

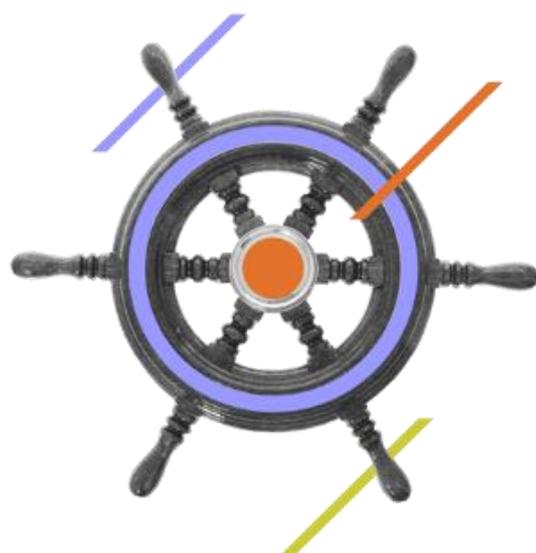


THE ITALIAN CLIMATE CHANGE THINK TANK

# THE NATIONAL ENERGY AND CLIMATE PLAN

A plan for action

CROSS-CUTTING DIMENSIONS  
Governance



## CROSS-CUTTING DIMENSIONS OF THE PLAN

Both the 2019 Plan and the latest 2023 proposal identify a very large number of policies and measures to achieve the objectives, with brief descriptions and few further details. The Plan therefore places the emphasis on **'what'** to do.

As the climate and energy targets become more challenging and lower-cost, higher-impact decarbonization solutions are exhausted, the Plan should increasingly serve as a **place of synthesis** of various dimensions and provide a strategic framework for **'how'** to implement policies. Which policies and what are the elements needed to achieve the transition? From identifying objectives and proposals on paper, moving on to the implementation phase is anything but trivial. With this in mind, those that are often dismissed as 'ancillary' dimensions of climate and energy policies become central. How to effectively involve the territories and all the actors that should be involved (*governance*)? How to finance the transition? How to assess and govern the socio-economic impacts of the proposed measures to maximise the benefits and minimise the risks of the transition (social dimension)?

The tables of the NECP (National Energy and Climate Plan) should always include explanations of the elements necessary for their implementation, in addition to listing the measures. Without these elements, the Plan will inevitably suffer of an implementation gap which cannot be addressed solely with contingent measures. Such measures, by their nature, are non-organic and emergency-based, and therefore ineffective.

Integrating cross-cutting dimensions with sectoral policies can enable:

1. to **prioritise** actions with respect to effectiveness criteria (e.g. effectiveness towards the objectives of the Plan, effectiveness of public spending, etc.)
2. to clearly identify, alongside the **objectives**, the **strategy** to achieve them.
3. to **reduce** the risk of **inconsistency** within the overall framework in relation to individual measures.

These cross-cutting dimensions are described below, i.e. the financing strategy, the assessment and socio-economic impacts, and the dimension on which all these elements should be based in order to be effective, meaning the governance of the Plan.

## WHAT GOVERNANCE FOR AN EFFECTIVE PLAN

Italy failed to meet the 2021 reduction target for [Effort Sharing](#) sectors by more than 10MtCO<sub>2eq</sub>, despite the NECP 2019 being in force and various of its measures financed and implemented.

For instance, in the building sector, incentives for energy efficiency have resulted in [only 1% reduction](#) in emissions, despite significant public investments from the NRRP (National Recovery and Resilience Plan). Subsidies for utility bills were not based on efficiency or income-related criteria, while permitting procedures for renewables have seen limited progress, despite numerous legislative interventions.

**There is a clear lack of a coherent regulatory and implementation framework, able to guide policies towards energy and climate objectives.** Other countries around the world have filled this gap through framework climate laws. In the absence of such a tool, the Italian NECP (National Energy and Climate Plan) should be able to fill this gap, and its governance framework becomes crucial for its implementation. This framework should consider:

1. The legal force of the Plan, granting for clarity in terms of implementation and enforcement of the text.
2. A governance mechanism to **design, monitor, evaluate, and promptly adjust ineffective policies**, through an ongoing dialogue with institutions and actors at various levels involved in the Plan implementation.

