



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

Reform Institute in cooperation with ECCO

Warsaw 2024

REFORM

ECCO
THE ITALIAN CLIMATE CHANGE THINK TANK



© Fundacja Instytut Reform, 2024

Copying is permitted if the source is provided.

Authors

Maria Niewiata-Rej (Reform Institute)

With contributions from:

Aleksander Śniegocki and Michał Wojtyła (Reform Institute), Francesca Bellisai, Giulia Colafrancesco and Chiara Di Mambro (ECCO)

Suggested citation:

Niewiata-Rej, M. (2024), *Territorial and Distributional Aspects of Just Transition in the final updated Italian National Energy and Climate Plan*, Reform Institute, Warsaw.

Graphic design

Zofia Lasocka, Sylwia Niedaszkowska

Publication date

October 2024

Image on the cover: wildpixel/iStock

Instytut Reform

office@ireform.eu | Puławska 26/1, 02-512 Warsaw | www.ireform.eu

Table of contents

I. Introduction and purpose of the document	4
II. Methodology and development of assessment criteria	5
III. Territorial aspects	6
Aspect 1. Ambitions and targets	6
Aspect 2. Supporting local economies and communities	8
Aspect 3. Local clean energies and decarbonised industries	9
Aspect 4. Inclusivity of regional transition	10
Aspect 5. Regional just transition governance	11
IV. Distributional Aspects	13
Aspect 6. Overarching impact assessment of distributional impacts	13
Aspect 7. Energy poverty	14
Aspect 8. Transport poverty	15
Aspect 9. Financing needs and sources of funding	16
Aspect 10. Tax, insurance and social security policies	17
Aspect 11. Work conditions and re-training	18
Aspect 12. Stakeholder engagement and public consultation	19
V. Summary	22
Annex. Summary table for the aspects considered in the assessment	24

I. Introduction and purpose of the document

National Energy and Climate Plans (NECPs) are planning instruments required by the EU Governance Regulation and serve as a key tool for integrating national efforts into the broader European context, promoting sustainability and ensuring a coordinated approach to the challenges posed by climate change and the transition to a low carbon economy. The plans also provide an opportunity to include measures to stimulate innovation in clean energy technologies and practices, thereby promoting socio-economic development and competitiveness.

The previous NECPs were published by Member States in 2019. After several years, the plans had to be adjusted to a more ambitious climate agenda in line with the European Climate Law and the Fit for 55 package as outlined in the Regulation on the Governance of the Energy Union¹. For a start, the draft updates had to be submitted to the European Commission (EC) by the end of June 2023. The Italian draft plan was published with a slight delay in July 2023.

¹ For more details, see [Governance of the Energy Union and Climate Action](#)

The final updated versions of the NECPs should include revisions made by the national governments based on the feedback and recommendations provided by the EC, as well as the results of extensive dialogue with stakeholders and the wider public. The deadline for the submission of the final document was on 30 June 2024. The Italian plan was published on time in June 2024. Italy was among four Member States to meet the Commission's deadline for submitting plans.

Previously, following the publication of the draft NECPs, the Reform Institute provided the [methodological framework](#) to evaluate both the content of the draft plans and the procedures of their preparation. It constituted a comprehensive checklist of good governance criteria, which should be fulfilled to properly integrate just transition policies and measures into NECPs. [The methodology was used to assess four draft NECPs: Italian, German, Polish and Bulgarian](#). In this report it is used to evaluate the final version of the Italian NECP. The assessment examines whether the final version of the plan has improved issues related to just transition in a territorial and distributional context.

II. Methodology and development of assessment criteria

This document follows a comprehensive assessment methodology developed by the project team². 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.

Territorial Aspects	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
Distributional Aspects	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

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
-------------------------------------	---	---	--------------------

In addition, the report examines whether the score given in the draft assessment should be **maintained, increased or decreased**. The study thus contains two assessments: the first for the assessment of the draft plan, and the second for the assessment of the final version of the plan. Each of the aspects has its own, more specific description.

Furthermore, where relevant, we mention the final version of the NECP (**NECP 2024**)³, the draft NECP (**NECP 2023**)⁴ and the previous version of the NECP (**NECP 2019**)⁵.

² Stefańczyk, A., Grzeńczyk, 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.

³ We provide page references to the English version of the document, available online https://commission.europa.eu/publications/italy-final-updated-necp-2021-2030-submitted-2024_en

⁴ Available online: https://commission.europa.eu/publications/italy-draft-updated-necp-2021-2030_en

⁵ Available online: 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 NECPs are consistent with Territorial Just Transition Plans (TJTTPs) 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.

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 mainland⁶.

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 pollution⁷.

Aspect 1. Ambitions and targets

The Province of Taranto and Sulcis Iglesiente are the regions that face the greatest challenge in moving away from emission-intensive activities, and the Italian government recognises this issue in the NECP. The transition to a more sustainable economy is a significant concern for both regions. Despite the early deadline for phasing out coal (2025), Italy's NECP cannot be described as ambitious. Italy's energy mix is hardly coal-based. As reported in the NECP 2024, Italy's energy mix in 2022 consisted of 5% solid fuels, 19% renewables, 37% gas, 36% petroleum products and 3% other fuels (p. 391) The region where decarbonisation is expected to take place – Sulcis in Sardinia – has had to delay it until 2028 for safety and economic reasons. The NECP 2023 did not provide clear time-tables for phasing out oil and gas, which are much more important in the mix, and the NECP 2024 has not improved this.

⁶ For more details on the region, see [ENTRANCES case study](#).

⁷ For more details, see [Mandelli and Novelli \(2022\)](#).

