projects and the development of the green hydrogen supply chain;</li> <li>▪ Action 2.3 – Support for innovative projects to support the ecological transition and protect natural resources;</li> <li>▪ Action 2.4 – Support for research projects with significant impact in the perspective of the transition and diversification of the local economy;</li> <li>▪ Action 2.5 – Strengthening the capacity for technical support for innovation processes and economic diversification of the territory;</li> <li>▪ Action 2.6 – Entrepreneurial development, business creation and productive investments;</li> <li>▪ Action 2.7 – Support for the creation of retraining courses for workers at risk and affected by the transition and training courses for economic diversification; strengthening of job search services;</li> <li>▪ Action 2.8 – Offer of care and social services.</li> </ul> <p><b>The draft Plan does not provide a detailed discussion on this area, but it clearly refers to a national document that systematically addresses it. The actions listed in other documents confirm that the relevant initiatives are being planned. It is worth incorporating this information into the final version of the updated Italian NECP.</b></p>

2. Supporting local economies and communities		
<p><b>2.2 Policies and measures for the preservation of the identity of mining/traditional industrial communities</b></p>	1	<p><b>some policies or measures in this area are mentioned, but they are largely insufficient to be effective</b></p> <hr/> <p>NECP 2023 mentions that the phase-out of coal will be accompanied by measures to protect workers, address skill issues, combat poverty and inequalities and safeguard the regions. Action is being taken on several levels: 1) legislation, 2) institutional, 3) company. One of the mentioned territories is Sulcis.  → Read more on page 401 of NECP 2023 (EN version).</p> <p><b>There are no clear references to policies focused explicitly on the cultural perspective and community identity preservation. In the final version of the updated Plan, it is advisable to highlight these issues.</b></p>
<p><b>2.3 Policies and measures for the revitalization of the natural environment, both for restoring biodiversity and recreational purposes</b></p>	1	<p><b>some policies or measures in this area are mentioned, but they are largely insufficient to be effective</b></p> <hr/> <p>In the NECP 2023, in the context of the Territorial Plans, it is mentioned that support will be given to a preparatory action to recover situations of environmental damage that exist widely, with targeted measures to rehabilitate the area.  → Read more on page 399 of NECP 2023 (EN version).</p> <p>Furthermore, a preparatory action will be supported to address environmental issues through targeted interventions for the remediation of the territory.</p> <p>Below is an example for Province of Taranto (<i>NP JTF Italy 2021-2027</i> – page 26):</p> <ul style="list-style-type: none"> <li>▪ Action 2.3 – Support for innovative projects to support the ecological transition and protect natural resources.</li> </ul> <p><b>Some measures have been mentioned, however, in the final version of the updated Plan, it is worth describing them in more detail.</b></p>
<p><b>2.4 Dedicated, region-specific policies and measures promoting smart and sustainable mobility (both within territories most affected by the transition region and connecting it with other regions)</b></p>	0	<p><b>does not mention any policies or measures in this area</b></p> <hr/> <p>Numerous measures are listed which relate to promoting smart and sustainable mobility across the entire area of Italy, but specific measures for the regions affected by the transition are not highlighted.</p> <p><b>In the final version of the updated Plan, it is advisable to highlight the dedicated sustainable mobility measures for the regions undergoing the transition.</b></p>

### Aspect 3. Local clean energies and decarbonised industries

Sardinia is second in Italy when it comes to renewable energy potential. Sardinia has a high concentration of installed renewable energy plants (4.5% of the national total). However, energy poverty affects 14% of the population.

Regarding air quality, Sulcis Iglesiente and Sardinia generally have positive indicators compared to the national average, with some concerns in the Portoscuso area for cadmium and arsenic. CO<sub>2</sub> emissions, mainly from two plants covered by the EU ETS, have only decreased by 4.6% in the last 5 years. Additionally, two closed companies in the Portovesme industrial zone will rejoin the EU ETS upon reopening.

In 2020, Puglia ranked fourth in Italy for renewable energy production, primarily from solar and wind sources, contributing 10% of the national total. Puglia's renewable energy sources cover 17% of electricity consumption, driven by the industrial sector in Taranto, which accounts for 74% of consumption and has the potential to develop the hydrogen supply chain.

Four companies in the region are among the highest polluting plants in Puglia. In 2019, the Taranto plants accounted for a significant portion of regional and national emissions, with AdI being the most polluting. Additionally, an infringement procedure was initiated in 2013 due to non-compliance with industrial emission regulations. Puglia is also subject to an infringement procedure for consistently exceeding PM10 particle limit values without implementing appropriate measures since 2008.

In general, actions are being taken in the field of local clean energies and decarbonised industries; however, the documents lack a clear assessment of needs in this area.

3. Local clean energies and decarbonised industries		
<p><b>3.1 Assessment of needs in the area of deployment of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes</b></p>	0	<p><b>does not assess the level of needs in this area</b></p> <p>The sections that can be considered as the 'Assessment of needs' pertain to the entire Italy rather than specific territories. Furthermore, the JTF Italy 2021-2027 NP discusses needs in a too-general manner (2.2. <i>Development needs and objectives to be achieved by 2030 in order to achieve a climate-neutral Union economy by 2050</i> – page 77 for Sulcis, page 95 for Taranto), making it difficult to categorise them as an 'Assessment of needs'.</p> <p><b>Without assessing the current state, it is challenging to implement effective remedial measures. In the final version of the updated NECP, there should be a section that highlights the scale of the problem faced by the regions in transition.</b></p>
<p><b>3.2 Policies and measures to fulfil the needs in the area of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes</b></p>	2	<p><b>many policies or measures in this area are discussed, but some important details are missing</b></p> <p>NECP 2023 includes numerous actions in the area of affordable clean energy, but they primarily concern the entire territory of Italy, such as white certificates, etc.</p> <p>An important issue in this case is the HVDC Contintente-Sicilia-Sardinia connection Tyrrhenian Link which can increase the safety of the electricity system on the islands by connecting them directly with the mainland, ensuring greater regulatory capacity, as well as facilitating the integration of the new generation expected from renewable sources on the islands.</p> <p>→ Read more on page 348 of NECP 2023 (EN version).</p> <p>NECP 2023 also mentions what is included in the Territorial plans: '<i>Energy and environment, for which the Plan provides for a significant increase in RES production in the identified areas, in order to mitigate the effects of the transition, combat energy poverty, contribute to the economic diversification of the areas and create new jobs</i>'.</p> <p>For Sulcis Iglesiasiente (NP JTF Italy 2021-2027 – page 17) these could be the following measures:</p> <ul style="list-style-type: none"> <li>▪ Action 1.1 – Promotion of the use of renewable energy;</li> <li>▪ Action 1.3 – Creation of intelligent energy distribution and storage systems.</li> </ul>

For Taranto (*NP JTF Italy 2021-2027* – page 26) these could be the following measures:

- Action 2.1 – Support for the production and storage of energy produced from renewable sources and the energy efficiency of production processes.

