



# ENERGY COMMUNITIES REPOSITORY

## Italy



### OVERVIEW OF THE POLICY FRAMEWORK

*Published on 18 December 2023*



## TABLE OF CONTENTS

Overview.....	3
1. Definitions.....	3
1.1. Renewable Energy Community.....	3
1.2. Citizen Energy Community.....	3
2. Rights and obligations.....	4
2.1. Renewable Energy Community.....	4
2.2. Citizen Energy Community.....	6
3. Assessment of obstacles, potential and removal of unjustified barriers.....	7
4. Enabling framework.....	8
4.1. Renewable Energy Community.....	8
4.2. Citizen Energy Community.....	8
5. Access to financing and support.....	9
6. Other provisions.....	10
References.....	10

## DISCLAIMER

The content of this document aims to establish an overview of the national legal developments in the context of the Clean Energy Package for the Member State mentioned above. The document includes only final legislation which was published before the end of March 2023. It does not include provisions that are not yet applicable under law (i.e., currently drafted or discussed).

The content of this document reflects only the author's view. The sole responsibility for the content of this report lies with the authors. It does not reflect the opinion of the European Union. The European Commission is not responsible for any use that may be made of the information contained therein.

For any comments or questions, please contact the Energy Communities Repository via email at [info@ec-repository.eu](mailto:info@ec-repository.eu).

## [Copyright notice](#)

©2023



## Overview

Italy adopted the first set of transitional rules in 2020 on renewable energy communities (RECs) through Article 42-bis of the Act n°8/2020, allowing RECs to share energy under the same distribution substation. This article has been updated and revised since its publication. The size of the power plants that a REC can own was initially set up at 250 kW and then revised to 1 MW with the Legislative Decree (DL) n°199/2021. Citizen Energy Communities (CECs) have been defined through the DL n°210/2021. Both definitions are similar and benefit from the same rights, although the sector of RECs is renewable energy, while CECs can only engage in sharing electricity. Rights and enabling frameworks are established, and support schemes are currently reserved for RECs. Despite the framework, few energy communities were developed in the past years.

In Autumn 2022, the Environment Ministry and the Italian National Regulatory Agency (ARERA) consulted stakeholders on two implementing acts that go hand in hand: a ministerial decree and a regulation. ARERA published the regulation in December 2022, which will be applicable only once the ministerial decree is issued.

## 1. Definitions

Italy has set up two definitions. Most of the criteria between RECs and CECs are similar.

GSE (Energy System Manager) is in charge of managing the implementation of the RECs registry, defining the management rules (standards, parameters, protocols) to measure the shared energy and acknowledging the incentives provided by the legal framework, monitoring the evolution of the RECs system and the overall economic impact on the energy system.

### 1.1. Renewable Energy Community

The REC is a legal entity that is controlled exclusively by natural persons, SMEs, local authorities, including municipalities, research and training entities, religious entities, third sector and environmental protection associations, as well as local administrations included in the list of public administrations published by the National Institute of Statistics – ISTAT. Those members should be located in the same local area (communal area) of the production plants. Since 2022, the Ministry of Defence, port authorities, the National Real Estate Agency and farmers' groups can also set up RECs.

Consumers connected under the same medium voltage station can be members of a REC and share the renewable energy produced by the REC's plants.

Participation in RECs is open and voluntary. A REC must also be autonomous. Companies whose main commercial or industrial activity is in the energy sector cannot participate in RECs.

RECs mainly aim to provide environmental, economic or social benefits to members/shareholders or local communities rather than financial profits.

### 1.2. Citizen Energy Community

CECs are defined in the DL 210/2021. A CEC is a legal entity of any form under private Law that may or may not have a legal personality and may or may not be solely responsible for its actions. It implies that in some



situations, a legal entity may not be able to represent the members before the law, but the members are responsible (e.g., a partnership).

Members must exercise effective control. Members that control the CEC can be natural persons, small businesses, local authorities, including municipal administrations, research and training bodies, third sector and environmental protection bodies, religious bodies, as well as administration premises contained in the list of public administrations. Participation is open and voluntary. The geographical scope of the CEC is the market bidding zone.

The production plants used for electricity sharing by the CEC must be available and controlled by the CEC.<sup>1</sup> Installation, operation, data management and maintenance can be delegated to a third party only if this does not affect the control by the members of the community.