1. Ambitions and targets				
Criterion	NECP Score			Description
	Draft		Final	
1.1 Increasing ambition and avoiding backsliding on targets from Territorial Just Transition Plans	0	=	0	<p>0 – targets set in TJTP are mentioned but NECP sets them lower</p> <p>The delay in the phase-out of coal in Sardinia (2028 instead of 2025 as in Italy in general) was maintained, but the decrease in emissions in recent years was highlighted. However it is not coherent with the fossil fuel phase out and there are still no set milestones. What is more, the plan still considers fossil gas relevant for the electric sector and "peaker" plants in Sardinia. As national experts have pointed out, TJTPs are still blocked and none of the money allocated (more than 1 billion) has been spent.</p> <p>The assessment remains unchanged.</p>
1.2 Clear and science-based timeline for coal exit in the power sector	1	=	1	<p>1 – coal exit for power production is declared, but the coal exit timeline is postponed</p> <p>Coal phase-out is planned for 2025, with the exception of Sardinia in 2028 (deterioration compared to the NECP 2019), and full decarbonisation in line with the EU target is planned for 2050. No measures specific to Sardinia were included that would accelerate the phase-out of coal compared to the current timetable. The timetable for phasing out coal was maintained, so the assessment remains unchanged. However it is worth mentioning, that the reduction in emissions in Sardinia was highlighted. (P. 246)</p>
1.3 Clear and science-based timeline for transition away from coal in the whole economy	0		0	<p>0 – NECP does not mention the exit timeline for coal in the whole economy</p> <p>The targets have not been changed, but it has been highlighted that the coal phase out is not only related to power plants. Full decarbonisation in line with the EU target is planned for 2050. However, it is still not explicitly stated that the coal phase-out applies to all sectors of the economy.</p> <p><i>Finally, we would point out that the Just Transition Plan covers the entire Sulcis Iglesiente area and is not limited to the activities of the coal-fired thermoelectric power plant, but also extends to mining activities of coal mines for a few years which have been decommissioned and subject to remediation programmes and the Portovesme steel industrial hub, which was also created in connection with the mining activities of the area. (P. 246)</i></p> <p>Moreover, mining activity in the region has virtually ceased. Therefore the specification, doesn't add elements for increasing the score. That's why the assessment remains unchanged.</p>
1.4 Clear and science-based timeline for transition away from fossil gas in the whole economy	0	=	0	<p>0 – does not mention the timeline for the transition away from fossil gas</p> <p>Final version of the NECP still does not mention the timeline for the transition away from fossil gas.</p> <p>The table depicting 'Primary and final energy consumption (for each sector), projections 2020-2040' in the final version of the NECP (Table 69) shows higher values of gas consumption than the same table in the NECP 2019 (Table 66 in NECP 2019) but lower than values from the draft (Table 60 in the NECP 2023). Furthermore, NECP still hints to the possible building of new peaker plants.</p> <p><i>These considerations should also be made in the possible decision to build new high-efficiency open-cycle gas thermal power plants for grid balancing (peaker), where the closure of coal-fired power plants will require their presence. (P. 307)</i></p> <p>An indication of data improvement is not enough to raise the rating. The assessment therefore remains unchanged.</p>
1.5 Clear and science-based timeline for transition away from oil in the whole economy	0	=	0	<p>0 – NECP does not mention timeline for transition away from oil</p> <p>Final version of the NECP still does not mention timeline for the transition away from oil but planned petroleum products consumption declines.</p> <p>The table depicting 'Primary and final energy consumption (for each sector), projections 2020-2040 in the NECP scenario' (Table 69) shows lower values of petroleum products than the same table in the NECP 2019 (Table 66 in NECP 2019) and in the draft (Table 60 in NECP 2023).</p> <p>However, this is not enough to raise the rating as the need for a coherent exit strategy is still not fulfilled. The assessment remains unchanged.</p>

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	=	1	1 – industrial transition to net zero emissions declared, but no precise timeline is delivered
				<p>There is a new mention of a CCS project that will start in 2024 and develop over the next few years.</p> <p><i>Flexible, modulable and potentially allowing routes and loads to optimise the cost of transport. Transport by ship of CO2 is a crucial transmission mode for decarbonising the heavy industry in Central and South Italy and islands. Over long distances, it offers a flexible, mature connection with a reduced territorial impact, as well as significantly reduced delivery times. It should be noted that the emitters of the industrial hubs of Taranto, Priolo-Augusta and Cagliari, among the main ones in Italy, are located at port infrastructure that will enable them to connect by ship with storage on Ravenna CCS. (P. 86)</i></p> <p>There is also a new mention of a hydrogen pipeline.</p> <p><i>The project, which is expected to run in 2028, has the ambition to transport renewable hydrogen produced in Puglia to decarbonise the region's industry and mobility in the Taranto Hub through 100 km of pure hydrogen pipeline, largely reusing an existing pipeline (P. 351).</i></p> <p>However, there is still no clear timeline, so the assessment remains unchanged.</p>

Aspect 2. Supporting local economies and communities

Both regions, Sulcis Iglesiente and Taranto, have rather challenging economic situations that heavily rely on production of steel. Supporting local economies and communities during the transition will be essential. The initiatives outlined in the assessment below are crucial to strengthen and support the local economy in the most affected regions. Unfortunately, not all of them have been reflected in the NECP 2023. This has been only marginally improved in the NECP 2024. In general terms, the NECP presents only a national-level perspective and defers the detailed description of measures dedicated to regional and local communities to more specific documents or programmes. However, there is a new mention of clean mobility in Taranto, which is a slight improvement compared to the NECP 2023.