**It is worth considering including specific actions outlined in territorial plans in the final version of the updated NECP.**

## Aspect 4. Inclusivity of regional transition

Many aspects related to social exclusion are intertwined with the employment and labour market. The necessary transition in the emission-intensive regions may have a significant impact on the rise in unemployment, disproportionately affecting vulnerable individuals who face greater challenges in adapting to the change.

In the context of social exclusion, the pandemic has also played a significant role, as observed in Italy. In Sulcis, the COVID-19 pandemic crisis has contributed to exacerbating the gender gap already present in Sardinia. A decrease in employment levels in the area has corresponded to a significant drop in the level of activity of women. The geographical insularity of Sardinia presents an additional obstacle.

When considering the inclusivity of regional transition, we focus on addressing the challenges related to the ageing population and ensuring gender equality. However, it's essential to also recognise the risk faced by young people in both Sulcis Iglesiente and Taranto. In Sulcis, there is one of the highest percentages of young people not in education, employment, or training (NEET) in Italy, reaching 36.7% (compared to the Italian average of 24.1%). Over 60% of the population holds qualifications that do not exceed a middle school diploma, and this trend shows no signs of improvement. A very similar situation exists in Taranto, with the region also having one of the highest percentages (33.4%) of young NEETs in Italy (compared to the national average of 24.1%) and over 57% of the population with qualifications limited to a middle school diploma. These are critical issues that need attention, but the NECP 2023 lacks comprehensive information on the initiatives undertaken in Italy for the inclusivity of regional transition.

4. Inclusivity of regional transition		
<p><b>4.1 Promotion of gender equality to address the specific situation and role of women in the transition to the climate-neutral economy</b></p>	<p>1</p>	<p><b>does not mention any policies or measures in this area but different document does</b></p> <hr/> <p>NECP 2023 does not include any information related to the promotion of gender equality. Additionally, the plan does not reference any documents that discuss such actions. On the other hand, the <i>NP JTF Italy 2021-2027</i> ensures that while Italy primarily prioritises gender neutrality, gender equality plays a significant role in Action 1.5, 1.6, 1.7, and 1.8 for Sulcis Iglesiente (page 21), as well as Action 2.6, 2.7, and 2.8 for Taranto (page 29).</p> <p><b>The issues related to gender equality raised in the NP JTF are worth incorporating into the final version of the updated NECP.</b></p>
<p><b>4.2 Special attention paid to vulnerable groups (such as people with disabilities) that suffer disproportionately from the adverse effects of the transition</b></p>	<p>1</p>	<p><b>does not mention any policies or measures in this area but different document does</b></p> <hr/> <p>In the plan, there are several mentions of vulnerable groups, but they are not particularly related to challenges in Sulcis Iglesiente and Taranto. In the <i>NP JTF Italy 2021-2027</i>, there is</p>

		<p>a reference to Action 2.8 – ‘Offer of care and social services’, which indicates the attention paid to vulnerable groups.</p> <p><b>The issues related to vulnerable groups raised in the NP JTF are worth incorporating into the final version of the updated NECP.</b></p>
<p><b>4.3 Policies and measures addressing demographic impacts of the ageing population of regions in transition</b></p>	<p><b>1</b></p>	<p><b>does not mention any policies or measures in this area but different document does</b></p> <hr/> <p>The new plan does not address the issue of an ageing population. Additionally, the plan does not reference any documents that discuss actions addressing the challenge. On the other hand, the <i>NP JTF Italy 2021-2027</i> ensures that Actions 1.7 and 1.8 (Sulcis Iglesiente – page 21) as well as 2.7 and 2.8 (Taranto – page 29) focus on the improvement of social and economic services, and guarantee the principle of equality, inclusion and non-discrimination, triggering processes of territorial development in areas characterised by dynamics of depopulation, declining birth rates and ageing of the population.</p> <p><b>The issues related to demographic challenges raised in the NP JTF are worth further attention and incorporating into the final version of the updated NECP.</b></p>

## Aspect 5. Regional just transition governance

Governance is a crucial aspect when it comes to implementing a just transition. In this context, it's worth mentioning one of the 'good practices' that took place in Italy a few years ago. In 2020, a partnership was established in Italy involving the Saras refinery located at the industrial site of Sarroch in Sardinia, Enel Green Power, the municipality of Cagliari, the University of Trento, and the employers' organization Confindustria Sardegna Meridionale. The primary goal was to anticipate changes and manage the refinery's restructuring in the context of the green transition. Particularly through the participation of Confindustria Sardegna Meridionale, these stakeholders are working to engage in a dialogue with national institutions to provide proposals for the JTF Territorial Plan for Recovery and Resilience. Through thematic roundtable discussions, scenario analyses, and field research, the involved parties have identified several priority areas for intervention, including sustainable mobility, professional skills development, health and safety, the circular economy, environmental sustainability, partnership formation, and social inclusion.

<p><b>5. Regional just transition governance</b></p>		
<p><b>5.1 Consistency of regional and national transition planning process</b></p>	<p><b>2</b></p>	<p><b>consistency of regional and national transition planning process is taken into account in many, but not all of the relevant cases</b></p> <hr/> <p>NECP 2023 addresses the issue of consistency (page 64): <i>'From a systemic point of view, the overall objective of the NECP is broken down through four specific objectives. One of them is to define national governance for adaptation, clarifying the need for coordination between the different levels of territorial governance and the different policy areas. A second level of intervention is also aimed at exercising a "steering role", in particular towards the regional and local level, by establishing a comprehensive framework of possible adaptation options, consisting of sectoral measures, which will be</i></p>

		<p><i>applied in the sectoral and cross-sectoral plans in the modalities to be identified by the governance structure. The "steering function" is complemented by two documents in the NECP for the definition of regional and local climate change adaptation strategies/plans.'</i></p> <p><i>NP JTF Italy 2021-2027 also mentions the regional and national transition planning process. However, in both cases more details could have been provided on how consistency was ensured for the planning processes in practice.</i></p> <p><b>Greater attention to the consistency of the regional and national transition planning process in the final version of the NECP will enable this point to be regarded as a good practice.</b></p>
<p><b>5.2 Institutional coordination on just transition implementation between regional and national authorities</b></p>	<p><b>1</b></p>	<p><b>institutional coordination on just transition is rarely taken into account</b></p> <hr/> <p>While information on such coordination is included in <i>NP JTF Italy 2021-2027</i> (page 13), it is not provided clearly in the NECP 2023.</p> <p><b>It is worth providing a clear description of the institutional coordination between regional and national authorities on the just transition issues in the final version of the updated Plan.</b></p>
<p><b>5.3 Inclusion of stakeholders and citizens into regional transition governance</b></p>	<p><b>1</b></p>	<p><b>involvement of stakeholders and citizens is rarely taken into account</b></p> <hr/> <p>The information about the case is included in <i>NP JTF Italy 2021-2027</i> (page 59). However, there is no governance process for systematic and meaningful citizen involvement and it is not clear how findings from the consultation are integrated into the Plan.</p> <p><b>The issues related to stakeholder inclusion raised in the NP JTF are worth incorporating into the final version of the updated NECP.</b></p>

## IV. Distributional aspects

Distributional aspects of green transition are principally related to the differentiated impact of climate policies, which are related to the unequal distribution of income, opportunities and challenges among the population. This is reflected in the changes in the standard of living of the whole population and vulnerable groups, especially in their access to essential public services, amenities and rights, as well as the labour market. Therefore, the NECP should explicitly recognise the distribution of costs and benefits of planned measures and focus especially on supporting the groups which are already in the most difficult position or are most likely to be negatively affected by the transition.