### *The Plan legal form and its inclusion in the economic planning cycle*

The NECP (National Energy and Climate Plan) is the European Regulation 2018/1999 implementing tool and some of its chapters put other EU Regulations into effect (e.g. the [Effort Sharing](#) and [LULUCF](#) – Land Use, Land-Use Change and Forestry – Regulations). While the Treaties establish that regulations have immediate applicability in Member States (Art. 288), this does not automatically guarantee the effectiveness of the regulatory instrument adopted in national law.

**The Plan therefore needs a legal form appropriate to the importance of its measures and commensurate to the effects of their implementation.**

This is also true in light of the recent Constitutional reform, which introduces environmental protection among the fundamental principles of the Constitution, in the interest of future generations<sup>1</sup> (Art. 9) and binding economic initiative to potential health and environmental damage (Art. 41).

Therefore, the NECP (National Energy and Climate Plan) should at least be approved by means of a **regulatory tool** and grounded into the highest levels of decision-making institutions. One such tool could be a deliberation of the Interministerial Committee for Economic Planning and Sustainable Development (CIPESS) following parliamentary examination. A similar procedure was undertaken with the Emission Reduction National Plans, approved by the then CIPE<sup>2</sup> (Interministerial Committee for Economic Planning). The Italian central Government would thus take on the responsibility for NECP effective approval and implementation.

Moreover, it's essential to better explain role and contribution of climate and energy policies within the Government's **planning on economic and budgetary policies** (i.e. **the budget law**). Given the magnitude of investments required by the decarbonization process (over € 100 billion/year) and the role of public spending as a lever for private investment (see the [Plan Investments and Finance](#) section), the budget should identify tools to make spending more efficient. Currently, there is only an annual report on the state of emissions<sup>3</sup> as an annex to the EFD (Economic and Financial

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<sup>1</sup> Through the Committee for the Evaluation of the Generational Impact of Public Policies (COVIGE), "Guidelines for assessing the generational impact of public policies", drafted and published in July 2022

<https://www.politichegiovani.gov.it/comunicazione/news/2022/6/linnequidaimpattogen>

<sup>2</sup> <https://www.mase.gov.it/pagina/piano-nazionale-di-riduzione-dei-gas-serra-0>

<sup>3</sup> Law 39/2011, art. 2, c. 9

Document). Public spending implications of climate and energy policies should be more explicit on expenditure forecasts and the economic and social impacts of policies. In this sense, it would be necessary to:

1. Ensure ex-ante assessment of expected impacts of new legislation on climate objectives.
2. Introduce explicit references to public expenditure in relation to climate objectives.
3. Highlight how the proposals in in the Economic and Financial Document can contribute to achieving climate objectives.

### ***A dynamic, multi-level governance and the participatory plan***

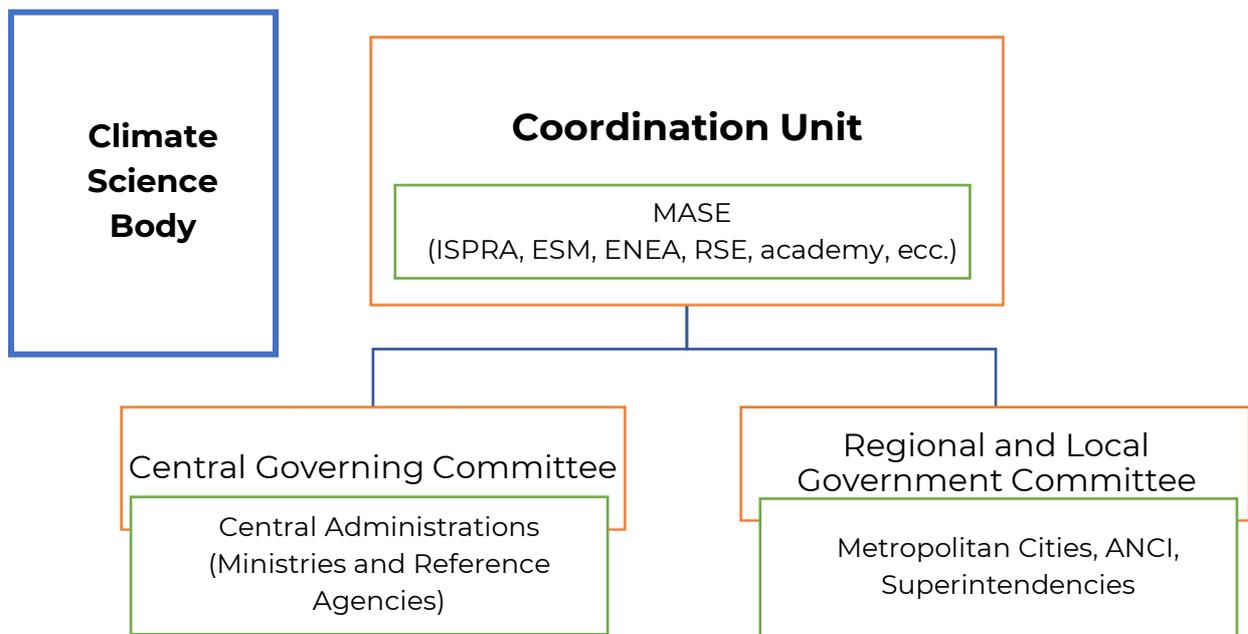
In addition to an appropriate legal framework, a **participatory** and **dynamic** mechanism is needed to define, monitor, evaluate and possibly adjust policies and measures.