2. Supporting local economies and communities				
Criterion	NECP Score			Description
	Draft		Final	
2.1 Policies and measures supporting local economies through stimulating their endogenous growth potential, including promoting entrepreneurship, supporting SMEs and social economy	2	=	2	2 – many policies or measures in this area are discussed, but some important details are missing
				<p>Measures are still mainly listed in the TJTP without more detailed description of them in the NECP. However, it is worth noting that there is a new mention related to this topic in the NECP 2024.</p> <p><i>The phase out of coal in the Sulcis thermoelectric power plant, regardless of conversion or closure, will have a negative impact on the direct employees of the plant and on the ancillary sectors (estimated in total between 400 and 1.200 units according to the Italian National Just Transition Fund 2021-2027 programme). The related re-skilling needs (included in the actions of the JTF plan) will have to accompany the gradual phase out process outlined above with a timetable prior to the final phase out. (P. 246)</i></p> <p>This new indication is not enough to raise the rating.</p> <p>The assessment remains unchanged.</p>
2.2 Policies and measures for preservation of the identity of mining/traditional industrial communities	1	=	1	1 – some policies or measures in this area are mentioned, but they are largely insufficient to be effective
				<p>No change compared to the NECP 2023. Clear references to policies focused explicitly on the cultural perspective and community identity preservation have been not included in the final version of the NECP.</p> <p>The assessment remains unchanged.</p>

<p>2.3 Policies and measures for revitalisation of natural environment, both for restoring biodiversity and recreational purposes</p>	<p>1</p>	<p>=</p>	<p>1</p>	<p>1 – some policies or measures in this area are mentioned, but they are largely insufficient to be effective</p> <p>There is still lack of territorial details. There is only one new mention related to Sulcis region:</p> <p><i>The Just Transition Plan covers the entire Sulcis Iglesiente area and is not limited to the activities of the coal-fired thermoelectric power plant, but also extends to mining activities of coal mines for a few years which have been decommissioned and subject to remediation programmes and the Portovesme steel industrial hub, which was also created in connection with the mining activities of the area. (P. 246)</i></p> <p>However, there is no specific measure highlighted so the assessment remains unchanged.</p>
<p>2.4 Dedicated, region-specific policies and measures promoting smart and sustainable mobility (both within territories most affected by the transition and connecting it with other regions)</p>	<p>0</p>	<p>=</p>	<p>0</p>	<p>0 – some policies or measures in this area are mentioned but they are insufficient to rise a score</p> <p>Similar to draft NECP, numerous measures related to promoting smart mobility applies throughout the country but specific measures for the regions affected by the transition have not been highlighted. There is a new mention of a green hydrogen mobility project.</p> <p><i>The project, which is expected to run in 2028, has the ambition to transport renewable hydrogen produced in Puglia to decarbonise the region's industry and mobility in the Taranto Hub through 100 km of pure hydrogen pipeline, largely reusing an existing pipeline. (P. 351)</i></p> <p>However, as national experts have indicated, the paragraphs on the Taranto Hub do not consider social and employment implications. The proposals contained in the NECP are not reflected in the industrial plan for the steel plant.</p> <p>What is more, there is still a lack of information on more feasible and cost-effective forms of electrification of mobility in the most affected territories. The assessment remains unchanged.</p>

Aspect 3. Local clean energies and decarbonised industries

Sardinia (where Sulcis is located) ranks second in Italy in terms of 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. In 2020, Puglia (where Taranto is located) 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.

In general, actions are being taken in the field of local clean energy and decarbonised industries; however, the documents lack a clear assessment of needs in this area. Information on this topic is more likely to be found in other documents and the NECP 2024 has not added much detail. Therefore, the assessments remain unchanged.

3. Local clean energies and decarbonised industries				
Criterion	NECP Score			Description
	Draft		Final	
<p>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</p>	<p>0</p>	<p>=</p>	<p>0</p>	<p>0 – does not assess the level of needs in this area</p> <p>No change compared to the NECP 2023. There is no assessment of needs in the area of deployment of affordable clean energy on the most affected territories. The assessment remains unchanged.</p>

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	=	2	2 – many policies or measures in this area are discussed, but some important details are missing
				<p>In addition to information on the Continente-Sicilia-Sardinia HVDC Tyrrhenian Link and mention of actions from the TJTPs, there is a new mention of a green hydrogen project.</p> <p><i>The project, which is expected to run in 2028, has the ambition to transport renewable hydrogen produced in Puglia to decarbonise the region's industry and mobility in the Taranto Hub through 100 km of pure hydrogen pipeline, largely reusing an existing pipeline. (P. 351)</i></p> <p>There has also been a greater emphasis on the development of nuclear power, with the aim of providing clean energy throughout the country. However, details are still lacking in relation to the most affected territories, so the assessment remains unchanged.</p>

Aspect 4. Inclusivity of regional transition

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


In considering the inclusivity of regional transition, we focus on addressing the challenges of ageing populations, the risks faced by young people, ensuring gender equality and equality for people with disabilities. These are critical issues that need attention, but the NECP 2023 lacked comprehensive information on the initiatives undertaken in Italy for the inclusivity of regional transition. Unfortunately, the NECP 2024 has not improved on the issues assessed. Further information is more likely to be found in other documents. Therefore, the assessment remains unchanged.

4. Inclusivity of regional transition				
Criterion	NECP Score			Description
	Draft		Final	
4.1 Promotion of gender equality to address the specific situation and role of women in the transition to the climate-neutral economy	1	=	1	<p>1 – does not mention any policies or measures in this area but different document does</p> <p>No change compared to the NECP 2023. The issues related to gender equality raised in other documents have not been incorporating into the final version of the NECP. The assessment remains unchanged.</p>
4.2 Special attention paid to vulnerable groups (such as people with disabilities) that suffer disproportionately from the adverse effects of the transition	1	=	1	<p>1 – does not mention any policies or measures in this area but different document does</p> <p>No change compared to the NECP 2023. There is no special attention paid to vulnerable groups especially from the most affected region. The action mentioned in the TJTP was not recalled in the final version of the NECP. The assessment remains unchanged.</p>
4.3 Policies and measures addressing demographic impacts of the ageing population of regions in transition	1	=	1	<p>1 – does not mention any policies or measures in this area but different document does</p> <p>No change compared to the NECP 2023. There is no special attention paid to vulnerable groups especially from the most affected region. The action mentioned in the TJTP was not recalled in the final version of the NECP. The assessment remains unchanged.</p>

Aspect 5. Regional just transition governance

Good governance is essential for a just transition as it ensures that the shift to a low-carbon economy is equitable and inclusive, addressing the needs of all stakeholders. It coordinates policies across sectors, distributes costs and benefits fairly, and promotes transparency and accountability. This helps protect vulnerable groups and fosters social equity throughout the transition process. These are aspects that have gained importance in the NECP 2024, which is worth highlighting. This is reflected in the assessment below. However, it would still be useful to have more references to territorial issues.