Thus, selected criteria chosen to assess the distributional dimension of just transition policies in NECP concern the following aspects: energy and transport poverty prevention (following the inclusion of buildings and road transport into the ETS framework), financing mechanisms and public policy instruments (especially fiscal and social security instruments) introduced to support vulnerable groups, policies affecting the workforce, and the overall quality of public participation in the NECP revision process. The assessment of the distributional aspects is conducted at the national level (in contrast to the territorial aspects).

### Aspect 6. Overarching impact assessment of distributional impacts

Implementing actions and policies for energy and climate has numerous consequences. Italy assesses these impacts in various areas, as detailed in the NECP 2023. Assessments are provided for areas such as the energy system and greenhouse gas emissions.

It is evident that the implementation of NECP 2023 will contribute to reducing emissions across various sectors, decreasing fossil fuel consumption, and increasing the share of renewable energy sources. Additionally, areas such as the environment, employment, education, skills, and social impacts are also taken into consideration. Special attention has been given to the phase-out of coal and the identification of the skills necessary for retraining workers. However, the distributional impacts assessment taking into account interactions across all the planned policies and measures is missing. There is also no clear discussion on the impact of policy implementation and actions on specific social groups.

6. Overarching assessment of distributional impacts	
<b>6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups</b>	<p><b>0</b> <b>expected overall distributional impacts are not mentioned</b></p> <p>NECP 2023 does not take into account its differentiated impacts by income groups. The only mention pertains to the planned monitoring of income distribution effects in the context of the coal phase-out (see page 401): <i>'In addition, with a view to a just energy transition, with the coordination of the Energy Services Manager and in</i></p>

		<p><i>cooperation with the above-mentioned tables, specific monitoring of the socio-economic effects, in particular on employment and income distribution, of the measures of the NECP will be developed, with a particular focus on the industrial and carbon-intensive regions particularly affected by decarbonisation policies'.</i></p> <p>The implementation of the Plan is likely to significantly impact the lowest-income households while affecting all income groups. <b>The distributional implications of the planned actions should be included in the final version of the updated NECP, with accompanying measures to mitigate expected negative impacts. This issue has not been assessed in the Plan or in other documents, so it is necessary to undertake the analytical work to fill this gap in the Plan.</b></p>
<p><b>6.2 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by other relevant groupings (e.g. rural households, pensioners)</b></p>	1	<p><b>expected overall distributional impacts are mentioned, but the description is scarce and does not consider differentiation by relevant social groups</b></p> <p>The updated Plan offers a broad assessment of its impacts, which focuses primarily on sectors rather than relevant groups. However, it does provide some limited insights into the distributional impacts, such as in the context of employment.</p> <p><b>The distributional impact assessment and accompanying policies and measures in the final updated Plan should take into account relevant vulnerable groups.</b></p>
<p><b>6.3 Common understanding of terms and measuring progress toward targets</b></p>	1	<p><b>terms are used within the Plan, and measuring progress toward targets is mentioned, but no details are provided</b></p> <p><b>In the final version of the updated NECP, it is advisable to ensure more attention to the consistency of terms and measures related to just transition.</b></p>

## Aspect 7. Energy poverty

Over the past few years, energy poverty has gained attention among policymakers, driven by economic crises, pandemic-related challenges, and rising energy costs. Italy recognised the importance of addressing energy poverty, focusing on vulnerable customers in the transition to a sustainable energy system. In 2021, Italian households saw a 20% increase in their electricity and gas bills, and there are concerns about future developments. Projections suggest a 0.7% annual increase in electricity prices in the 2020s. The share of energy expenditure in households is estimated to rise by 1% annually during the same period. Residential energy consumption is expected to decrease by about 6% in 2030 compared to 2020, with a 3.5% rise in electricity use and an 8% reduction in gas and oil product consumption.

To combat energy poverty, Italy is implementing a range of initiatives. According to NECP 2023, policies to combat energy poverty can be classified into several types, each with its own set of instruments:

- policies to reduce household energy expenditure (e.g. bonuses or social tariffs);
- policies to improve the energy efficiency of dwellings by reducing their energy needs (e.g. application of regulations, incentives, energy performance certificates, energy tutors);
- subsidies to households with low incomes.



7. Energy poverty	
<p><b>7.1 Inclusion of indicative objectives aimed towards reduction of energy poverty</b></p>	<p><b>2 objectives are mostly well-defined and use appropriate measures, but some crucial information is missing</b></p> <p>NECP 2023 mentions successful initiatives like:</p> <ul style="list-style-type: none"> <li>▪ development of a free audit service for households in poverty, with energy audits and support to access renovation incentives or Conto Termico;</li> <li>▪ installation of photovoltaic panels in social housing owned by local governments;</li> <li>▪ free distribution of LED bulbs and other saving devices to poorer households;</li> <li>▪ reclaiming abandoned buildings, upgrading them from an energy point of view, and allocating them at reduced rent to households most in need;</li> <li>▪ subsidised loans for installing photovoltaic panels for shared consumption;</li> <li>▪ communication campaigns, at the local level, to encourage virtuous consumption behaviour.</li> </ul> <p>It also covers the Domestica Energy Tutors (TED): a single point of reference, with integrated expertise, which consumers in energy poverty or vulnerable can consult on all issues related to their energy consumption, through training, networking and support for action. → <i>Read more on page 293 of NECP 2023 (EN version).</i></p> <p><b>The topic is covered concisely, and it is worth expanding it further in the final version of the updated Plan.</b></p>
<p><b>7.2 Assessment of the level of energy poverty and quality of used indicators</b></p>	<p><b>2 energy poverty is described thoroughly, and the assessment is based on good quality indicators, but some important details are missing</b></p> <p>While there is no national definition of energy poverty, various alternative indicators have been proposed.</p> <p>To ensure institutional coordination of analysis and enforcement activities at the EP, and following the provisions of the NECP 2019, the Italian National Energy Poverty Observatory was established in Italy by the Decree of the Ministry of Ecological Transition of 29 March 2022. → <i>Read more about Observatory in paragraph 3.4.4., page 288 of NECP 2023 (EN version).</i></p> <p>There is an improvement in comparison with NECP 2019. In the second part of 2023, the Plan foresees the launch of a methodological statistical project entitled Energy Poverty Indicators Calculation (EPIC project). → <i>Read more on page 140 of NECP 2023 (EN version).</i></p> <p>While the plan envisions a series of actions, it still refers to a 'national strategy on energy poverty' to be adopted, and no clear timing is provided. <b>The updated NECP should be more precise on the actions being implemented and provide more details and timelines on the planned measures.</b></p>
<p><b>7.3 Direct support to alleviate energy poverty</b></p>	<p><b>2 existing and planned policies or measures in this area are described and expected to deliver a meaningful change but do not address the problem comprehensively</b></p> <p>The updated Plan does not include a timeline for the phase-out of direct support. It covers the social bonuses</p>

