

Beyond energy savings:

The multiple benefits of energy efficiency

Session 1: Workshop overview and recent policy experiences

***“Italian experience on tax breaks for
building renovation: achieved results and
impacts on economy”***

***Paris, French Foreign Affairs Ministerial Conference Centre,
March 5th 2018***

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Directive 2012/27/UE, Article 7: Energy efficiency: Italian targets and policies



Summary of expected savings (Mtoe/year 2014-2020)

Tax breaks for energy efficiency

The measure

- energy efficiency technologies for residential buildings
- tax deduction of 50%, 65%, 70%, 75% of eligible expenses
- breaks in personal or corporate income taxes, no tax credit;
- deduction is carried out in 10 years;
- maximum spending ranges from 30.000 to 100.000 euros;
- beneficiaries can transfer receivables to suppliers or other private subjects, (for «No-Tax Area» also to banks)

Tax breaks for energy efficiency

The actors:

Introduced by L. 296 - 2006 (National Budget Law 2007)

Extended by L. 205 - 2017 (National Budget Law 2018)

- Ministry of Economy and Finance
establishes the annual budget



- ENEA
manages the measure



- Ministry of Economic Development
defines technical requirements



- Revenue Agency
defines fiscal aspects and performs the audits



Tax breaks for energy efficiency

Allowed interventions Art. 1 - National Budget Law 2018

- global energy requalifications of buildings
- building envelope
- solar thermal systems
- heating and dhw production plants
- micro cogeneration plants
- building automation systems
- Interventions on common parts of condominiums

Results

From ENEA REPORT 2017

2016:

360.000 applications

1.1 GWh/year energy saving

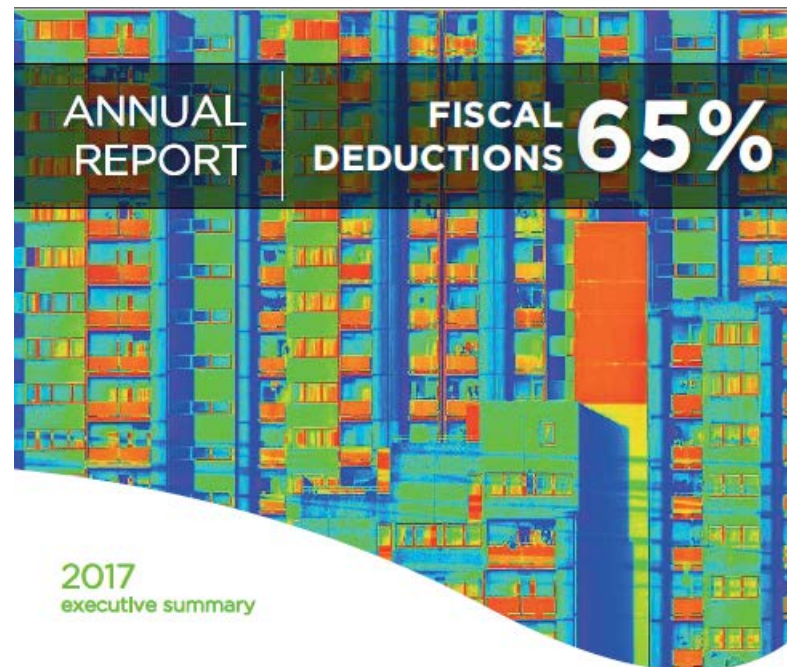
3,3 billion euros investment

2007-2016:

2,9 million of applications

14.000 GWh/year energy saving

31,3 billion euros investment



65% FISCAL DEDUCTIONS

FOR ENERGY RENOVATION
OF EXISTING BUILDINGS

NATIONAL AGENCY
FOR ENERGY EFFICIENCY

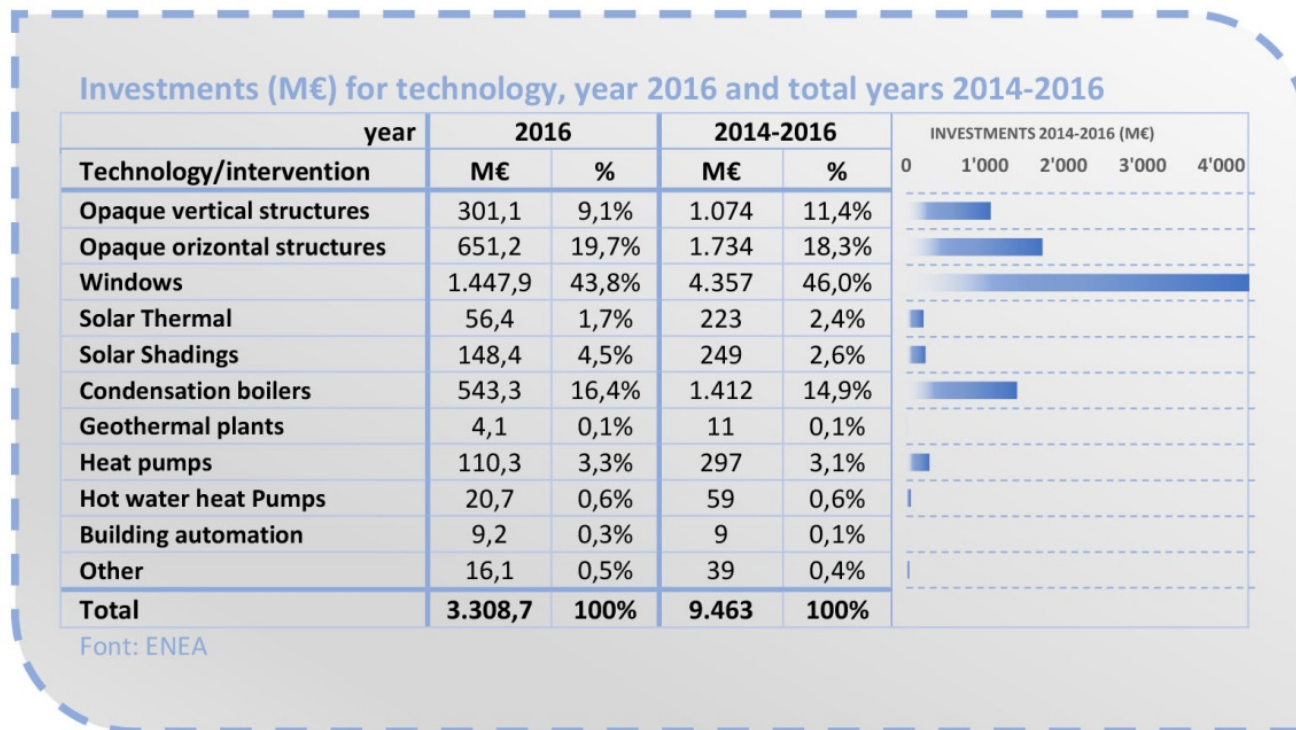
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AGENZIA NAZIONALE
EFFICIENZA ENERGETICA

ENEA

Results

Investments



Results

Savings

Savings (GWh/year) for the technology, year 2016 and total years 2014-2016

Tecnologia/intervento	2016		2014-2016		SAVINGS 2014-2016 (GWH/YEAR)
	GWh/a	%	GWh/a	%	
Opaque vertical structures	106,9	9,6%	351	10,7%	~250
Opaque horizontal structures	239,1	21,5%	603	18,4%	~400
Windows	482,3	43,4%	1.531	46,6%	~1.100
Solar Thermal	40,3	3,6%	160	4,9%	~100
Solar Shadings	19,8	1,8%	33	1,0%	~20
Condensation boilers	167,8	15,1%	428	13,0%	~250
Geothermal plants	0,9	0,1%	3	0,1%	~1
Heat pumps	37,5	3,4%	138	4,2%	~80
Hot water heat Pumps	5,6	0,5%	16	0,5%	~10
Building automation	5,4	0,5%	5	0,2%	~5
Other	6,9	0,6%	13	0,4%	~10
Total	1.112,5	100%	3.282	100%	

Font: ENEA

Tax breaks for energy efficiency

Advantages

- high rate of fiscal deductions;
- large spending limits;
- fiscal credit transfer;
- several eligible interventions;
- several eligible subjects;
- buildings of any real estate register category;
- increased comfort;
- property added value;
- reduction in energy costs;
- simplified documentation