Public administrations and authorities responsible for implementing the NECP (National Energy and Climate Plan) should:

- a) Constantly **promote** information and close coordination, both horizontally - between Ministries – and vertically – between them and local authorities – to achieve shared responsibility on climate and energy objectives implementation. Coordination mechanisms cannot be separated from involving territories, civil society and businesses, and implementing the **multi-level dialogue for climate and energy** ([as required by the European legislation](#)).
- b) **Encourage continuous action** through the definition, implementation, monitoring and evaluation of policies. This would allow dynamic adjustments for developing effective paths to achieving climate and energy objectives, in line with the Plan progress evaluation at EU level.
- c) **Base** its decisions on shared and up-to-date **scientific criteria and evidence**.

Given the breadth of the subjects covered in the NECP (National Energy and Climate Plan) and the potential repercussions of its policies on public spending as well as on the productive and entrepreneurial fabric of the country and on citizens lives, responsibility for NECP coordination and implementation **should be placed at the highest decision-making levels of the central government**. The Presidency of the Council of Ministers, or offices directly dependent on it, would ensure fair representation of all the Ministries and Bodies involved, including agencies, gas and electricity distribution network operators, Regions and Municipalities. This setting would also ensure close coordination with the **structures entrusted with implementation of the NRRP**, also based in the Prime Minister's Office.

If what is outlined above cannot be achieved, the structure responsible for the Plan coordination and implementation should provide for at least the presence of a **Coordination Unit**, hinged, for example, on the MEES (Ministry of Environment and Energy Security) as the lead administration. The Unit would be made up of MEES's representatives, together with representatives from public research institutes that the Ministry relies on for the definition of technical-economic scenarios and development of the Plan policies and measures (ISPRA, Higher Institute for Environmental Protection and Research, RSE, ESM Energy Services Manager, ENEA, Italian National Agency for New Technologies, etc.). The Unit should act in close **coordination** with at least two other clusters of representative bodies: one that include the other Ministries and Agencies closely impacted by the Plan and the other representative of **regional and local government levels** (Regions and Autonomous Provinces, Metropolitan Cities, ANCI).



**Figure 1** – Possible hypothesis of a coordination structure for the implementation of the Plan – The independent scientific body contributes to the coordination structure, ensuring timely and constant dialogue between politics and the most recent scientific evidence on climate and energy.

This structure should be the framework for defining the Plan’s content and for drafting, implementing, monitoring and evaluating its policies.

The approach outlined in the current Plan proposal somehow recognises the need to *strengthen both coordination and monitoring activities*.

For what concerns coordination between central and local government structures, the Plan does not propose an organic solution, but, as a good practice, refers exclusively to the so-called *Burden Sharing Decree* (Ministerial Decree of 15 March 2012) which sets Regions and Autonomous Provinces contributions for the purpose of achieving the national renewable energy target by 2020.