		<p>for electricity and natural gas. Bonuses are paid by means of a discount on bills, with an amount differentiated according to the number of members of the household and, for gas only, according to the type of use and the climate zone.</p> <p>→ <i>Read more on page 289 of NECP 2023 (EN version).</i></p> <p>There is an improvement compared to the NECP 2019, as the description of this area is more detailed.</p> <p><b>In the final version of the updated Plan, a timeline for the phase-out of direct support should be added.</b></p>
<p><b>7.4 Measures that support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources</b></p>	<p><b>3</b></p>	<p><b>policies or measures in this area form a comprehensive framework</b></p> <p>NECP 2023 describes measures to support energy efficiency and the deployment of renewable sources such as tax deductions for the energy retrofitting of buildings, incentives for energy efficiency in the public administration, etc.</p> <p>→ <i>Read more on pages 227 and 290 of NECP 2023 (EN version).</i></p> <p>There is an improvement compared to the NECP 2019, as the description of this area is more detailed.</p>
<p><b>7.5 Addressing energy market inefficiencies which negatively affect vulnerable customers</b></p>	<p><b>1</b></p>	<p><b>mentions the issue but too vaguely and/or does not propose policies to challenge it</b></p> <p>Legislative Decree No 210 of 8 November 2021 also laid down, for the electricity market, the regulatory framework for the protection of vulnerable and energy-poor customers, identifying, for the first time in Italian law, the criteria for defining the range of vulnerable customers. By Decree-Law No 176 of 18 November 2022, converted with amendment by Law No 6 of 13 January 2023, these provisions on vulnerable customers were also extended to the natural gas market.</p> <p>→ <i>Read more on page 290 of NECP 2023 (EN version).</i></p> <p><b>In the final version of the updated Plan, it is advisable to provide more detailed coverage of issues related to the energy market in the context of energy poverty and protection of vulnerable customers.</b></p>

## Aspect 8. Transport poverty

The Italian NECP 2023 includes a range of transport policies that are either currently in place or planned. However, the majority of these policies are primarily focused on reducing emissions from the transportation sector rather than addressing transport poverty. This approach is well-founded, considering that the transport sector is characterised by the highest final energy consumption at 35.3 Mtoe, which is closely tied to its high emissions. The reduction of emissions from transportation is crucial, particularly as this sector is soon to be included in the Emissions Trading System.

In the context of efforts to decrease greenhouse gas emissions, measures should be encouraged to facilitate a shift from private to public transportation through modal changes and to promote soft mobility. While the primary goal is emissions reduction, promoting soft mobility also has a positive impact on alleviating transportation poverty.

The development of public transportation and cycling infrastructure are effective means to combat transportation poverty, primarily in urban areas. However, this issue is more pronounced in rural areas, necessitating the development of specific actions to address transport exclusion in these regions. It's also worth considering whether the development of electric vehicle infrastructure can contribute to reducing transportation poverty.

The expansion of electric vehicle charging infrastructure can enhance access to eco-friendly transportation and reduce operational costs, contributing to the fight against transport poverty.

Nevertheless, addressing transport poverty is a multifaceted challenge that requires a combination of measures, including investments in public transportation and the implementation of social policies to ensure equal access to mobility for all.

8. Transport poverty		
8.1 Inclusion of indicative objectives aimed towards reduction of transport poverty	1	<p><b>objectives are there but they are not sufficiently detailed and/or do not use appropriate indicators</b></p> <p>While the NECP 2023 does not highlight objectives in the context of transport poverty, some of its provisions can be related to this issue. Some examples include:</p> <ul style="list-style-type: none"> <li>▪ development of cycling mobility through cycle paths;</li> <li>▪ promote shared mobility (bikes, low- or zero-emission car and motorcycle sharing);</li> <li>▪ integration between sustainable mobility services (e.g. parking facilities for cycles or services car and bike sharing near public transport stops) and interchange parking facilities;</li> <li>▪ promotion of smart working tools and reduction of working days for equal hours worked;</li> <li>▪ promotion of carpooling;</li> <li>▪ development of ITS (traffic management, infomobility, smart roads).</li> </ul> <p><b>It is advisable to include explicit objectives related to the reduction of transport poverty in the final updated Plan.</b></p>
8.2 Assessment of the level of transport poverty and quality of used indicator	0	<p><b>does not assess the level of transport poverty</b></p> <p>Without assessing the current state, it is challenging to implement effective remedial measures. <b>The assessment of transport poverty should be included in the final version of the updated NECP, with accompanying measures to mitigate expected negative impacts. This issue has not been assessed in the Plan or in other documents, so it is necessary to undertake the analytical work to fill this gap in the Plan.</b></p>
8.3 Direct support to alleviate transport poverty	0	<p><b>does not mention existing and planned policies or measures in this area</b></p> <p>NECP 2023 does not include any specific policies or measures designed to directly alleviate transport poverty. Such measures can be further developed in the future as a part of the Social Climate Plan, which is referenced by the NECP 2023, but no guidelines are provided in the text.</p> <p><b>In the final updated Plan, it is advisable to include policies and measures, or at least a general framework to inform the future Social Climate Plan, in the area related to combating transport poverty.</b></p>
8.4 Measures to structurally decrease transport poverty by investment in sustainable and zero-emission mobility options	0	<p><b>does not mention any policies or measures in this area</b></p> <p><b>The measures designed to decrease transport poverty through investment in sustainable and zero-emission mobility options should be included in the final version of the updated NECP.</b></p>

## Aspect 9. Financing needs and sources of funding

Financing needs and sources of funding constitute a crucial element of national energy and climate plans. Including information about financial requirements and available funding sources is significant for several reasons. Firstly, it enables a realistic assessment of the scale of challenges associated with achieving the set climate and energy goals. Understanding financial needs allows determining whether the available resources are sufficient to meet these challenges or if additional investments are necessary. Secondly, transparency in financing facilitates more effective engagement of various stakeholders, including the private sector, financial institutions, and other partners. Information about financial needs and funding sources is crucial for attracting investments and mobilizing societal support. Additionally, mentioning financing is key to the effective monitoring of progress in implementing the objectives of energy and climate plans. The availability of financial resources and their efficient utilization directly impact the achievement of established goals; therefore, detailed information in this regard is indispensable.

