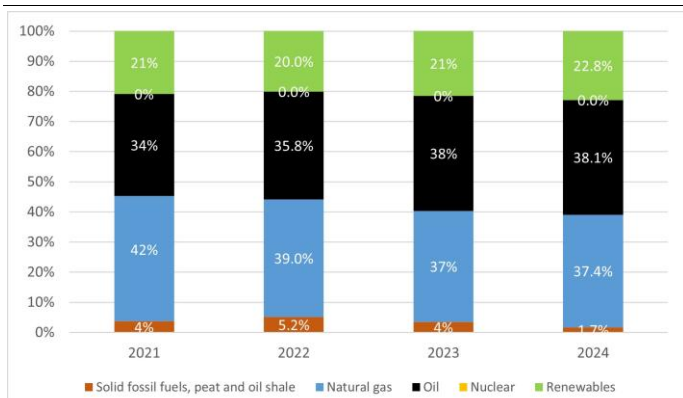


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Key energy figures

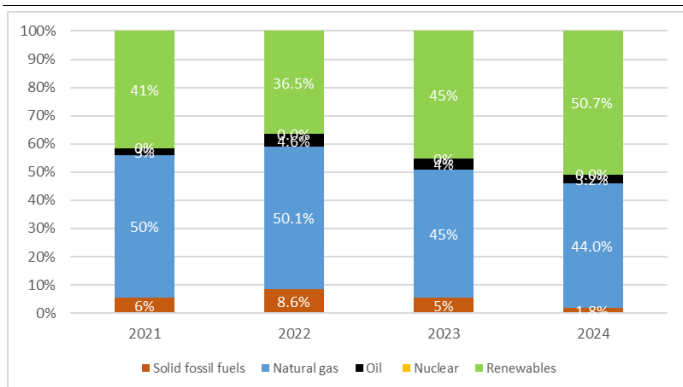
Graph 1: Energy mix



(1) In 2024, gross inland energy consumption in Italy was 5,854 thousand TJ (10.8% of the total EU consumption).

Source: Eurostat

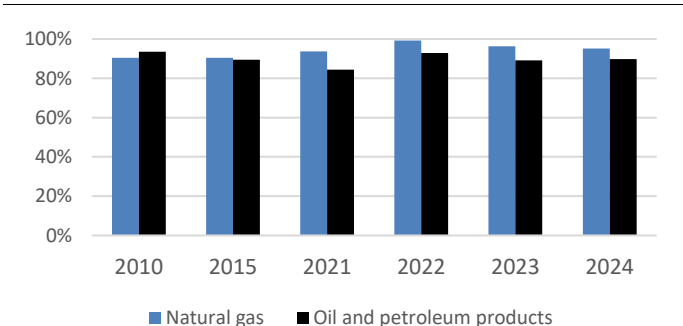
Graph 2: Electricity mix



(1) The 2024 gross electricity production was 271.0 TWh (9.6% of the total EU production).

Source: Eurostat

Graph 3: Import dependency on third countries by fuel type



Source: Eurostat

Diversify energy supplies

To support its diversification efforts, Italy has increased LNG imports and explored new pipeline routes rather than pursuing upstream growth. The floating storage and regasification units (FSRUs) in Piombino will remain in operation until mid-2026, with plans to relocate them to Savona (Liguria) by October 2026 at the earliest, while the FSRU in Ravenna began operating in January 2026. The FSRUs have a combined capacity of 10 bcm/y. Italy successfully navigated the end of Russian gas transit via Ukraine, which ceased on 1 January 2025. Additionally, it reduced its gas demand by approximately 18-20% between August 2022 and November 2025 thanks to sustained efficiency measures, milder weather, growth in renewables and cutbacks by industry.

In 2024, fossil fuels accounted for around 80% of Italy's total energy supply. Specifically, natural gas accounted for roughly 39% of Italy's energy mix, while oil accounted for 34%. By contrast, renewables accounted for less than 20% of Italy's total energy mix (or gross inland consumption).

Italy's reliance on Russian gas significantly decreased since 2021, with minimal volumes (less than 3% of its needs) imported in 2025, specifically 1.5 bcm of liquefied natural gas (LNG) and negligible pipeline gas following the end of Russian gas transit through Ukraine. Key to Italy's diversification strategy was the planned phase-out of Russian gas by 2025, achieved through increased imports from other countries, primarily Algeria, as well as Azerbaijan, and LNG imports from Qatar and the US. Domestic gas production stayed roughly constant at around 3-4 bcm/y and accounted for a minimal share of the total supply against a backdrop of falling demand (demand reduced to 19% over the period 2021-2024, unchanged in 2024).