5. Just transition governance				
Criterion	NECP Score			Description
	Draft		Final	
5.1 Consistency of regional and national transition planning process	2	=	2	<p>2 – consistency of regional and national transition planning process is taken into account in many, but not all of the relevant cases</p> <p>In the final version there have been new mentions of TJTP compliance in the context of the coal phase-out.</p> <p><i>With reference to the Commission's recommendation to ensure alignment between the coal phase-out schedule outlined in the Territorial Plans for a Justification Transition and the NECP, with particular attention to the Sulcis Iglesiente (Sardinia), please note the following (...).</i> (P. 246)</p> <p>In addition to the previous assessment, issues related to the 'Consistency of regional and national transition planning process' emerged during the consultation on the final version of the NECP.</p> <p><i>The area of governance is the monitoring and assessment of the social and employment impact of the transition over time, which is necessary to make the necessary changes to the policies and measures in place, in a continuous fine-tuning process, in order to ensure positive impacts at system level from a long-term perspective. From this point of view, the planned monitoring platform of the INECP will be useful. It is also necessary to maintain a constant comparison between the central and territorial levels, involving local institutions to ensure employment levels and all services that support an adequate economic and social condition in the territories most affected by the energy transition.</i> (P. 57)</p> <p>However, as national experts have pointed out, coordination with the regions on RES authorisations is still very weak. Regulations still allow for discretionary limits to be placed on the authorisation of utility-scale RES projects. Most importantly, the National Observatory (Osservatorio PNIEC), which was supposed to monitor coordination with the regional level, still does not exist. This Observatory was also mentioned in the 2019 version, but it was never appointed or translated into a legal text or decree. What's more, the NECP has no legal force and there is no clarity about its implementation.</p> <p>The assessment therefore remains unchanged.</p>
	1	=	1	<p>1 – institutional coordination on just transition is rarely taken into account</p> <p>Regarding the results of the consultations and the involvement of local and regional authorities, the NECP 2023 (P. 51) and NECP 2024 (P. 53) mention that Bergamo, Bologna, Florence, Milan, Padua, Parma, Prato, Rome, Turin were asked to contribute to the identification of the most important policy areas for achieving the national energy and climate objectives. None of them is located in the most affected territory.</p> <p>Discussions with local and regional authorities were envisaged by sending to the Minister for Regional Affairs and Self-Government the draft plan submitted to the European Commission in June/July 2023.</p> <p>However, it is not known whether this applied to the most affected territories. The assessment remains unchanged.</p>

<p>5.3 Inclusion of stakeholders and citizens into regional transition governance</p>	<p>1</p>		<p>2 – involvement of stakeholders and citizens is taken into account in many of the relevant cases</p> <p>The score improved between the draft and the final version. However, national experts have pointed out that Italy is still far from a real multilevel energy dialogue as required by art. 11 of the Governance Regulation.</p> <p>Between the second half of 2023 and the first half of 2024, MASE (Italian Ministry of Environment and Energy Security) organised a series of thematic technical tables to involve key institutional stakeholders (ministries, agencies, research institutions, trade unions and business associations). One of them was table on employment and social aspects of the energy transition. Participants made many contributions,, including on governance. It was highlighted that:</p> <p><i>It is also necessary to maintain a constant comparison between the central and territorial levels, involving local institutions to ensure employment levels and all services that support an adequate economic and social conditions in the territories most affected by the energy transition. (p. 57)</i></p> <p>Unfortunately, there is no indication in the plan that these findings have been taken into consideration. National experts have highlighted the lack of transparency of the technical tables. There is an enhancement compared to the NECP 2023, so the score has increased from 1 to 2, but there is still a lot of room for improvement.</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. Assessments are provided for areas such as the energy system and greenhouse gas emissions.

It is evident that the implementation of NECP 2024 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. This was also the case in the NECP 2023 and the situation has not improved.

6. Overarching impact assessment of distributional impacts				
Criterion	NECP Score			Description
	Draft		Final	
6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups	0	=	0	<p>0 – expected overall distributional impacts are not mentioned</p> <p>The changes made to Chapter 5 on impact assessment of policies and measures are only marginal. The assessment remains unchanged.</p>
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	=	1	<p>1 – expected overall distributional impacts are mentioned, but the description is scarce and does not consider differentiation by relevant social groups</p> <p>The changes made to Chapter 5 on impact assessment of policies and measures are only marginal. The assessment remains unchanged.</p>
6.3 Common understanding of terms and measuring progress toward targets	1	=	1	<p>1 – terms are used within the Plan, and measuring progress toward targets is mentioned, but no details are provided</p> <p>No change compared to the NECP 2023. The assessment remains unchanged.</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. To combat energy poverty, Italy is implementing a range of initiatives. According to NECP, 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.

In the draft NECP, energy poverty issues scored the highest of all the criteria examined. In the final version of the plan, the situation has neither improved nor worsened.

7. Energy poverty				
Criterion	NECP Score			Description
	Draft		Final	
7.1 Inclusion of indicative objectives aimed towards reduction of energy poverty	2	=	2	<p>2 – objectives are mostly well-defined and use appropriate measures, but some crucial information is missing</p> <p>No change compared to the NECP 2023. The only differences are due to translation. The assessment remains unchanged.</p>