In an ideal scenario, for each action outlined in the NECP, funds and the source of financing should be specified, for instance, in the form of a table. The Italian NECP 2023 addresses issues related to certain funds and financial resources. However, it appears that this topic has not received sufficient attention.

9. Financing needs and sources of funding		
<p><b>9.1 Describing financing needs for each proposed policy and measure addressing the distributional impacts</b></p>	0	<p><b>does not mention financing needs of the proposed policies and measures</b></p> <hr/> <p>Except for some measures which are also covered by the National Recovery and Resilience Plan, there are no clear financial estimates by specific policies and measures. There is an overall assessment of investment needs at an aggregated level in the NECP 2023, but such an aggregated description of financial needs appears to be insufficient in the context of addressing the specific issue of distributional impacts.</p> <p><b>To enhance the final updated Plan, it is advisable to quantify the financial needs of the proposed policies. For example, in the table of actions 'Table 2 – Main measures planned to achieve the objectives of the INECP', additional columns could be added to present estimated costs and financing needs.</b></p>
<p><b>9.2 Describing sources of funding for each proposed policy and measure addressing the distributional impacts</b></p>	0	<p><b>does not mention sources of funding for the proposed policies and measures</b></p> <hr/> <p>The NECP 2023 text includes mentions of funding sources in some cases, but such descriptions appear to be insufficient in the context of ensuring adequate funding to address the specific issue of distributional impacts.</p> <p><b>To enhance the final updated Plan, it is advisable to quantify the funding sources for the proposed policies. For example, in the table of actions 'Table 2 – Main measures planned to achieve the objectives of the INECP', additional columns could be added to present funding sources.</b></p>

## Aspect 10. Tax, insurance and social security policies

Tax, insurance and social security policies are crucial instruments in shaping the behaviour towards more sustainable and environmentally friendly development. Properly designed and implemented, they are key to the effective implementation of national energy and climate plans.

Through appropriate policies, governments can encourage investments in projects related to renewable energy, energy efficiency, and environmental protection. Tax incentives or similar encouragements can stimulate businesses and citizens to adopt more sustainable practices. Social policies can serve as a support tool for citizens participating in projects related to the aforementioned aspects.

Promoting investments in technologies and solutions that enhance energy efficiency can contribute to emission reduction and redirect investments towards more sustainable directions. Support for communities can be crucial for the success of projects and for gaining societal acceptance of actions related to energy and climate.

Shifting the responsibility for the transition onto social groups, however, must be accompanied by the allocation of financial resources for these purposes. It is beneficial if funds for 'good investments' come, for example, from income generated through climate-related taxes, levies, and fees, indirectly applying the 'polluter pays' principle. Utilizing income from climate-related costs to mitigate these expenses in the future seems to be an obvious solution.

Italy recognises the gravity of the situation and offers various support programs within the country, including for building renovation. The NECP 2023 addresses issues related to certain tax, insurance and social security policies. However, it appears that these aspects have not received sufficient attention, as indicated by the following assessment.

10. Tax, insurance and social security policies		
<p><b>10.1 Use of income from climate-related tax, levies and fees (or similar instruments, e.g. EU ETS revenues) for the support of the most vulnerable groups</b></p>	0	<p><b>there is no mention of the use of climate-related income for the support of the most vulnerable groups (besides a brief section on the Social Climate Fund)</b></p> <hr/> <p>NECP 2023 only mentions the use of climate-related revenues to support vulnerable groups briefly when referring to the Social Climate Fund, which in turn does not translate into any specific proposed policies and measures (see below).</p> <p><b>In the final version of the updated Plan, the use of climate-related revenues to support vulnerable groups should be given more attention, with a clear and well-structured approach to be included in the text.</b></p>
<p><b>10.2 Accounting for and preparing the framework for the utilisation of the Social Climate Fund</b></p>	0	<p><b>SCF is briefly mentioned, without discussing framework for its utilisation</b></p> <hr/> <p>NECP 2023 does mention the existence of the Social Climate Fund and the intent of Italy to prepare the Social Climate Plan to access the Fund. However, it does not provide any further details (e.g. how the SCF can support specific measures and policies) or even a basic framework which could guide the preparation of the Social Climate Plan: <i>'Italy intends to make use of the Fund proposed by the Commission. More details on the policies that will be activated using the financial resources made available through the Fund will be provided in Italy's Social Climate Plan, which is necessary</i></p>

		<p>to have access to the Fund's aid, the official presentation of which is foreseen, in accordance with the European Regulation, by the end of June 2025'. → Read more on page 402 of NECP 2023 (EN version).</p> <p>The SCF is a crucial instrument to support vulnerable groups, and its effective utilisation requires a robust Social Climate Plan, which should be consistent with the updated NECP. The NECP 2023 text fails to provide any guidance in this regard.</p> <p><b>The Social Climate Fund availability should be clearly reflected in the mix of policies and measures covered by the final updated NECP, which should in turn provide a clear framework for the preparation of the Social Climate Plan.</b></p>
<p><b>10.3 Recognition and consistent application of the 'polluter pays' principle across the economy</b></p>	<p>1</p>	<p><b>the principle is applied in some of the proposed policies and measures for which it would be reasonable to apply it, but crucial details related to the implementation are missing</b></p> <p>The plan mentions that in the long run, from an environmental point of view, all fossil fuel subsidies can be considered inefficient, as they do not internalise impacts on the environment and human health, failing to respect the polluter pays principle. In the short to medium term, however, and from a social and economic point of view, some of these subsidies are still necessary for the protection of struggling social groups or vulnerable economic sectors or more exposed to international competition. → Read more on page 223 of NECP 2023 (EN version).</p> <p>Furthermore, Table 77 (page 385 of NECP 2023) presents the list of subsidies eliminated or terminated in connection with fossil fuels on the EU or international level.</p> <p>The recently approved update of the National Recovery and Resilience Plan<sup>7</sup> includes the reform focused on the reduction of environmentally harmful subsidies within the REPowerEU chapter. However, there is no explicit reference or specific timing of this process mentioned in the NECP 2023 text.</p> <p><b>In the final version of the updated NECP, it is worth providing more detailed information on the roadmap to phasing out fossil fuel subsidies.</b></p>
<p><b>10.4 Built-in protection of the most vulnerable groups in tax instruments and cross-sectional support programmes related to green transition</b></p>	<p>1</p>	<p><b>the protection is available in some of the proposed policies and measures for which it would be reasonable to apply it, but is neglected in most of the cases</b></p> <p>Examples of measures included in the NECP 2023:</p> <ul style="list-style-type: none"> <li>▪ Measures connected with energy retrofitting and recovery of building stock (Superbonus, Ecobonus, Sismabonus and Other bonuses – page 231) take into account various levels of support depending on the beneficiaries' situation;</li> <li>▪ The proposed reform of tax incentives related to the implementation of heat pumps with photovoltaics, identifying priorities for action, such as addressing the least performing buildings and energy poverty situations (page 12);</li> <li>▪ Decree-Law No 124 of 2019 extends the application of the super-reduced VAT rate to 4% to the supply of hybrid and electric motor vehicles to persons with reduced or prevented permanent motor skills, to blind persons, to deaf persons and to members of their families, and to the costs of services provided by workshops to adapt these vehicles to the needs</li> </ul>

<sup>7</sup> See more details on the updated Italian NRRP and the REPowerEU chapter on [the EC website](#).