Similarly to RECs, CECs should have as their primary purpose to provide environmental, economic or social benefits to members/shareholders or local communities rather than financial profits.

## 2. Rights and obligations

### 2.1. Renewable Energy Community

Participation in RECs is non-discriminatory and must be open to all consumers, including low-income or vulnerable households. All members are allowed to benefit from energy sharing, put at the disposal of the REC their properties for renewable energy production, own their RES production plants and share this energy with the REC. Members maintain their rights as consumers, in particular to choose their suppliers.

Members can also withdraw from the self-consumption configuration at any time without penalty. If participation in the investment occurred, the withdrawal of the involvement should be compensated fairly and proportionately.<sup>2</sup> ARERA oversees that REC members are not subject to discriminatory procedures or conditions.

RECs can produce RES electricity and other forms of energy to be used by its members. Moreover, a REC can store and consume RES. RECs can exercise other activities, including home automation, energy efficiency, EV charging and supply and flexibility services.<sup>3</sup>

The energy produced by the community should be consumed (shared) in priority by its members. The excess can be stored or sold on the market directly or through aggregation or PPA.

REC's members can produce energy for their own consumption with RES plants of up to a total of 1 MW. The Ministry of Defence, port authorities, the National Real Estate Agency and farmers' RECs can develop RECs exceeding 1 MW.

---

<sup>1</sup> Article 14(8) d) of DL 210/2021

<sup>2</sup> Article 42-bis of the Act 8/2020.

<sup>3</sup> Article 31 f) of DL 199 2021



ARERA is entitled to define how members of energy communities can require their suppliers to deduct the shared energy from their bills. For that purpose, ARERA developed a so-called virtual regulatory model. In this model, GSE compensates the community based on value and avoided costs of the self-consumed energy. The energy sharing is virtual as the supplier chosen by the member still bills the user for its entire energy, including all levies and tariffs, and GSE gives a monthly "cash-back" to the community. The cash-back includes the value of the shared energy determined ex-post by GSE, plus the incentive that is only applicable to RECs. When the electricity is shared under the same substation, the value of the energy also account for the reduced use of the grids. It is up to the community to formalise in a contract how this value is distributed among members. The sharing key can be static or dynamic.

The power plants used must have started their operation after the date of entry into force of the DL 199/2021. Power plants that started their operations before the decree's entry into force may also be used, provided that their capacity does not exceed 30% of the total capacity used by the REC.

The shared energy equals, for every hour, the minimum between the energy produced and injected into the grid and the energy consumed by the final users within the same bidding zone. The shared energy is fed into the existing public grid and cannot exceed the total energy fed into the grid or consumed by the members on an hourly basis. In a REC, the members are located within the same low-voltage electricity grids, under the same substation between medium voltage and low voltage (the geographical scope is expected to be extended). In that case, the cash-back account for an approximation of the avoided grid costs by not using the high and medium voltage grid.

The energy sharing within the community is regulated under a private law contract with each consumer. The provided service can be delegated to a subject responsible for the supply of shared energy. The trusted entity can also be responsible for collecting and paying service fees to GSE.

ARERA is in charge of defining the technical rules to calculate the "shared energy" for RECs, the electricity tariff components that do not apply to the shared energy, and overseeing that members are not subject to discriminatory procedures or conditions.

A consultation on these shared energy settings organised by ARERA occurred between August and September 2022. In December 2022, ARERA published the Integrated Text on Diffused Self-Consumption (Testo Integrato sull'Autoconsumo Diffuso – TIAD). The TIAD confirms the virtual regulatory model but introduces new definitions and provisions.<sup>4</sup>

In the TIAD, shared electricity is defined as, at any time and for the set of points connection located in the same bidding zone that are relevant for a configuration for diffused self-consumption, the minimum of electricity injected for the purpose of sharing and the electricity withdrawn for the purpose of sharing. Electricity injected for the purpose of sharing is defined as, in each hour, the sum of the electricity injected through the set of connection points located in the same market area, which are relevant for the purposes of a configuration for diffused self-consumption. In addition, electricity withdrawn for sharing purpose is, at any time and for the set of connection points located in the same bidding zone that are relevant for the purposes of diffused self-consumption, the sum of the electricity withdrawn and of the product between the absolute value of the electricity withdrawn from the storage systems for subsequent injection into the grid and the average efficiency

---

<sup>4</sup> Article 1.1 of TIAD



of the charging/discharging cycle of the storage, net of the electricity withdrawn for which the transmission and distribution tariff components are not applicable.