This approach is inadequate both with respect to the identification of decision-making levels competence boundaries, and in light of the breadth and scope of the policies dealt with in the NECP (National Energy and Climate Plan). These, in addition to achieving renewable energy objectives, should also look at policies for emission reduction in the civil, transport and agriculture sectors.

As a matter of fact, the current institutional set-up entails significant implementation issues that may slow down the needed increase of electricity from renewable sources, in line with European legislation.

Allocation of competences between State and Regions is provided by art.117 of the Constitution, which triggered abundant production of norms<sup>4</sup>. Competences and norms regarding production, transport and national distribution of energy are particularly relevant and controversial. Although the central Government retains exclusive competence in the field of environmental protection (e.g. Constitutional Court judgment 199/2014), this clash with Regions’ competences in the protection of

<sup>4</sup> [https://www.cortecostituzionale.it/documenti/convegni\\_seminari/stu\\_281.pdf](https://www.cortecostituzionale.it/documenti/convegni_seminari/stu_281.pdf)

landscape and territory, protection of historical-cultural sites, protection of biodiversity and agri-food production.

Considering the difficulty and the time required to achieve an organic reorganization of the State-Regions competences in the field of energy, it is necessary to at least ensure that the **dialogue between central and local governments** (Regions, Metropolitan Cities and Municipalities) **is established from the drafting of the Plan, including definition and sharing of objectives and policies to achieve them. The dialogue should continue during Plan implementation through a multi-level dialogue able to deliver effectively on its objectives<sup>5</sup>. Multi-level participation and dialogue would ensure that NECP policies and measures would be effective and implementable. Furthermore,** these must be shaped according to the various levels of responsibility that stakeholders have with regards to Plan drafting and implementation. Stakeholders encompass local authorities, industrial, productive and civil society associations and individual citizens. Thus, the NECP could represent multiple visions, becoming recognized and recognizable by those who contributed to its construction, through ownership of its structure, its contents and its broader objectives.

Decision-making and coordinating bodies should therefore act as a means of establishing an appropriate **multi-level dialogue** between stakeholders and the authorities implementing the Plan (cf. [Strategy for public participation and multi-level dialogue in the NECP](#)). **Ideally, each policy of the Plan should clearly identify the actors to be involved in the definition, monitoring, evaluation and possible modification phases and how such involvement needs to happen.**

In this way, policies could be gradually adapted according to their effectiveness in relation to the objectives to be achieved, as shown in the following simplified diagram.



**Figure 2** – Diagram of the functioning of the phases of definition, implementation, monitoring, evaluation and dynamic adjustment of policies, read on the basis of the timing of the moments of evaluation of the Italian Plan by the Commission (the diagram shows the main moments that derive from the combination of the Effort Sharing Regulation and the Governance Regulation).

<sup>5</sup> Article 11 of Regulation (EU) 2018/1999 <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:02018R1999-20210729>

A **strategy of multi-level participation and dialogue** (cf. [Strategy for Public Participation and Multi-Level Dialogue in the NECP](#)) should be **embedded in the governance of the Plan** itself, becoming one of its integral and substantial part.

Finally, this organisational structure should base its decisions on the latest scientific evidence. To this end, an **independent Scientific Council** should be set up along the lines of the [proposal signed by the political forces on the eve of the elections](#). Such a body, operating in complete autonomy and with independence of judgment and evaluation, could provide its opinion to the coordinating body for the Plan implementation. Its general function could be to assess the design and implementation of climate policies and guidance with respect to the coordination and monitoring of their consistency with the objectives, as well as an external evaluation of the objectives themselves, as is the case in Germany and the United Kingdom (see also the report [A governance for the climate in Italy](#)).

In conclusion, it is necessary **to restore a framework of meaning to energy and climate policies in Italy and to the Plan itself, which is appropriate to the role and breadth of the issue and its economic, social and environmental implications. The governance of the Plan is an essential element of this framework.** Only the clarity of the regulatory framework and the final objectives, accompanied by the dynamic monitoring and adjustment of policies in a constant multi-level dialogue between the institutions and the subjects involved in its implementation in various capacities, can deliver 2030's objectives and the subsequent ones on the path to climate neutrality in 2050.



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