	<p>by workshops to adapt these vehicles to the needs of drivers. Provision is also made for exemption from the registration tax, the provincial surcharge to the registration tax and registration duty on translating or declaratory document (page 212);</p> <ul style="list-style-type: none"> <li>▪ Social bonuses and measures to reduce the cost of bills (page 289) – see discussion in the section on energy poverty.</li> </ul> <p><b>In the final version of the updated Plan, it is advisable to give more consideration to this aspect and consider built-in protection of the most vulnerable groups in a broader range of instruments.</b></p>
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## Aspect 11. Work conditions and re-training

Work conditions and re-training are crucial aspects of the decarbonisation process, especially in regions that may be most affected by this transformation. Italy is aware of the issue and the need to retrain workers, as well as to strengthen the level of education to acquire the necessary skills. However, it appears that in the NECP 2023, too much attention has been given to identifying the necessary skills rather than the programs that can help achieve the required reskilling. Information about them should be sought in other documents. In the NECP 2023, Italy also does not mention occupational health and safety in the context of transformation, human rights, as well as gender equality among workers.

11. Work conditions and re-training	
<p><b>11.1 Coverage of training, upskilling and reskilling of the workers affected by the transition</b></p>	<p><b>1 provides a general framework or promotion for retraining, upskilling and reskilling that is somewhat relevant to the green transition</b></p> <hr/> <p>NECP 2023 covers the list of the needed skills but also mentions that the survey of VET providers highlighted the weakness of supply in relation to the most relevant professionals for the future. There is a significant gap between the offer already available and that needed for the balanced development of the sector.</p> <p>→ Read more on page 407 of NECP 2023 (EN version).</p> <p><i>NP JTF Italy 2021-2027</i> includes Action 1.7 – ‘Support for up-skilling and re-skilling paths for unemployed, unemployed and workers at risk due to the transition; investments in technical training and higher education; strengthening of services for job search and new business creation; active inclusion of job seekers’ for Sulcis and Action 2.7 – ‘Support for the creation of retraining courses for workers at risk and affected by the transition and training courses for economic diversification; strengthening of job search services’ for Taranto.</p> <p><i>Thematic Review 2023: Fair Transition Towards Climate Neutrality</i> mentions the Fund for New Skills and the New Competences Plan (<i>Piano Nuove Competenze</i>).</p> <p><b>The issues related to retraining, upskilling and reskilling which are discussed in other official documents are worth incorporating into the final version of the updated NECP.</b></p>

<p><b>11.2 Tailored measures to support hiring, job creation and transition incentives, in particular for women or persons with disabilities, and in most affected territories</b></p>	<p><b>1 offers basic guidelines for hiring and job creation with minimal regard to inclusivity</b></p> <p>Italy plans to use the Just Transition Fund to develop job opportunities for those who have lost it and for those who are at risk of losing it as a result of the transition. → <i>Read more on page 400 of NECP 2023 (EN version).</i></p> <p>From a regulatory point of view, Decree Law No 101 of 3 September 2019 laid down that the share of the proceeds from the auctions for the allocation of EU-ETS allowances, up to a maximum of EUR 20 million per year, from 2020 to 2024 was to be allocated to the 'Fund for the conversion of jobs in areas where coal-fired power plants are located' to be set up at the Ministry of Economic Development (now the Ministry of Enterprise and Made in Italy). → <i>Read more on page 401 of NECP 2023 (EN version).</i></p> <p><i>NP JTF Italy 2021-2027 includes Action 1.7 – Support for up-skilling and re-skilling paths for unemployed, unemployed and workers at risk due to the transition; investments in technical training and higher education; strengthening of services for job search and new business creation; active inclusion of job seekers for Sulcis and Action 2.7 – Support for the creation of retraining courses for workers at risk and affected by the transition and training courses for economic diversification; strengthening of job search services for Taranto.</i></p> <p><i>Thematic Review 2023: Fair Transition Towards Climate Neutrality</i> mentions that the Guarantee for the Employability of Workers has earmarked EUR 4.4 billion for 2021-2025. Its objectives are to reintroduce workers into the labour market, upskill workers, reskill workers and place into new jobs workers impacted by enterprise crises. The aim is to support 3 million beneficiaries by 2025.</p> <p><b>The issues related to hiring, job creation and transition incentives which are discussed in other official documents are worth incorporating into the final version of the updated NECP.</b></p>
<p><b>11.3 Analysis of the impact of the green transition on health and safety at work and preparation or continuation of measures to address the risks</b></p>	<p><b>0 pays no attention to the impact of green transition on work health and safety</b></p> <p>Ensuring the health and safety standards is key to creating high-quality jobs during the transition. While these issues are covered by separate regulations, NECP 2023 does not mention this area.</p> <p><b>In the final updated NECP, it is worth highlighting this issue and ways in which the health and safety standards will be ensured in the newly created and transformed jobs.</b></p>

## Aspect 12. Stakeholder engagement and public consultation

Conducting extensive consultations is crucial for developing a well-informed and robust NECP update. Italy has launched, from the stage of preparing the 'proposal' for updating, numerous activities, many of which will continue in 2023 and the first half of 2024 in the context of drawing up the 'final version' of the NECP in order to continue the reflection on the new initiatives to be implemented, particularly in the transport, civil and agricultural sectors. Next to what was discussed, it is also worth mentioning who was included in consultations and if this is easily traceable. The consultations included or will include in the future the national Parliament, local and regional authorities, as well as stakeholders –



the social partners, civil society and the general public as well as other Member States. The NECP 2023 also envisions an iterative engagement with the Commission. Given the cross-cutting nature of the plan, the consultations involved the central authorities responsible for pursuing energy and climate objectives. Consultation was also launched with stakeholders from the private sector, associations and research with a view to obtaining information on specific areas of interest. Through a dedicated online portal, citizens, businesses, workers' associations, trade associations, not-for-profit associations, professionals in the sector, financial institutions and investment funds, etc., were given the opportunity to give guidance and make proposals and comments on the main areas of interest of the plan. The consultations, therefore, encompassed a wide range of stakeholders. What is more, citizens also had opportunities to participate in policy formulation. A positive aspect is also the discussed results from the conducted online consultations which were mentioned in NECP 2023. Unfortunately, there is a lack of references to just transition, which is reflected in the following assessment.