The TIAD also confirms the role of GSE in registering energy sharing operations, handling the data and the support schemes granted to the initiatives. GSE will quantify the shared electricity on an hourly and monthly basis; where necessary, GSE will distribute the shared electricity for each production plant relating to the configuration for diffused self-consumption; determine the valorisation of shared electricity and, finally, establish the additional incentive where applicable.

#### **Integrated Text on Diffused Self-Consumption (Testo Integrato sull'Autoconsumo Diffuso – TIAD)**

A consultation on these energy sharing settings organised by ARERA occurred between August and September 2022. In December 2022, ARERA published the Integrated Text on Diffused Self-Consumption (Testo Integrato sull'Autoconsumo Diffuso – TIAD). The TIAD confirms the virtual regulatory model but introduces new definitions and provisions.<sup>5</sup> It will be fully operational as the decree, to be published in 2023, will enter into force.

In TIAD, shared electricity is defined as, at any time and for the set of points connection located in the same bidding zone that are relevant for a configuration for diffused self-consumption, the minimum of electricity injected for the purpose of sharing and the electricity withdrawn for the purpose of sharing. Electricity injected for the purpose of sharing is defined as, in each hour, the sum of the electricity injected through the set of connection points located in the same market area, which are relevant for the purposes of a configuration for diffused self-consumption. In addition, electricity withdrawn for sharing purpose is, at any time and for the set of connection points located in the same bidding zone that are relevant for the purposes of diffused self-consumption, the sum of the electricity withdrawn and of the product between the absolute value of the electricity withdrawn from the storage systems for subsequent injection into the grid and the average efficiency of the charging/discharging cycle of the storage, net of the electricity withdrawn for which the transmission and distribution tariff components are not applicable.

The TIAD also confirms the role of GSE in registering energy sharing operations, handling the data and the support schemes granted to the initiatives. GSE will quantify the shared electricity on an hourly and monthly basis; where necessary, GSE will distribute the shared electricity for each production plant relating to the configuration for diffused self-consumption; determine the valorisation of shared electricity and, finally, establish the additional incentive where applicable.

RECs are allowed to access all suitable energy markets both directly or through aggregation in a non-discriminatory manner according to Italian law.

## **2.2. Citizen Energy Community**

Consumers can participate and leave a CEC without losing their rights as customers and as active customers.<sup>6</sup> ARERA has to set up rules for ensuring CEC can share energy while ensuring members maintain their rights as final consumers (see section above).<sup>7</sup> Participation in CECs is non-discriminatory and must be open to all

---

<sup>5</sup> Article 1.1 of TIAD

<sup>6</sup> Article 14(6) a) of the DL 210/2021

<sup>7</sup> Article 14(10) f) of the DL 210/2021



consumers, including low-income and vulnerable households. Local authorities that participate in a CEC should adopt initiatives to promote participation in the communities of vulnerable customers so that the latter can access the environmental, economic and social benefits ensured by the community itself.<sup>8</sup>

CECs can engage in the following activities: generation, distribution, supply, consumption, aggregation, storage, provision of energy efficiency, EV charging or any other energy services to its members. They can provide flexibility and energy efficiency services and sell the energy they produce directly or through a third party.

CECs can access all suitable energy markets both directly or through aggregation in a non-discriminatory manner. They are responsible for their imbalances.

Provisions on energy sharing are almost equally applicable to RECs and CECs. The main differences include the geographical scope of the membership, which has implications on the geographical scope of energy sharing. For CECs, the energy sharing can take place within the bidding zone, while for RECs, the sharing can only take place at the level of the substation as the membership is limited to that geographical scope. When taking place at the level of the substation, both CECs and RECs can benefit from the value of energy in the cash-back that account for the avoidance of the grid costs. However, only the energy shared by RECs is eligible for support schemes.

