

On Tuesday the 27th of February 2024, under the initiative of Mr. Sergio Costa, Vice-President of the Italian Chamber of Deputies, in collaboration with ECCO, a debate took place at the Italian Parliament. Stakeholders from the political world, industry, trade unions and civil society were involved in discussing the implications of Italy's most important plan for leading the Italian economy and society towards climate neutrality: the National Energy and Climate Plan (NECP). The event, took place a year after a first meeting on the same topic. This year the debate was aimed at understanding the willingness of all actors involved to abandon their "ifs" based on doubts and uncertainties over transition, and embrace and engage on the "how". Having agreed that moving away from fossil fuels is inevitable, it is now necessary to focus on how to foster change, first and foremost identifying who is responsible for turning ideas into tangible actions and solutions and who is able to do so.

THE NATIONAL ENERGY AND CLIMATE PLAN (NECP)

The NECP is part of a framework set up by the European Union to guarantee effective climate action. In order to have a coherent climate. governance on a European level and within individual Member states, European institutions agreed on a regulatory framework based on the Regulation on the governance of the Union and the European Climate Law. As stressed by Chiara Di Mambro, head of Decarbonisation Policies at ECCO, during her opening speech at the event, this framework is part of the European Union's contribution to achieving the commitments made under the Paris Agreement. The NECP is thus the instrument with which Italy and other Member States identify policies and measures aimed at reaching 2030 energy and climate goals and enable the decarbonisation goals set out in the Long-term Strategy.



Mr. Sergio Costa, Vice-President of the Chamber of Deputies

The first version of the NECP dates back to 2019 and. as highlighted by Rep. Costa in his speech, was created in a context that, five years on, has changed profoundly. Now, more than ever, the NECP needs to be created in an inclusive manner, combining the needs of the production sectors with those for improving social cohesion, but also with environmental needs. The 2019 NECP was already seen to be lacking the strength for implementation necessary to guide policies and public spending towards achieving climate goals. However, the draft for the new NECP, which was presented in June 2023, is again characterised by elements that undermine its effectiveness and its objectives. The same opinion has been stressed in the EU-wide assessment of the Plans issued by the Commission. which calls for filling the gaps regarding emissions, providing a transparent estimate of the discrepancy between the financial needs associated with policy frameworks and available resources, but also assessing socio-economic impacts of the transition.

February's event took place almost a year after a previous discussion in Parliament regarding the

NECP review process. The latter took place during the period

of preparation of the draft plan, and discussions focused on review prospects and the need to involve Parliament in this process. What emerged was how transparency and acceptance of responsibility for the measures set out in the Plan depend on the full involvement of all players affected by the transition process, and all the various levels of administration involved in its implementation. This year's event also took place at a fundamental time in the Plan review process, four months before the final version submission deadline. In an effort to contribute to this crucial stage, ECCO has prepared a NECP report on the basis of emissions scenarios in the four macro-sectors of energy generation and use (power, building, manufacturing and transport) that account for 76% of national emissions. In short, the fundamental requirements identified for the implementation of the Plan's policies and measures are:

- A governance framework strongly oriented at implementation, which defines roles and responsibilities for coordinating the actions of central and local administrations, as well as delegations, in monitoring and assessing individual policies over time.
- An implementation strategy that outlines financial needs for each policy and assesses its socio-economic impacts.
- A strategy for decarbonisation of the manufacturing industry.

Underpinned by such a framework, the three main policy directives required to achieve climate goals would be:

- Policies for a deeper penetration of renewables in power generation.
- Policies for further promoting energy efficiency.
- Policies clearly oriented towards electrification of consumption.

The event on the 27th of February drew on these elements to explore the opportunities presented by the Plan review process, in particular for the industrial and employment sectors, and assess politics responsibility for making it acceptable and viable for implementation.

THE EVENT PROGRAMME

The event started with a technical panel, moderated by the Managing Editor of Quotidiano Energia, Romina Maurizi. The discussion on how to manage transition saw the participation of Enrico Giovannini, the Scientific Director of the Italian Alliance for Sustainable Development (ASviS), Simona Fabiani, from the branch for development policies of the trade union CGIL, and Raimondo Orsini, Director of the Sustainable Development Foundation. Francesco Naso, the General Secretary of MOTUS-E, Alessandro Garrone, Executive Vice-President of ERG and Alessandro Maggioni, the Director for institutional relations and Director of the technical branch of ANIMA.



The first panel of the event. From left to right: Simona Fabiani, Raimondo Orsini, Alessandro Garrone, Enrico Giovannini, Francesco Naso, Alessandro Maggioni and Francesca Salvemini.



The second panel of the event. From left to right: Mr. Gianpiero Zinzi, Ms. Chiara Braga, Mr. Filiberto Zaratti, Mr. Mauro Rotelli

were also present, to speak about the challenges faced by companies. The conclusions were presented by **Francesca Salvemini**, the Head of the technical secretariat of the Ministry of the Environment and Energy Security. The first technical panel was followed by a video message from the Minister of the Environment and Energy Security, **Mr. Gilberto Pichetto Fratin.**

The second part of the morning was dedicated to the political panel, which was introduced by Matteo Leonardi, the Director and Co-Founder of ECCO, and moderated by Luca Fraioli, a journalist for the La Repubblica newspaper. The discussion on the role of the Parliament in the review and implementation of the NECP saw the participation of Ms. Chiara Braga, President of the Democratic Party – Democratic and Progressive Italy parliamentary group, Mr. Mauro Rotelli, President of the Environmental Commission, Mr. Enrico Cappelletti, Productive Activities Commission, Mr. Giampiero Zinzi, Environmental Commission, and Mr. Filiberto Zaratti, Environmental Commission. Mr. Sergio Costa presented the conclusions of the event.