12. Stakeholder engagement and public consultation		
<p><b>12.1 Engagement of social partners, civil society actors and the general public in discussion of issues related to the just transition during public consultations of the Plan</b></p>	0	<p><b>public consultations were organised but none of the issues related to just transition were discussed in their course</b></p> <p>The only consultation document<sup>8</sup> which is publicly available does not mention just transition issues.</p> <p><b>During the consultations before the development of the final version of the updated NECP, issues related to just transition must be considered and clearly referenced in the document.</b></p>
<p><b>12.2 Establishment of a permanent body of consultation with stakeholders, covering issues related to the just transition</b></p>	0	<p><b>does not provide a permanent body of public consultation either the one proposed is one-time only</b></p> <p>There is no permanent body of social consultation in NECP 2019 either. <b>Considering the establishment of such an institution is worthwhile with a framework for the implementation of the updated Plan.</b></p>
<p><b>12.3 Organisation of early and effective dialogue with local authorities, regarding issues related to the just transition</b></p>	0	<p><b>mentioned dialogue with local authorities was not connected with issues related to just transition</b></p> <p>It is worth to mention that consultations with local and regional authorities will continue in 2023 and the first half of 2024 as part of the preparation of the final version of the NECP. This provides some opportunities for a dialogue with local authorities on issues related to a just transition.</p> <p><b>During the consultations with the local authorities before the development of the final version of the updated NECP, issues related to just transition must be considered and clearly referenced in the document.</b></p>
<p><b>12.4 Identification of opportunities for trans-border dialogue in addressing issues related to the just transition</b></p>	0	<p><b>trans-border dialogue on issues related to just transition was not mentioned</b></p> <p><i>NP JTF Italy 2021-2027</i> envisages (see page 14), subject to verification during implementation, the creation of partnerships to carry out cooperation activities at a cross-border, transnational or interregional level with other beneficiaries located in other EU Member States or outside the territory of the EU.</p> <p><b>During the consultations before the development of the final version of the updated NECP, issues related to just transition should be discussed with the stakeholders in other Member States and clearly referenced in the document.</b></p>

<sup>8</sup> Available online [here](#).

## V. Summary

In many aspects, Italy is on the right track to develop a better National Energy and Climate Plan than the one published in 2019. However, there are several areas that require refinement before the final version of the plan is released in 2024. These include in particular the following aspects of just transition:

- Stakeholder engagement and public consultation,
- Financing needs and sources of funding,
- Transport poverty,
- Tax, insurance and social security policies,
- Ambitions and targets guiding the transition.

For these aspects, there were the most instances where the relevant issues were completely omitted in the draft of the updated Italian NECP. The most improvement is needed when it comes to describing the financing needs and the associated sources of funding, as well as stakeholder engagement and public consultation. Although the document includes some information on the required amounts and sources of funding that Italy will utilise to cover necessary expenses, it lacks specifics and, most importantly, transparency of information. In particular, any specifics on the intended use of the Social Climate Fund or guiding principles for the Social Climate Plan are missing from the text. Similarly, while consultations have been conducted in Italy, it is challenging to infer from the plan what resulted from them and whether they addressed issues related to the just transition.

### Average scores for the just transition aspects in the draft updated Italian NECP

<b>Territorial Aspects</b>	1. Ambitions and targets	<b>0.3</b>
	2. Supporting local economies and communities	<b>1</b>
	3. Local clean energies and decarbonised industries	<b>1</b>
	4. Inclusivity of regional transition	<b>1</b>
	5. Regional just transition governance	<b>1.3</b>
<b>Distributional Aspects</b>	6. Overarching assessment of distributional impacts	<b>0.7</b>
	7. Energy poverty	<b>2</b>
	8. Transport poverty	<b>0.3</b>
	9. Financing needs and sources of funding	<b>0</b>
	10. Tax, insurance and social security policies	<b>0.5</b>
	11. Work conditions and re-training	<b>0.7</b>
	12. Stakeholder engagement and public consultation	<b>0</b>

Note: 0 – no mention of a given issue, 1 – issue addressed to a limited extent, 2 – issue addressed to a significant extent, 3 – good practice

On a more fundamental level, the just transition policies and measures should be based on a robust basis, i.e. clear, science-based targets for the transition away from fossil fuels and towards clean energy production and industrial processes. The current draft of the updated Plan fails to provide such a basis. It mentions only the coal exit timeline for the power sector, which in itself is delayed compared to the previous version of the Plan.

The coverage of issues related to energy poverty received relatively high scores compared to the rest of the document. However, only one specific issue (describing a structural framework to address energy poverty) was classified as a good practice. Finally, while the issue of energy poverty was described in a relatively detailed manner, the associated issue of transport poverty has not received sufficient attention in the Plan.

Below are our key recommendations regarding the final version of the updated Italian National Energy and Climate Plan.

- **Expand and strengthen the targets** related to transitioning away from fossil fuels and towards clean technologies, to provide a **robust basis for planning just transition measures**.
- The text should provide more information on the intended utilisation of the Social Climate Fund, including **guiding principles for the Social Climate Plan**.
- The policies and measures should consider in more detail the distributional issues beyond the topic of energy poverty, including in particular **transport poverty** and the **overall distributional impact** of the climate and energy policy on different socio-economic groups.
- More details should be provided on the implementation of the planned actions up to date, to **assess actual progress in the past and highlight areas for further improvements**.
- Existing structure of the text can be enhanced by **adding specific information on the financing needs and funding sources**. For example, the table on the main measures planned to achieve the objectives of the Plan can be extended to include additional columns covering the planned funding sources and estimated costs.
- Key information on the **planned policies and measures from other documents**, such as territorial plans, should be **extracted and reviewed** in the context of increasing the ambition of the measures where appropriate. This applies, for example, to information on the support for the local economies and communities.
- Significantly more efforts need to be allocated to the **multilevel involvement of stakeholders** in the preparation of the updated Plan and documentation of this process.

Overall, the additional work on improving just transition aspects of the updated Plan should be implemented as a part of a broader effort to deliver an ambitious vision for Italy's decarbonisation pathway, together with the associated robust governance framework<sup>9</sup>.

<sup>9</sup> See more cross-cutting recommendations in Italy's [NECP report card](#) prepared by ECCO.