7.2 Assessment of the level of energy poverty and quality of used indicators	2	=	2	<p>2 – energy poverty is described thoroughly, and the assessment is based on good quality indicators, but some important details are missing</p> <p>New indicators have emerged to provide a substitute for the still awaited definition of energy poverty - Table: Some indicators for monitoring energy poverty (P. 172). However, this is not sufficient to qualify this aspect as good practice. The assessment remains unchanged.</p>
7.3 Direct support to alleviate energy poverty	2	=	2	<p>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</p> <p>No change compared to the NECP 2023. The only differences are due to translation. The assessment remains unchanged.</p>
7.4 Measures which support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources	3	=	3	<p>3 – policies or measures in this area form a comprehensive framework</p> <p>This aspect was previously rated as 'good practice'. There is no deterioration in this aspect. The assessment remains unchanged.</p>
7.5 Addressing energy market inefficiencies which negatively affect vulnerable customers	1	=	1	<p>1 - mentions the issue but too vaguely and/or does not propose policies to challenge it</p> <p>There was a new mention related to the liberalisation of the energy market:</p> <p><i>For the electricity sector, vulnerable household customers who did not make an independent choice of supplier on the free market on 1 July 2024 will continue to apply the most protective service on a transitional basis. Subsequently, for these customers, there is provision for vulnerable services to be provided by identified operators through tender procedures conducted for territorial areas under contractual conditions defined by the Authority. The modalities for conducting the auctions and the provision of the service will be regulated by the regulatory authority. (P. 419)</i></p> <p>However, this is not enough to raise the assessment to 2. The assessment remains unchanged.</p>

Aspect 8. Transport poverty

The Italian NECP 2024, similar to 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.

In the context of efforts to decrease greenhouse gas emissions, measures should be encouraged to facilitate a shift from private to public and shared 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.

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.

Unfortunately, the final version of the document has not changed much from the draft in terms of combating transport poverty. However, the issue was raised during the consultation and has been taken into account in the assessment.

8. Transport poverty				
Criterion	NECP Score			Description
	Draft		Final	
6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups	1	=	1	1 – objectives are there but they are not sufficiently detailed and/or do not use appropriate indicators
				No change compared to the NECP 2023. Indicative objectives aimed towards reduction of transport poverty have not been included in the final version of the NECP. As in the draft, the final version of the NECP only identifies actions that can be linked to the fight against transport poverty, such as the development of cycle paths, the promotion of shared mobility, etc. The assessment remains unchanged.
8.2 Assessment of the level of transport poverty and quality of used indicators	0	=	0	0 – does not assess the level of transport poverty
				No change compared to the NECP 2023. Assessment of the level of transport poverty have not been included in the final version of the NECP. The assessment remains unchanged.
8.3 Direct support to alleviate transport poverty	0	=	0	0 – does not mention existing and planned policies or measures in this area
				During the consultation, a proposal was made for a legal framework that could help tackle transport poverty. <i>We would point out the proposal to put in place a climate framework law that includes policies for a just transition, such as those protecting the rights of workers most affected by the ecological transition and which could be left to it. Examples may include measures to combat relocations, combat energy poverty and transport poverty, support for industrial conversion, income protection, upgrading and certification of skills. (p. 57)</i> However, there is no hint in the plan that those outcomes have been taken into consideration. While the plan describes energy poverty it completely overlooks transport poverty. National experts have pointed out that the bonuses implemented (e.g. eco-bonus for the purchase of low-emission vehicles) are largely insufficient and not inclusive, as they are allocated on a 'first served' basis. Italy still lacks an effective allocation strategy. Therefore, the rating remains unchanged.
8.4 Measures to structurally decrease transport poverty by investment in sustainable and zero-emission mobility options	0	=	0	0 – does not mention any policies or measures in this area
				No change compared to the NECP 2023. Measures to structurally decrease transport poverty by investment in sustainable and zero-emission mobility options have not been included in the final version of the NECP. The assessment remains unchanged.

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. Additionally, mentioning financing is key to the effective monitoring of progress in implementing the objectives of energy and climate plans. In the context of some policies and measures, the amounts covered are mentioned, e.g. the total budget allocated to the subsidy programme. However, this information is very general and there is no specific breakdown of funds and financial resources. This was also the case in the NECP 2023 and the situation has not improved.

9. Financing needs and sources of funding				
Criterion	NECP Score			Description
	Draft		Final	
9.1 Description of financing needs for each proposed policy and measure addressing the distributional impacts	0	=	0	0 – does not mention financing needs of the proposed policies and measures
				No change compared to the NECP 2023. NECP 2024 contains an overall assessment of investment needs at an aggregated level, but such a description of financial needs appears to be insufficient in the context of addressing the specific issue of distributional impacts. The assessment remains unchanged.
9.2 Description of sources of funding for each proposed policy and measure addressing the distributional impacts	0	=	0	0 – does not mention sources of funding for the proposed policies and measures
				No change compared to the NECP 2023. The NECP 2024 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. The assessment remains unchanged.

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.

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.

Italy has recognised the seriousness of the situation and is offering various support programmes in the country, including for the renovation of buildings. The NECP 2024, like the NECP 2023, addresses issues related to certain tax, insurance and social security policies. Also, a new mention of a measure has been observed, which has raised the score in one aspect. However, these aspects do not seem to have received sufficient attention, as the following assessment shows.

10. Tax, insurance and social security policies				
Criterion	NECP Score			Description
	Draft		Final	
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	↑	1	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
				The score improved between the draft and the final version. The new document mentions measures to be financed by charges on gas bills. Draft in the context of these financial instruments did not identify this source. Information was also provided on the financing of measures through the ETS. <i>As regards thermal renewable energy and efficiency measures on buildings, the measures envisaged provide for different sources of funding: on the one hand, measures (such as the Termico Account</i>

				and Bianchi Certificates), which are financed through specific components of charges in consumers' gas bills. On the other hand, measures, such as tax deductions, based on general taxation. In the area of efficiency, there are also measures benefitting from NRRP resources, such as measure Transition 5.0 in the industrial sector or the measure dedicated to the development of efficient district heating/cooling networks. Other efficiency measures such as the National Energy Efficiency Fund are financed through ETS revenues. (P. 471) As a result of the above actions, the score has increased from 0 to 1.
10.2 Accounting for and preparing framework for utilisation of the Social Climate Fund	0	=	0	0 – SCF is briefly mentioned, without discussing framework for its utilisation No change compared to the NECP 2023. SCF is only briefly mentioned, without discussing framework for its utilisation. The consultations highlighted the need to establish a basis for dialogue for the preparation of the Social Climate Plan. However, this is not sufficient as 'Accounting for and preparing framework for utilisation of the Social Climate Fund'. The assessment remains unchanged.
10.3 Recognition and consistent application of 'polluter pays' principle across the economy	1	=	1	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 No change compared to the NECP 2023. Application of 'polluter pays' principle is only briefly mentioned. The assessment remains unchanged.
10.4 Built-in protection of the most vulnerable groups in tax instruments and cross-sectional support programmes related to green transition	1	=	1	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 Issues related to vulnerable groups do not appear more frequently than in the NECP 2023. Vulnerable are not given enough attention. The assessment remains unchanged.