Italy submitted to the Commission its national diversification plan for gas, as required by the REPowerEU Regulation (2026/261) to phase out Russian gas imports and prepare the phase-out of Russian oil imports.

Affordable energy

RETAIL PRICES

In the first half of 2025, household electricity prices in Italy increased compared with the previous year, reaching EUR 0.329/kWh (the fourth highest in the EU) and remaining above the EU average. Similarly, household gas prices increased, remaining above the EU average at EUR 0.124/kWh.

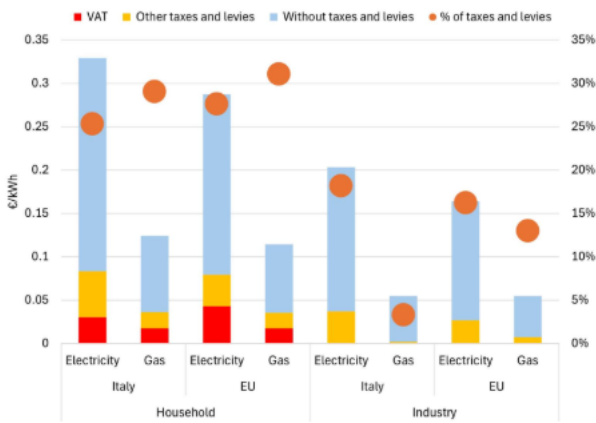
Retail electricity prices for industrial consumers (EUR 203/MWh) also increased, remaining well above the EU average (EUR 164/MWh) and the third highest in the EU, while industrial gas prices also increased but were in line with the EU average.

While wholesale costs account for 61% of the industrial electricity price, network costs, carbon costs, and taxes represent 10%, 11% and 18% respectively of electricity bills.

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Graph 4: Retail energy price components for household and non-household consumers, 2025

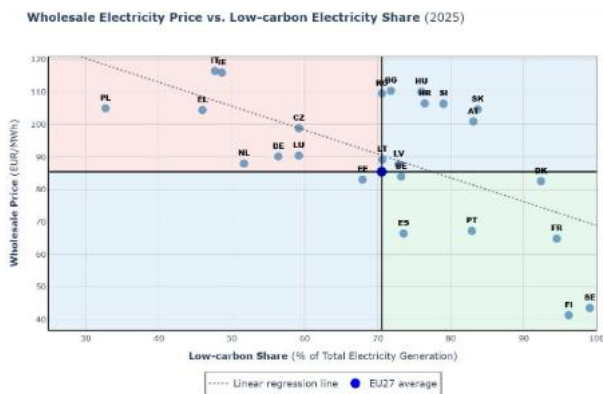


- (i) For household consumers, the consumption band is DC for electricity and D2 for gas.
- (ii) For non-household consumers, the consumption band is ID for electricity and I4 for gas. VAT and recoverable charges are not displayed for non-household consumers as these are typically recovered by businesses. This also applies to the ‘% of taxes and levies’, which is shown excluding VAT and recoverable charges for non-household consumers.
- (iii) ‘Without taxes and levies’ indicates the retail price excluding all taxes and levies. It always includes the energy/supply and network cost components, which are not disaggregated in Eurostat’s six-monthly price dataset.

Source: Eurostat

WHOLESALE PRICES

Graph 5: Wholesale Electricity Price vs Low-carbon Electricity Share 2025



Unavailable data for Cyprus and Malta. Wholesale price is given as average of day-ahead electricity prices over 2025. EU-27 average is calculated as consumption-weighted. EU low-carbon share is calculated out of total EU electricity generation. Low-carbon share by country is calculated out of total public electricity generation. Low-carbon includes renewables and nuclear.

Source: Eurostat

Due to Italy’s dependence on costly natural gas for electricity generation and its limited non-fossil flexibility and interconnection capacity, its average wholesale electricity

price was EUR 116/MWh in 2025 (vs EU average of EUR 85/MWh), the highest in the EU.

Fossil fuels continued to account for 52.3% of electricity generation in Italy throughout the year (the fifth largest share of fossil fuels in a country’s electricity mix in the EU), maintaining their structural role as the dominant marginal price-setting technology and keeping costs elevated. Average day-ahead electricity prices in Italy increased by 12% in 2025 amid rising natural gas procurement costs and limited renewable output.