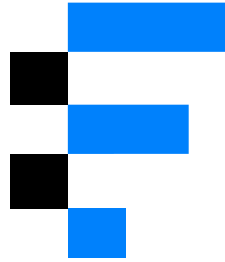
## VI. Annex. Summary table for the aspects considered in the assessment

TERRITORIAL ASPECTS	<b>1 Ambitions and targets</b>			
	1.1	Increasing ambition and avoiding backsliding on targets from Territorial Just Transition Plans	0	Targets set in TJTP are mentioned but NECP sets them lower.
	1.2	Clear and science-based coal exit in power sector timeline	1	Coal exit for power production is declared, but the coal exit timeline is postponed.
	1.3	Clear and science-based timeline for transition away from coal in the whole economy	0	Does not mention the economy-wide timeline for the transition away from coal.
	1.4	Clear and science-based timeline for transition away from fossil gas	0	Does not mention the timeline for the transition away from fossil gas.
	1.5	Clear and science-based timeline for transition away from oil	0	Does not mention timeline for transition away from oil.
	1.6	Clear and science-based industrial transition to net zero emissions timeline (conversion or closure of industrial plants which emit GHGs from fossil fuels use or industrial processes)	1	Industrial transition to net zero emissions declared, but no precise timeline is delivered.
	<b>2 Supporting local economies and communities</b>			
	2.1	Policies and measures supporting local economies through stimulating their endogenous growth potential, including promoting entrepreneurship, supporting SMEs and social economy	2	Many policies or measures in this area are discussed, but some important details are missing.
	2.2	Policies and measures for the preservation of the identity of mining/traditional industrial communities	1	Some policies or measures in this area are mentioned, but they are largely insufficient to be effective.
	2.3	Policies and measures for the revitalization of the natural environment, both for restoring biodiversity and recreational purposes	1	Some policies or measures in this area are mentioned, but they are largely insufficient to be effective.
	2.4	Dedicated, region-specific policies and measures promoting smart and sustainable mobility (both within territories most affected by the transition region and connecting it with other regions)	0	Does not mention any policies or measures in this area.
	<b>3 Local clean energies and decarbonised industries</b>			
	3.1	Assessment of needs in the area of deployment of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes	0	Does not assess the level of needs in this area.
	3.2	Policies and measures to fulfil the needs in the area of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes	2	Many policies or measures in this area are discussed, but some important details are missing.

TERRITORIAL ASPECTS	<b>4 Inclusivity of regional transition</b>		
	4.1 Promotion of gender equality to address the specific situation and role of women in the transition to the climate-neutral economy	1	Does not mention any policies or measures in this area but different document does.
	4.2 Special attention paid to vulnerable groups (such as people with disabilities) that suffer disproportionately from the adverse effects of the transition	1	Does not mention any policies or measures in this area but different document does.
	4.3 Policies and measures addressing demographic impacts of the ageing population of regions in transition	1	Does not mention any policies or measures in this area but different document does.
	<b>5 Just transition governance</b>		
	5.1 Consistency of regional and national transition planning process	2	Consistency of regional and national transition planning process is taken into account in many, but not all of the relevant cases.
	5.2 Institutional coordination on just transition implementation between regional and national authorities	1	Institutional coordination on just transition is rarely taken into account.
5.3 Inclusion of stakeholders and citizens into regional transition governance	1	Involvement of stakeholders and citizens is rarely taken into account.	
DISTRIBUTIONAL ASPECTS	<b>6 Overarching impact assessment</b>		
	6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups	0	Expected overall distributional impacts by income groups are not mentioned.
	6.2 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by other relevant groupings (e.g. rural households, pensioners)	1	Expected overall distributional impacts are mentioned, but the description is scarce and does not consider differentiation by relevant social groups.
	6.3 Common understanding of terms and measuring progress toward targets	1	Terms are used within the Plan, and measuring progress toward targets is mentioned, but no details are provided.
	<b>7 Energy poverty</b>		
	7.1 Inclusion of indicative objectives aimed towards reduction of energy poverty	2	Objectives are mostly well-defined and use appropriate measures, but some crucial information is missing.
	7.2 Assessment of the level of energy poverty and quality of used indicators	2	Energy poverty is described thoroughly, and the assessment is based on good quality indicators, but some important details are missing.
7.3 Direct support to alleviate energy poverty	2	Existing and planned policies or measures in this area are described and expected to deliver a meaningful change, but do not address the problem comprehensively.	

DISTRIBUTIONAL ASPECTS	7.4	Measures that support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources	3	Policies or measures in this area form a comprehensive framework.	
	7.5	Addressing energy market inefficiencies which negatively affect vulnerable customers	1	Mentions the issue but too vaguely and/or does not propose policies to challenge it.	
	<b>8 Transport poverty</b>				
	8.1	Inclusion of indicative objectives aimed towards reduction of transport poverty	1	Objectives are there but they are not sufficiently detailed and/or do not use appropriate indicators.	
	8.2	Assessment of the level of transport poverty and quality of used indicators	0	Does not assess the level of transport poverty.	
	8.3	Direct support to alleviate transport poverty	0	Does not mention existing and planned policies or measures in this area.	
	8.4	Measures to structurally decrease transport poverty by investment in sustainable and zero-emission mobility options	0	Does not mention any policies or measures in this area.	
	<b>9 Financing needs and sources of funding</b>				
	9.1	Describing financing needs for each proposed policy and measure addressing the distributional impacts	0	Does not mention financing needs of the proposed policies and measures.	
	9.2	Describing sources of funding for each proposed policy and measure addressing the distributional impacts	0	Does not mention sources of funding of the proposed policies and measures.	
	<b>10 Tax, insurance and social security policies</b>				
	10.1	Use of income from climate-related tax, levies and fees (or similar instruments, e.g. EU ETS revenues) for the support of the most vulnerable groups	0	The principle is mentioned in some of the proposed policies and measures but is neglected in most of the cases.	
	10.2	Accounting for and preparing the framework for the utilisation of the Social Climate Fund	0	SCF is hardly mentioned and only the basic framework for its utilization is presented, which is insufficient.	
	10.3	Recognition and consistent application of the 'polluter pays' principle across the economy	1	The principle is applied in some of the proposed policies and measures for which it would be reasonable to apply it, but crucial details related to the implementation are missing.	
	10.4	Built-in protection of the most vulnerable groups in tax instruments and cross-sectional support programmes related to green transition	1	The protection is available in some of the proposed policies and measures for which it would be reasonable to apply it, but is neglected in most of the cases.	
	<b>11 Work conditions and re-training</b>				
	11.1	Coverage of training, upskilling and reskilling of the workers affected by the transition	1	Provides general framework or promotion for retraining, upskilling and reskilling that is somewhat relevant to the green transition.	
	11.2	Tailored measures to support hiring, job creation and transition incentives, in particular for women or persons with disabilities, and in most affected territories	1	Offers basic guidelines for hiring and job creation with minimal regard to inclusivity.	
	11.3	Analysis of the impact of the green transition on health and safety at work and preparation or continuation of measures to address the risks	0	Pays no attention to the impact of green transition on work health and safety.	

<b>DISTRIBUTIONAL ASPECTS</b>	<b>12 Stakeholder engagement and public consultation</b>			
	12.1	Engagement of social partners, civil society actors and the general public in discussion of issues related to the just transition during public consultations of the Plan	0	Public consultations were organised but none of the issues related to just transition were discussed in their course.
	12.2	Establishment of a permanent body of consultation with stakeholders, covering issues related to the just transition	0	Does not provide a permanent body of public consultation either the one proposed is one-time only.
	12.3	Organisation of early and effective dialogue with local authorities, regarding issues related to the just transition	0	Mentioned dialogue with local authorities was not connected with issues related to just transition.
	12.4	Identification of opportunities for trans-border dialogue in addressing issues related to the just transition	0	Trans-border dialogue on issues related to just transition was not mentioned.



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