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 the transition. 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. It appears that the NECP 2024 continues to focus on identifying the skills needed rather than the programmes that can help achieve the necessary re-skilling. Information on such programmes and measures have to be sought in other documents. In the NECP 2024, Italy also does not mention occupational health and safety in the context of transition, human rights, as well as gender equality among workers. However, it is noteworthy that employment issues have received a lot of attention in the consultation process and thematic meetings on the topic will continue to be organised.

11. Work conditions and re-training				
Criterion	NECP Score			Description
	Draft		Final	
11.1 Coverage of retraining, upskilling and reskilling of the workers affected by the transition	1	=	1	1 – provides general framework or promotion for retraining, upskilling and reskilling that is somewhat relevant to the green transition Employment issues were widely discussed during the consultation. It was noted that training and information activities are strategic for the transition and require, among other things, an adequate supply of education and vocational training, while at the same time anticipating the needs of new professionals specialised in the green economy.

			<p>Some areas have been identified where to focus investments in new skills and the need to link resources and investments for job creation and re-employment opportunities. There was also a proposal for a new law.</p> <p><i>We would point out the proposal to put in place a climate framework law that includes policies for a just transition, such as those protecting the rights of workers most affected by the ecological transition and which could be left to it. Examples may include measures to combat relocations, combat energy poverty and transport poverty, support for industrial conversion, income protection, upgrading and certification of skills. (P. 57)</i></p> <p>It should be added that the meetings will continue to improve just transition in the context of employment.</p> <p><i>Thematic meetings on the employment and social aspects of the energy transition will not end up with the preparation of the final version of this Plan, but will continue with the aim of steering the decarbonisation process with a view to just transition; the meetings will also be a valid forum for comparison, including with a view to preparing the Social Climate Plan. (P. 58)</i></p> <p>However, as national experts have indicated, no significant progress has been made in the drafting of a climate law in the Parliament since 2021. What is more, there's no sign of a transition plan for workers, That is why the assessment remains unchanged.</p>
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	=	1
			<p>1 – offers basic guidelines for hiring and job creation with minimal regard to inclusivity</p> <p>No change compared to the NECP 2023. There was no mention of new tailored measures to support hiring, job creation and transition incentives. What is more, there is still no specific reference to women, people with disabilities, and most affected territories. The assessment remains unchanged.</p>
11.3 Analyses the impact of the green transition on health and safety at work and preparation or continuation of measures to address the risks	0	=	0
			<p>0 – pays no attention to the impact of green transition on work health and safety</p> <p>No change compared to the NECP 2023. The impact of the green transition on health and safety at work is not mentioned. The assessment remains unchanged.</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 were continued 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. The consultations included 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 and European 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 sector 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, issues of just transition were very important in the consultation process, leading to an increase in all scores on this aspect.

12. Stakeholder engagement and public consultation			
Criterion	NECP Score		Description
	Draft	Final	
12.1 Engagement of social partners, civil society actors and the general public in discussion of just transition related issues during public consultations of the NECP	0	1	<p>1 – consultations were organized and most of the crucial issues related to just transition were discussed but they were not structured and transparent enough</p> <p>The score improved between the draft and the final version. The new document makes it clear that issues related to a just transition were raised during the public consultation.</p> <p><i>The transition process to a low-carbon economy needs to be governed with a view to Just Transition. Interlocutors consider that the sectors most affected by the energy transition are those related to fossil fuels as well as buildings and transport. The consultation shows that, in order to alleviate the conditions of those likely to be most affected by the transition, such as vulnerable consumers and/or energy poor consumers, particular attention should be paid to efficiency and decarbonisation measures in buildings through incentives that reduce initial investment costs (invoice discount and credit transfer). As a measure to protect tenants, it is suggested to impose.</i> (P. 62)</p> <p>The text mentions that the consultation took 30 days, which was verified with the national experts, who however confirmed that the form of consultations was slightly worse than before the draft.</p> <p><i>Both consultations were made available for around 30 days and provided interesting insights that were taken into account both in the drafting of the proposal and the final version of the INECP.</i> (P. 58)</p> <p>As a result of the above actions and insights, the score has increased from 0 to 1.</p>
12.2 Establishment of permanent body of consultation with stakeholders, covering issues related to just transition	0	1	<p>1 – provides some outline of permanent consultation body but lacks fundamental details</p> <p>The score improved between the draft and the final version. The following extracts, which appeared in the final version of the NECP, are linked to the establishment of permanent body of consultation.</p> <p>Proposal to establish a Standing Committee on Just Transition:</p> <p><i>With regard to the governance of the Plan, all participants expressed their willingness to cooperate, always advocating concerted solutions, including facilitated by bodies such as the planned PNIEC Observatory, with others, such as a possible Standing Committee on the Juste Transition. A constant discussion between the government and the social partners is considered essential, in order to define participatory governance arrangements, as well as plans, measures and resources for just transition.</i> (P. 57)</p> <p>However, the planned PNIEC Observatory was already mentioned in the NECP 2019, but it was never appointed or translated into a legal text or decree.</p> <p>Proposal to establish an Agency for Sustainable Development and Just Transition:</p> <p><i>To address this major transformation, some stakeholders stressed that the role of the State is indispensable, for example by proposing the establishment of a possible Agency for Sustainable Development and Juste Transition, to guide the ecological and digital transition, with industrial policies in line with the SDGs, steering the industrial and investment plans of large public energy stakeholders towards the energy transition process.</i> (P. 57)</p> <p>However, the NECP did not mention a roadmap to establish such an Agency.</p> <p>Continuation of thematic meetings:</p> <p><i>Thematic meetings on the employment and social aspects of the energy transition will not end up with the preparation of the final version of this Plan, but will continue with the aim of steering the</i></p>

