

Italy



More than three-quarters (76%) of business executives in Italy believe that the government should prioritise renewables rather than fossil gas when investing in future electricity generation.

After a decade of fossil gas-fired electricity as a high and largely static proportion of the grid, the vast majority (98%) of Italian business leaders favour speeding up the transition away from fossil fuels in favour of renewables.¹ Four-fifths (80%) of those polled cite 2035 or before as their desired date for a renewables-generated electricity network. Over the last decade-and-a-half, renewables have gradually been replacing coal in Italy's electricity grid; the latter now comprises only around 2% of total electricity generation,² with plans for Italy to be coal-free by the end of 2025 (with Sardinia the one exception).³ This decline lines up with the majority opinion of those business leaders who want

the government to prioritise renewables in new investments.

Wind and solar represent around one fifth (21%) of Italy's power grid,⁴ but this has remained almost unchanged for a decade, with wind and solar generation growing very slowly since 2015.⁵ As a result, Italy is not on track to hit its stated target of 69% of renewable-based electricity generation by 2030.⁶ The main stumbling block is the country's reliance on gas-fired electricity, which comprises 45% of total electricity generation;⁷ around one third more than in 2014 (33.7%).⁸ To help accelerate Italy's expansion of renewables-generated

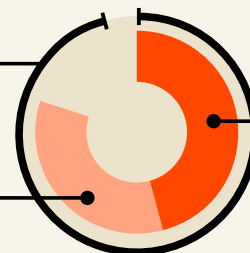
Do you think your government should transition away from fossil fuels to a renewables-based electricity system?

NET: Yes

98%

Yes, within
10 years
34%

Yes, within
5 years
46%



¹ Italy reduced total greenhouse gas (GHG) emissions by almost 30% between 2005 and 2019. <https://www.iea.org/reports/italy-2023/executive-summary>

² <https://ember-energy.org/data/electricity-data-explorer/>

³ Four of Italy's six remaining coal-fired power plants – Monfalcone, Fusina, Torrefaldaliga Nord, and Brindisi Sud – Home to the Sulkis and Fiume Santo coal-fired power stations, the island of Sardinia has been granted an exemption until at least 2028. <https://www.reuters.com/sustainability/climate-energy/italy-phase-out-coal-2025-excluding-sardinia-island-2024-03-06/>

⁴ <https://ember-energy.org/countries-and-regions/italy/#insights>

⁵ ibid

⁶ <https://ember-energy.org/data/live-eu-necp-tracker/>

⁷ <https://www.iea.org/countries/italy/electricity>; <https://www.drivingeco.com/en/italia-genera-mas-electricidad-verde-fosil-2024-pero-costos-siguen-siendo-altos/>

⁸ https://www.researchgate.net/figure/Electricity-production-and-sources-in-Italy-in-2014_fig1_352405094

electricity production, the European Commission recently approved a €9.7bn (US\$10.5 billion) state aid investment package, which is expected to generate 17.65 GW in new renewable electricity capacity.⁹ The deal requires the country to build this new capacity within 36 months of the aid being granted, which correlates with the desire of nearly half (46%) of business leaders for a transition to a renewables-based power system within five years.

Electricity policy

The strong preference of over three-quarters of Italian business executives (76%) is for the government to prioritise new investments in electricity generation from renewables over gas. In a similar vein, an even greater majority (86%) would like to see renewables step into the 2%-portion of the national grid currently occupied by coal-fired electricity once Italy hits its zero-coal goal. As well as reducing climate risks (64%), a majority of (54%) senior executives see such a move as a positive play for energy security; 95% of Italy's gas is imported, leaving the country vulnerable to supply shocks and volatile prices.¹⁰ By siding with business on a pro-renewables electricity policy, the government would also align itself with public opinion. According to a 2022 survey by the European Investment Bank, for example, three-quarters (75%) of the Italian public believe renewables will improve their quality of life, well above the average for the European Union (56%).¹¹

Do you think your government should prioritise new investments in electricity generation from renewables over gas?

76%

Agree

24%

Disagree

In line with government ambitions to drive national productivity and competitiveness, a substantial proportion (52%) of business leaders associate renewables-based electricity with economic growth. The government's proactive support for the sector would provide an impetus to growth in various ways, from making electricity more affordable and reliable through to providing high-quality new jobs and innovative renewable technologies. A reputation as a champion of renewable electricity would also stand Italy in good stead to benefit from the €100 billion (US\$109 billion) in state aid earmarked under the EU's Clean Industrial Deal.¹² Likewise, it could persuade Italian businesses to invest domestically rather than overseas; corporate leaders in Italy show above-average appetite for locating their operations (88% vs a global average of 83%) and supply chains (92% vs 85%) in countries with access to renewables-generated electricity.

Business 'asks'

One clear signal of the government's commitment to a rapid phase-out of fossil fuels would be to redirect subsidies for fossil fuels to renewable alternatives, say over two-fifths (44%) of business executives. To access Next Generation EU Funds, Italy is required to cut €2 billion (US\$2.18 billion) in environmentally harmful subsidies, less than 10% of its total bill for such subsidies.¹³

⁹ The investment is expected to generate 17.65 GW in new renewable electricity capacity. <https://www.reuters.com/sustainability/climate-energy/eu-approves-74-bln-state-aid-boost-renewable-hydrogen-2024-02-15/>

¹⁰ Ibid

¹¹ <https://www.eib.org/en/press/all/2022-155-three-quarters-of-italians-believe-the-green-transition-will-improve-their-quality-of-life>

¹² https://commission.europa.eu/topics/eu-competitiveness/clean-industrial-deal_en

¹³ Italy is estimated to spend €24 billion on environmentally harmful subsidies per year, €17 billion of which go directly towards the use of fossil fuels. <https://www.cleanenergywire.org/news/dispatch-italy-january-25>