

The new Ministerial Decree and the new guidelines on White Certificates

On 11 January 2017, the Italian Ministry for Economic Development (the “MED”) issued a new decree on White Certificates (the “Decree 11 January 2017”) which came into force on 4 April 2017¹ and applies to all energy efficiency projects presented after that date.

As a general introduction, white certificates or energy efficiency certificates (“*Titoli di efficienza energetica - TEE*”, also called “*Certificati Bianchi*” or “**White Certificates**”) are tradable rights, which certify the achievement of energy savings through energy efficiency interventions. White Certificates are issued by the Gestore dei Servizi Energetici - GSE S.p.A. (“GSE”), a state-owned company, in agreement with the Italian Authority for Electric Energy, Gas and Water (“AEEGSI”), to companies which implement energy efficiency projects. Eligible projects include, amongst others, improvements to the insulation of governmental buildings, installation of heat pumps, thermal solar collectors and electric heat pump water heaters.

The main purchasers of White Certificates are electricity and natural gas distribution companies, which supply more than 50,000 end users, because they must meet the energy savings targets set out by the relevant regulations (also called for this reason “*Soggetti Obbligati*” or “**SOs**”).

SOs that achieve the energy saving targets set out by the MED are entitled to receive, from the regulator of the electricity market, and to sell these White Certificates to SOs that do not meet the energy savings targets established by the relevant legislation. They do this by means of contracts or on a specific market set up and regulated by the GSE in agreement with AEEGSI.

Decree 11 January 2017 sets out the new energy saving targets for 2017-2020, that must be achieved by Italian companies. Furthermore Decree 11 January 2017 substantially simplifies the procedure for obtaining White Certificates (e.g. it decreases the types of the energy efficiency projects and the types of White Certificates contemplated by the relevant regulations).

The main innovation relates to ownership of the incentives and the provision of a “standard contract” (*contratto tipo*), which will be approved by MED by 5 May 2017. This new standard contract will regulate the relationship between the owner of the incentives (called “*Soggetto Titolare*” – the “Owner Entity”) and the entity that applies for them (called “*Soggetto Proponente*” – the “Offering Entity”), that must meet the necessary criteria set by the relevant legislation. In addition Decree 11 January 2017 clarifies and simplifies certain aspects of the regulation governing White Certificates such as the cumulative nature of the White Certificates and the duration and useful lifespan of the energy efficiency projects. The aim of Decree 11 January 2017 is to favour the energy efficiency sector which is considered fundamental to Italy’s economy.

It is also to be hoped that the terms and conditions of the new “standard contract” under the provisions of the Decree 11 January 2017 will substantially decrease disputes and uncertainties in relation to the ownership of the White Certificates.

We will be organizing a seminar on this issue, in which we will analyse in more detail the initiatives introduced by the Decree 11 January 2017 and which will also provide an opportunity to meet the main operators in the Italian energy efficiency sector.

¹ The Decree 11 January 2017 was published in the Italian Official Gazette on 3 April 2017

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The national annual energy savings targets for 2017-2020:

The national annual energy savings targets for 2017-2020, to be achieved through the White Certificates mechanism, as established by Article 4, first paragraph of the Decree 11 January 2017, are described in the table below. The aim is for a total saving in the period 2017-2020 of 36.36 millions of Tons of Oil Equivalent ("TOE").

National annual energy savings targets for 2017-2020 (Art. 4, par. 1 Decree 11 January 2017)				
Year	2017	2018	2019	2020
Millions of TOE	7.14	8.32	9.71	11.19

In more detail, pursuant to Article 4, paragraphs 4 and 5 of the Decree 11 January 2017 SOs must achieve circa 67 % (i.e. circa 24 millions of TOE) of the total amount of national annual energy savings targets, in line with the quantities described in the table below:

National annual energy savings targets for SOs for the period 2017-2020 (Art. 4, par. 4 and 5 of the Decree 11 January 2017)				
Year	2017	2018	2019	2020
Electricity distribution companies [Millions of TOE]	2.39	2.49	2.77	3.17
Gas distribution companies [Millions of TOE]	2.95	3.08	3.48	3.92