The CEC is responsible for splitting the value for shared energy (i.e., cash-back) received based on formal agreements among its members (see above). Members should regulate their relations through a private law contract, identifying an accountable subject, being the community itself, a member or partner or a third party. Electricity sharing should occur within the portion of the distribution network underlying the same market area.<sup>9</sup> In each hourly period, it is equal to the minimum value between the electricity produced from the plants and fed into the network and that of the electricity withdrawn from the customers. The CEC can also use storage as part of the energy sharing scheme.<sup>10</sup>

ARERA is in charge of defining the technical rules to calculate the "shared energy" for RECs. ARERA has to specify the rules for CECs' balancing responsibilities. ARERA is also invited to adopt measures to implement the provisions, among which is to ensure that CECs can participate in all markets for electricity in a non-discriminatory way.<sup>11</sup> According to the Energy Communities Repository, these regulations for CECs are still to be developed.

### 3. Assessment of obstacles, potential and removal of unjustified barriers

ARERA is responsible for assessing obstacles, potential and removal of unjustified barriers. It monitors the elimination of obstacles and unjustified restrictions to the development of self-consumption of electricity and

---

<sup>8</sup> Article 11(7) of the DL 210/2021

<sup>9</sup> Article 14(8) of the DL 210/2021

<sup>10</sup> Article 14(7) of the DL 210/2021

<sup>11</sup> Article 14(10) of the DL 210/2021



CECs.<sup>12</sup> It is unclear to the Energy Communities Repository whether any assessment was undertaken in this regard yet.

## 4. Enabling framework

### 4.1. Renewable Energy Community

ARERA has to determine the portions and values of the grid tariff which are not due in case of energy sharing as this may not be technically applicable or comparable to physical self-consumption in situ. Through its regulation of 2022, it appears to have developed these rules (see TIAD above). In addition, ARERA has to continuously monitor the implemented configurations to ensure cost-reflective charges and dynamic evolutions of the phenomenon. A dedicated grid tariff is granted to RECs members only for the share of energy produced and consumed under the same low-voltage station.

ARERA adopted the necessary measures so that the Distribution System Operator (DSO) and the Transmission System Operator (TSO) cooperate to allow, to the extent possible in a simplified manner, the implementation of the energy-sharing provisions through the TIAD. In particular, DSOs are invited to publish the perimeter of the low voltage sub-stations under which an EC can share energy.<sup>13</sup>

The TIAD also requires DSOs to develop and give access to their maps and perimeters of primary substations so that RECs (and CECs) can initiate their operation. GSE ensures DSOs implement this rule. TIAD also allows multiple RECs to merge into one single REC and multiple CECs into one CEC.

GSE provides relevant tools on how to access finance and information. ARERA was also mandated to identify ways to encourage the direct participation of municipalities and public administrations in RECs.

### 4.2. Citizen Energy Community

The DL 210/2021 refers to vulnerable consumers. It specifies that the local authorities that participate in the CECs should adopt initiatives to promote participation in the CEC of vulnerable customers so that the latter can access the environmental, economic and social benefits ensured by the community itself.<sup>14</sup> To support the implementation of this public support, GSE, in the context of territorial assistance services in favour of the municipalities, offers dedicated information services, including information guides and tools.

The ministry will enact rules ensuring the DSO and the TSO cooperate in developing CECs, including energy sharing and participation in markets for energy services.

GSE will monitor the development of this CEC and active consumption schemes. In particular, GSE is responsible for predicting the evolution of electricity for which tariffs and levies are applicable according to the development of these initiatives and the overall need to finance the energy system. Energy levies ('oneri generali del sistema')

---

<sup>12</sup> Article 24 c-undecies of the DL 210/2021

<sup>13</sup> Article 32 b) of DL 199/2021 and Article 14 of DL 210/2021

<sup>14</sup> Article 11(7) of the DL 210/2021





are applicable to the energy taken from the grid and energy shared by the CEC.<sup>15</sup> CECs can be eligible to reduced grid tariffs if the sharing of energy among members takes place under the same substation.

CEC should benefit from non-discriminatory, fair, proportionate, transparent procedures and charges for registration & licensing, as well as transparent, non-discriminatory & cost-reflective network charges.

CECs can own, establish, purchase or lease distribution networks. When motivated by specific technical reasons, considering the cost-benefit ratio for lending it to customers, energy sharing can also occur through lease agreements or purchase agreements of portions of the same or new networks.<sup>16</sup> The management of the distribution network by the CEC needs to be authorised by the Ministry of the Environment through a sub-concession agreement between the licensed DSO and the CEC.