Tax breaks for energy efficiency

Advantages for the system

- **recovery of the existing building stock**
 - decorum
 - functional performance
 - seismic risk prevention
- **support for the construction industry**
 - support of the production and of the employment of the sector
 - contrast illegal work
- **accelerating the diffusion of advanced technologies**
- **environmental benefits**
 - energy saving for heating and cooling, reduction of CO₂ in the atmosphere

Impact of the incentives on employment

Support for the construction industry

	total investments activated (Mln €)			direct employee	Total direct employee+ industrial activities
	TOTAL	works	VAT		
2011	16.716	15.136	1.581	166.361	249.541
2012	19.209	17.385	1.823	191.166	286.749
2013	27.957	25.302	2.654	278.226	417.340
2014	28.457	25.745	2.712	283.200	424.800
2015	25.147	22.751	2.396	250.266	375.399
2016	28.243	25.552	2.691	281.075	421.613
2017*	28.030	25.359	2.671	278.954	418.431
Total 2011-2017	173.758	157.230	16.528	1.729.248	2.593.873
annual average 2011-2017	24.823	22.461	2.361	247.035	370.553

Font: Chamber of Deputies study, by Cresme

Total employees

2017= 418 thousand

279 thousand direct employees

140 thousand in industrial activities

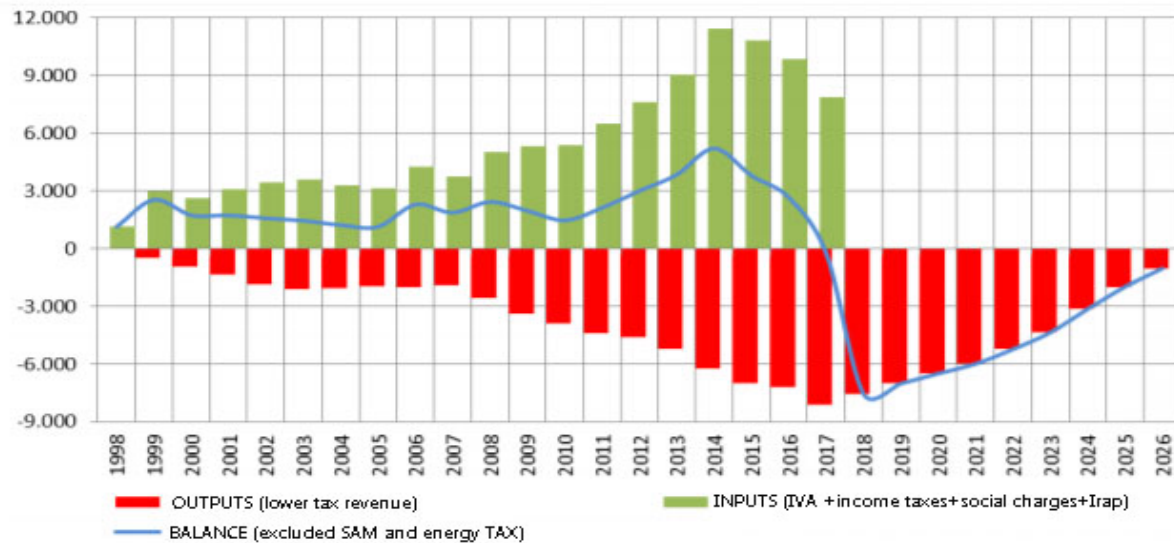
2011-2017= 2.6 Mln

1,7 Mln direct employees

865 thousand in industrial activities

Impact of measure on State Budget

Estimate of the economic and financial impact of the incentives (M€discounted to 2017)



Font: *Chamber of Deputies study, by Cresme*

Impact on national economy

Further economic estimates of measures (M€)

- Higher income from investment (+)
- Increased consumption by new employees (+)
- Minor tax revenue for reduction of energy consumption (-)



**POSITIVE BALANCE of
About 8.8 billion euros**

**TOTAL INVESTMENTS 1998-2017 discounted at 2017
(INCLUDING social accounting matrices and minor energy taxes)**



Font: *Chamber of Deputies study, by Cresme*



Energy Efficiency Promotion
Campaign, promoted by MISE
and implemented by ENEA

Thanks for your attention!

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