			<p>decarbonisation process with a view to just transition; the meetings will also be a valid forum for comparison, including with a view to preparing the Social Climate Plan. (P. 58)</p> <p>As a result of the above actions, the score has increased from 0 to 1, but there is still much room for improvement.</p>
12.3 Organisation of early and effective dialogue with local authorities, regarding issues related to just transition	0	↑ 1	<p>1 – provides some possibilities of dialogue with local authorities on issues related to just transition, but these measures are largely insufficient</p> <p>The score improved between the draft and the final version. New document mentions the organisation of thematic tables for effective dialogue with local authorities.</p> <p><i>Between the end of 2023 and the first half of 2024, the MASE organised a number of thematic technical tables in order to involve key institutional stakeholders (ministries, agencies and research bodies, trade unions and trade associations) in preparing strategies and identifying new policies and measures in certain specific areas of the Plan: decarbonisation of the civil and transport sectors and just transition. (P. 55)</i></p> <p>One of these was a table on employment and social aspects of the energy transition.</p> <p><i>Thematic meetings on employment and social aspects of the energy transition were widely attended. In addition to MASE, other departments took part in the work, including the Ministry of Labour and Social Policy (MILPS), the Ministry of Education and Merit (MIM), the Ministry of Economic Affairs and Finance (MEF), the Ministry of Agriculture, Food Sovereignty and Forestry (MASAF), the Ministry of Infrastructure and Transport (MIT). (P. 56)</i></p> <p>However, according to national experts, although thematic tables have been organised, the continuation of this consultation process is uncertain. Furthermore, a multi-level climate and energy dialogue is not yet operational.</p> <p>As a result of the above actions, the score has increased from 0 to 1, but there is still much room for improvement.</p>
12.4 Identification of opportunities for trans-border dialogue on issues related to just transition	0	↑ 2	<p>2 – provides satisfactory framework for trans-border dialogue on issues related to just transition</p> <p>The score improved between the draft and the final version. New document highlights the opportunities for trans-border dialogue on issues related to just transition.</p> <p>Cooperation to strengthen energy security:</p> <p><i>Italy's action has valorised the policies implemented at national level in order to achieve the 2030 emission reduction targets, highlighting the main sectoral challenges and technical activities in place with a view to updating the integrated national energy and climate plan. Italy also underlined the existing regional cooperation activities in the energy sector, with particular reference to what was done with Slovenia, Montenegro, Croatia, Albania, aimed at strengthening energy security and sustainable energy transition. (P. 64)</i></p> <p>Support to Ukraine:</p> <p><i>In the margins of COP28 in December 2023 in Dubai, a Memorandum of Understanding on Energy was signed between the Italian Ministry of Environment and Energy Security and the Ukrainian Ministry of Energy. The Memorandum of Understanding focuses on the issues of the energy transition and the future perspective of successful cooperation between the two countries for the decarbonisation of the energy sector, with a particular focus on renewables, low-carbon solutions and infrastructure, especially for the post-conflict reconstruction period. (P. 67)</i></p> <p>As a result of the above actions, the score has increased from 0 to 2.</p>

V. Summary

There are several aspects in which the updated Italian NECP 2024 is better than the NECP 2023, but no significant improvement can be claimed. The greatest progress have been observed in:

- Stakeholder engagement and public consultation;
- Regional just transition governance.

The just transition received a lot of attention during the consultation, which boosted the ratings. The consultation involved a wide range of stakeholders who offered their ideas for improvements. Slightly more attention than in the NECP 2023 was also given to the territorial aspects, in particular their governance. In other aspects, only a few criteria have improved, and in many there has been no change at all. The criteria that were rated higher were also mostly the result of consultation but unfortunately there is no indication in the plan that the results of the consultations will be taken into account and the proposed actions implemented. In general, there are no significant measures that have been implemented and that influence the overall improvement of the NECP 2024 compared to the NECP 2023. NECP 2024 is very similar to the draft. This can be seen in the table below, which compares the average scores of the draft and final versions.

Average scores for the just transition aspects in the draft updated Italian NECP and the final NECP.

		NECP Score		
		Draft		Final
Territorial Aspects	1. Ambitions and targets	0.33		0.33
	2. Supporting local economies and communities	1		1
	3. Local clean energies and decarbonised industries	1		1
	4. Inclusivity of regional transition	1		1
	5. Regional just transition governance	1.3	→	1.67
Distributional Aspects	6. Overarching assessment of distributional impacts	0.67		0.67
	7. Energy poverty	2		2
	8. Transport poverty	0.25		0.25
	9. Financing needs and sources of funding	0		0
	10. Tax, insurance and social security policies	0.5	→	0.75
	11. Work conditions and re-training	0.67		0.67
	12. Stakeholder engagement and public consultation	0	→	1.25

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

In the end, the best rated aspects are energy poverty and regional just transition governance. The final version of the NECP still includes only one 'good practice': **7.4 Measures which support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources.**

Unfortunately, the aspects that needed particular improvement did not receive it. Aspect '9. Financing needs and sources of funding' is still rated as 0 and this is the lowest point of the NECP 2024. Aspect '8. Transport poverty' is still rated as 0.25 and aspect '1. Ambitions and targets' as 0.33.

The final version of the document has already been submitted, so there is no room for improvement. However, the Italian government should consider the following issues in the future strategic documents and plans.