THE DISCUSSION ON DECARBONISATION, DEVELOPMENT, INNOVATION AND LABOUR

There were extremely clear demands emerging from the production and labour sectors, which the NECP needs to carry forward: a form of governance that is able to manage resources towards common goals and in an inclusive and participatory manner, a strategy for the industrial sector aimed at ensuring that the transition process serves as a driver for development, and a just transition strategy that takes into account the impacts on employment, and assesses how to accompany workers through this process.

Achieving the goals set by the Fit for 55 package and the Paris Agreement appears to be an opportunity for all experts on the panel, on the condition, however, that the decarbonisation process moves faster, in order to avoid the economic. human and environmental costs that inaction would bring. As Mr. Giovannini recalled during one of his interventions, a governance framework centred on a climate law is fundamental in order to make climate action "apolitical", and to translate into reality the inclusion of environmental protection in the **Constitution.** In the absence of these minimum requirements, at the very least a proposal should be made for a new deliberation to be passed by the Interministerial Committee for economic programming and sustainable development. The aim would be hinging NECP at the highest levels of decision making through an instrument which has more legal force. This would make the Plan structurally better suited to address the needs of businesses, and better equipped to take advantage of opportunities for a national industrial plan set out on the basis of its goals. This plan, as Mr. Orsini said, would use decarbonisation "as a driver for development".

The world of employment claimed Ms. Fabiani, CGIL, can also use decarbonisation as an opportunity, and the NECP needs to be accompanied by a just transition plan for workers providing the tools needed to assess the impacts of the transition on jobs in a participatory manner, sector by sector, preventing the negative effects of inaction on employment.

The discussion between Mr. Naso. Mr. Garrone and Mr. Maggioni further stressed the fact that businesses are prepared to make the structural changes required by the transition, on the condition they have strong political support. The NECP could, in fact, serve not only as an important tool for industrial policy, but also for competitiveness, based on the peculiarities of the territory and the supply chains that characterise our country, as well as the needs of hard-to-abate sectors and of small and medium-sized enterprises. "Energy transition is possible", began Garrone, "we have switched from oil and gas to renewable energy with professionalism, vision, profound knowledge of markets and financial stability, governing decisionmaking processes and asset management, and ensuring we are attentive to the territories in which we operate".

The discussions in the political panel highlighted the profound awareness of the inevitability of the transformations under way, with a will from the opposition parties for a crossparty dialogue based on common grounds and shared and strong data. They also shared awareness of responsibility concerning the NECP in terms of governance and industrial policy. Representatives of the majority expressed a strong stance regarding matters of climatic diplomacy and the need to simplify procedures and increase dialogue with territorial organisations, also considering the commitments taken by the Government in recent months.

CONCLUSIONS

"Between words and actions stands politics", said Mr. Leonardi, after the video message from the Minister of the Environment and Energy Security, Pichetto Fratin. The Minister stressed a willingness to overturn the ratio between fossil fuels and renewable energy and move towards a decarbonised future. Despite the event having highlighted the significant progress made in raising collective awareness of the climate crisis and the inevitability of the transition process. politics needs to do more to keep up with the demands of companies and the world of employment, and to embrace the conclusions of the event and transform them into action. It was made clear that including measures in the NECP that direct funding towards technologies and solutions particularly tied to the use of fossil fuels, adopted in moments of emergency, risks leaving the country vulnerable to future crises and to the most violent consequences of climate change. The needs and policies identified by the ECCO's report were echoed by both technical figures and politicians. Collaboration in creating an effective NECP to



Chiara Di Mambro, Head of Decarbonisation Policy, ECCO

accompany our society through the transition, overturning the ratio mentioned by the Minister, needs to be a political priority for Italy on a national and European level. Transforming the NECP into a collaborative tool, which involves all political forces within the Parliament will allow other related challenges to be overcome, such as those regarding the reform of the Stability and Growth Pact. This in turn will also allow implementation of measures necessary in order to achieve climate goals, or tackle imbalances between gas and electricity costs, or simplify certain administrative processes in order to allow all parties to play a greater role in making fundamental decisions for the future of the country.

The event that took place on the 27th of February was fundamental in progressing from "if" to "how" to approach the transition process, and the months leading up to the submission of the NECP will demonstrate the willingness of politics to, as the Minister Pichetto Fratin said, "protect the environment, biodiversity and our enterprises", aware that "we must not, and cannot, leave anyone behind".



Matteo Leonardi, Co.founding Director, ECCO



To learn more about Italy's National Energy and Climate Plan (NECP), read our analyses and our proposal for a more effective and ambitious plan, visit the <u>dedicated section on our website</u>.



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