The grid parts managed or owned by the CEC are considered part of the public distribution network, where third parties are allowed to connect. As such, the CEC must comply with any law and obligations related to this concession, although the concession fees to the DSO must be fair and evaluated by ARERA.<sup>17</sup>

## 5. Access to financing and support

GSE provides information on the support schemes on its website. The DL 199/2021 specifies under what conditions RECs are eligible to support schemes. RECs are eligible to specific support schemes for the electricity from renewable energy sources they self-consume instantly.<sup>18</sup> Power plants of less than 1 MW owned by a REC can access a direct and specific incentive, which can also incentivise the self-consumption rate. The incentive is awarded directly, with a request to be made by the installation to GSE. In addition, RECs are eligible to participate in tenders.<sup>19</sup>

RECs, including those controlled by local authorities, are also eligible for support schemes for renewable heating, provided that their production is not supported by another means.<sup>20</sup>

Thanks to the Italian Recovery Plan, RECs are also supported through public loans without interest rates. A programme of €2,2 billion should finance energy communities and CSC and help them produce up to 2.500 GWh per year. Recovery funds in Italy are also used to incentivise energy renovation (Superbonus 110). These tax incentives of the Superbonus 110 are not cumulative with those for shared energy .

The most significant change in TIAD compared to the previous structure consists is the fact that the valorisation of shared electricity for the RECs (and CECs) will now refer to the area under the primary substation (and no longer to the secondary substation), with the possibility of also including power exceeding 200 kW, against a

---

<sup>15</sup> Article 14(9) of the DL 210/2021

<sup>16</sup> Article 14(7) of the DL 210/2021

<sup>17</sup> Article 14(9) of the DL 210/2021

<sup>18</sup> Article 5 of the DL 199/2021

<sup>19</sup> Article 6 of the DL 199/2021

<sup>20</sup> Article 10 of the DL 199/2021



slight reduction in the self-consumption valorisation contribution on the grid tariffs (corresponding to the volumetric part of the distribution tariff that would be used in the extended scheme).

Before the simultaneous application of TIAD and the updated ministerial decree, RECs are eligible for incentives of up to 169€/MWh, composed of:

- Premium rate of 110 € / MWh on shared energy for 20 years;
- The return of approximately € 9 / MWh on shared energy for the system benefits it provides for 20 years;
- Revenue of approx. 60 € / MWh, which can change based on the National single price.

## 6. Other provisions

Small islands not interconnected with the primary grid can be exempted from the geographical limit to share energy under the substation. They should not be subject to unjustified or discriminatory conditions or procedures.

Shared energy by RECs and CECs was exempted from the cap on market revenues obtained from electricity production established by the Act 197 of 29 December 2022.

## References

- Conversion into law, with amendments, of the Legislative Decree n°162 of 30 December 2019 containing urgent provisions regarding the extension of legislative deadlines, the organisation of public administrations, as well as technological innovation. Accessible here: <https://www.gazzettaufficiale.it/eli/id/2020/02/29/20G00021/sg>
- Legislative Decree n°199 of 8 November 2021 on the implementation of EU Directive 2018/2001 on the promotion of the use of energy from renewable sources. Accessible here: <https://www.gazzettaufficiale.it/eli/id/2021/11/30/21G00214/sg>
- Legislative Decree n°210 of the 8 November 2021 on the implementation of EU Directive 2019/944 on common rules for the internal electricity market and of EU Regulation 943/2019 on the internal electricity market and EU Regulation 941/2019 on risk preparedness in the electricity sector. Accessible here: <https://www.gazzettaufficiale.it/eli/id/2021/12/11/21G00233/sg>
- Resolution n°318/2020/R/eel of ARERA on the regulation of economic transactions related to electricity shared by a group of renewable energy self-consumers acting collectively in buildings and condominiums or shared in a renewable energy community, 4 August 2020. Accessible here: <https://www.arera.it/it/docs/20/318-20.htm>
- Resolution n°727/2022/R/eel of ARERA on the definition, pursuant to DL 199/21 and DL 210/21, of the regulation of diffused self-consumption. Approval of the Integrated Text on Diffused Self-Consumption (TIAD), 27 December 2022. Accessible here: <https://www.arera.it/it/docs/22/727-22.htm>
- Act n°197 of 9 December 2022 on the State budget forecast for the financial year 2023 and multi-year budget for the three-year period 2023-202. Accessible here: <https://www.gazzettaufficiale.it/eli/id/2022/12/29/22G00211/sg>