

National Approaches on implementation of the COP26 Statement on the Clean Energy Transition Partnership

The Italian Climate Policy takes into account both climate objectives, that remain a firm commitment for the Italian Government, as well as the current energy crisis, that may potentially require further investments in order to diversify sources of supply, in particular in relation to gas.

The Climate Policy is based on two main pillars:

- **Phase-in Measures** aimed at introducing incentives for green transactions and transactions contributing to the green transition in the Export Credit business;
- **Phase-out Strategy** with a roadmap for the gradual withdrawal of support to the oil and gas sectors.

More in detail, the phase out plan envisages from January 2023 termination of support to the unabated power generation sector as well as to the upstream activities in the oil sector. Support to the remaining activities in the value chain will be withdrawn based on two distinct and progressive timelines for the oil and the gas sector.

Furthermore, specific criteria have been identified to assess the potential eligibility of projects excluded from support:

- **General Eligibility Criteria**, applicable to projects deemed strategic for the Italian energy security or projects that are in line with the national decarbonization plan of the recipient country and with the 1.5°C target of the Paris Climate Agreement;
- **Specific Eligibility Criteria**, applicable only in well-defined areas of the value chain and relevant to the technical characteristics of the project or to the recipient country.

Country: Italy			
1) General description of the method or approach on which the integration of the COP26 Statement into national policies is based	The national approach envisages the gradual dismissal of public support to new requests of fossil fuel projects. The new policy broadens the scope of the former SACE Climate Change Policy, approved in May 2021, that introduced the ban to support any new transactions related to thermal coal, oil projects that utilize routine flaring during the extraction activities and projects aimed at the exploration, exploitation and production of oil and gas through fracking.		
2) Exclusion policies/ phase out plans			
Description of exclusion policies / phase out plans for the unabated fossil fuel energy sector	Exploration, production	Coal	From May 2021
		Oil	From January 2023
		Gas	From January 2026
	Transportation	Coal	May 2021
		Oil	From January 2024

		Gas	Effective date to be defined following the inclusion of gas in the EU Taxonomy and the current discussions on Energy security
	Storage	Coal	May 2021
		Oil	January 2024
		Gas	Effective date to be defined as above
	Refining	Coal	May 2021
		Oil	January 2024
		Gas	Effective date to be defined as above
	Distribution	Coal	May 2021
		Oil	January 2028
		Gas	Effective date to be defined as above
Unabated power generation	Coal	May 2021	
	Oil	January 2023	
	Gas	January 2023	
Rationale for exclusion policy / phase out plans and related measures	Priority in the phase out has been given to ending support to fossil fuels energy generation and to the oil value chain. The other phases of the gas value chain will be gradually dismissed in the light of the role that gas can play in the transition, as recognized by the European Union ¹ . This gradual approach is consistent with phase-in measures aimed at facilitating the transition of national companies.		
3) Exceptions			
Description of exceptions from the exclusions / phase out for the unabated fossil fuel energy sector	Exploration, production	Coal	No exceptions
		Oil	<ul style="list-style-type: none"> ▪ National energy security ▪ Paris Agreement Alignment
		Gas	<ul style="list-style-type: none"> ▪ National energy security ▪ Paris Agreement Alignment
	Transportation, Storage, Refining	Coal	No exceptions
		Oil	<ul style="list-style-type: none"> ▪ National energy security ▪ Paris Agreement Alignment ▪ Energy efficiency ▪ Decommissioning or reconversion
		Gas	<ul style="list-style-type: none"> ▪ National energy security ▪ Paris Agreement Alignment ▪ Energy efficiency ▪ Decommissioning or reconversion
	Distribution	Coal	No exceptions

¹ Questions and Answers on the EU Taxonomy Complementary Climate Delegated Act covering certain nuclear and gas activities, 2 February 2022, https://ec.europa.eu/commission/presscorner/detail/en/QANDA_22_712.

		Oil	<ul style="list-style-type: none"> ▪ National energy security ▪ Paris Agreement Alignment
		Gas	<ul style="list-style-type: none"> ▪ National energy security ▪ Paris Agreement Alignment
Unabated power generation		Coal	Presence of CCS or CCUS
		Oil	<ul style="list-style-type: none"> ▪ National energy security ▪ Paris Agreement Alignment ▪ Presence of CCS or CCUS ▪ Energy efficiency ▪ Decommissioning or reconversion ▪ Limited exception for country of destination
		Gas	<ul style="list-style-type: none"> ▪ National energy security ▪ Paris Agreement Alignment ▪ Presence of CCS or CCUS ▪ Energy efficiency ▪ Decommissioning or reconversion ▪ Limited exception for country of destination ▪ Taxonomy compliance ▪ Emissions' threshold for Extra-EU countries
Rationale for exceptions and related measures	<p>Exceptions are based on the following rationale:</p> <ol style="list-style-type: none"> 1. National energy security: the project is strategic for Italian energy and economic security; 2. Paris Agreement Alignment: the target country has a credible decarbonization plan in line with the maximum temperature increase target of 1.5° C and the Paris Agreement targets, and the project is in line with the country's decarbonization plan; 3. Energy efficiency: the project leads to a reduction in CO₂ emissions or improves the energy efficiency of an existing plant; 4. Decommissioning or reconversion of existing plant; 5. Presence of emission abatement systems as Carbon Capture and Storage (CCS) or Carbon Capture Usage and Storage (CCUS); 6. Country of destination criteria: if the destination country is a Low Income or a Lower-Middle Income country based on the World Bank classification, with limited access by the population to electricity and the project is aimed at satisfying local consumption, the project can be eligible, provided that it cannot be replaced by a renewable energy project; 7. Taxonomy compliance: the gas project/plant is in line with the criteria and emissions' threshold of the European Taxonomy; 8. Emissions' threshold for gas fired power plants in Extra-EU countries: for gas power plants in non-EU countries, some flexibility on the threshold of the EU Taxonomy may be considered. 		