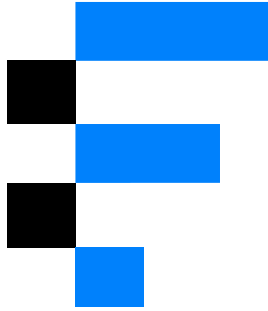
- **Expand and strengthen the targets** related to transitioning away from fossil fuels and towards clean technologies, to provide a robust basis for planning just transition measures.
- The governments should provide more information on the intended utilisation of the Social Climate Fund, including **guiding principles for the Social Climate Plan which should be published well in advance of the plan itself to effectively facilitate stakeholder dialogue on the SCF.**
- Policy design and planning of funding the transition 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.
- The communication of progress in the implementation of the NECP should be as transparent as possible. It would be advisable to publish clear updates and regular discussions with stakeholders. The reporting on NECPs required by the Governance Regulation and multi-level stakeholder dialogues can be used to achieve this.
- A separate **document analysing the funding landscape** should be prepared, as this was not done in the NECP. Key information on the **planned policies and measures from other documents**, such as territorial plans, should be **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.

Annex. Summary table for the aspects considered in the assessment

		NECP Score			
		Draft		Final	
Territorial aspects	1 Ambitions and targets				
	1.1 Increasing ambition and avoiding backsliding on targets from Territorial Just Transition Plans	0	=	0	0 – targets set in TJTP are mentioned but NECP sets them lower
	1.2 Clear and science-based timeline for coal exit in the power sector	1	=	1	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	=	0	0 – NECP does not mention the exit timeline for coal in the whole economy
	1.4 Clear and science-based timeline for transition away from fossil gas in the whole economy	0	=	0	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 in the whole economy	0	=	0	0 – NECP 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	=	1	1 – industrial transition to net zero emissions declared, but no precise timeline is delivered
	2 Supporting local economies and communities				
	2.1 Policies and measures supporting local economies through stimulating their endogenous growth potential, including promoting entrepreneurship, supporting SMEs and social economy	2	=	2	2 – many policies or measures in this area are discussed, but some important details are missing.
	2.2 Policies and measures for preservation of the identity of mining/traditional industrial communities	1	=	1	1 – some policies or measures in this area are mentioned, but they are largely insufficient to be effective
	2.3 Policies and measures for revitalisation of natural environment, both for restoring biodiversity and recreational purposes	1	=	1	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 and connecting it with other regions)	0	=	0	0 – some policies or measures in this area are mentioned but they are insufficient to rise a score
	3 Local clean energies and decarbonised industries				
	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	=	0	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	=	2	2 – many policies or measures in this area are discussed, but some important details are missing
	4 Inclusivity of regional transition				
4.1 Promotion of gender equality to address the specific situation and role of women in the transition to the climate-neutral economy	1	=	1	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	=	1	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	=	1	1 – does not mention any policies or measures in this area but different document does	

Territorial aspects	5 Just transition governance				
	5.1 Consistency of regional and national transition planning process	2	=	2	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	=	1	1 – institutional coordination on just transition is rarely taken into account
	5.3 Inclusion of stakeholders and citizens into regional transition governance	1	↑	2	2 – involvement of stakeholders and citizens is taken into account in many of the relevant cases
Distributional aspects	6 Overarching impact assessment				
	6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups	0	=	0	0 – expected overall distributional impacts 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	=	1	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	=	1	1 – terms are used within the Plan, and measuring progress toward targets is mentioned, but no details are provided
	7 Energy poverty				
	7.1 Inclusion of indicative objectives aimed towards reduction of energy poverty	2	=	2	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	=	2	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	=	2	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
	7.4 Measures which support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources	3	=	3	3 – policies or measures in this area form a comprehensive framework
	7.5 Addressing energy market inefficiencies which negatively affect vulnerable customers	1	=	1	1 – mentions the issue but too vaguely and/or does not propose policies to challenge it
	8 Transport poverty				
	8.1 Inclusion of indicative objectives aimed towards reduction of transport poverty	1	=	1	1 – mentions the issue but too vaguely and/or does not propose policies to challenge it
	8.2 Assessment of the level of transport poverty and quality of used indicators	0	=	0	0 – does not assess the level of transport poverty
	8.3 Direct support to alleviate transport poverty	0	=	0	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	=	0	0 – does not mention any policies or measures in this area

Distributional aspects	9 Financing needs and sources of funding				
	9.1 Description of financing needs for each proposed policy and measure addressing the distributional impacts	0	=	0	0 – does not mention financing needs of the proposed policies and measures
	9.2 Description of sources of funding for each proposed policy and measure addressing the distributional impacts	0	=	0	0 – does not mention sources of funding for the proposed policies and measures
	10 Tax, insurance and social security policies				
	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	↑	1	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
	10.2 Accounting for and preparing framework for utilisation of the Social Climate Fund	0	=	0	0 – SCF is briefly mentioned, without discussing framework for its utilisation
	10.3 Recognition and consistent application of "polluter pays" principle across the economy	1	=	1	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	=	1	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
	11 Work conditions and re-training				
	11.1 Coverage of retraining, upskilling and reskilling of the workers affected by the transition	1	=	1	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	=	1	1 - offers basic guidelines for hiring and job creation with minimal regard to inclusivity
	11.3 Analyses the impact of the green transition on health and safety at work and preparation or continuation of measures to address the risks	0	=	0	0 - pays no attention to the impact of green transition on work health and safety
	12 Stakeholder engagement and public consultation				
	12.1 Engagement of social partners, civil society actors and the general public in discussion of just transition related issues during public consultations of the NECP	0	↑	1	1 – consultations were organized and most of the crucial issues related to just transition were discussed but they were not structured and transparent enough
	12.2 Establishment of permanent body of consultation with stakeholders, covering issues related to just transition	0	↑	1	1 – provides some outline of permanent consultation body but lacks fundamental details
	12.3 Organisation of early and effective dialogue with local authorities, regarding issues related to just transition	0	↑	1	1 – provides some possibilities of dialogue with local authorities on issues related to just transition, but these measures are largely insufficient
12.4 Identification of opportunities for trans-border dialogue on issues related to just transition	0	↑	2	2 – provides satisfactory framework for trans-border dialogue on issues related to just transition	



www.ireform.eu