Although daytime prices have fallen in recent years owing to the growing incorporation of solar power in Italy and neighbouring markets, Italy remains vulnerable to severe price spikes during peak-demand hours. This is because falling solar output in the evening and early morning, combined with limited non-fossil flexibility often means that thermal plants must significantly ramp up generation to cover the supply-demand gap.

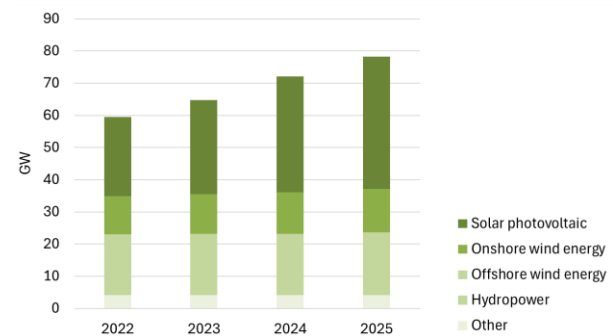
Price spreads in Italy averaged EUR 46/MWh in 2025, down 36% from 2024, significantly above the EU average of EUR 121/MWh.

Produce clean energy

RENEWABLE ENERGY CAPACITY AND GENERATION

In 2025, renewables covered 47.7% of electricity generation in Italy, slightly above the overall figure for the EU of 47%. Hydropower accounted for 15.8% of the electricity mix, biomass for 5.9% and solar for 16.6%. Wind accounted for 7.9%.

Graph 6: Italy’s installed renewable capacity



“Other” includes renewable municipal waste, solid biofuels, liquid biofuels, and biogas.

Source: IRENA

Installed capacity for renewables in Italy represented 78,277 MW in 2025, an increase of 9.0% compared to 2024 (71,841 MW). Installed capacity for wind energy grew to 13.6 GW in 2025 (compared to 13.0 GW in 2024, +4.7%), whilst installed capacity for solar grew significantly (+16.2% compared to 2024), reaching 41.2 GW.

ELECTRICITY INFRASTRUCTURE DEPLOYMENT

Italy’s electricity interconnection level stands at 5.13%, which remains one of the lowest in the EU and significantly below the 15% target for 2030. While Italy is interconnected through 30 cross-border power lines, it remains a significant net electricity importer, covering 18% of its own consumption mainly through

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imports from Switzerland and France. Improving transparency regarding network elements and resolving allocation constraints that limit import possibilities into the Italy North region are essential to reaching the 70% technical cross-border capacity target.

To address grid saturation and over 350 GW of pending connection requests, Italy adopted Decree-Law No 21/2026 in February 2026, which streamlines permitting for strategic transmission projects to under 12 months. This reform is critical for Terna's plan to invest over EUR 25 billion by 2034 to integrate 70 GW of renewables and reduce energy curtailment, which is projected to reach up to 800 GWh in 2025. Additionally, the distribution grid requires roughly EUR 6 billion in annual investment to modernize infrastructure and support growing decentralised production.

Reaching the national target of 50 GWh of energy storage by 2030 is being facilitated by the MACSE storage auctions and the TIDE dispatching framework, which promotes demand response in ancillary services. Italy currently has 9.04 GW of operational storage capacity and is fine-tuning balancing market rules through a consolidation phase scheduled until 2028. Furthermore, the completion of the 2G smart meter rollout to over 95% of households has empowered consumers, driving a significant increase in dynamic contracts and supporting approximately 1.5 million prosumers.

Save energy

KEY ENERGY SAVINGS MEASURES

Italy is taking a number of energy efficiency measures, amongst others:

- **Transition 5.0'** tax credit scheme offers support to industry for investing in renewables,
- In September 2025 Italy updated the framework for its **national energy efficiency certificates** (or 'white certificates') scheme, extending it to cover the entire 2025–2030 period and establishing energy savings obligations for energy distributors with more than 50 000 customers.
- Under Italy's Recovery and Resilience Plan, EUR 2.2 billion was allocated to **energy communities and self-consumption in small municipalities**, with the aim of generating 2.500 GWh of community-led renewables by 2027 to ease energy poverty in underserved areas. Incentives, including a EUR 100 million fund for third-sector upgrades, helped low-income groups access energy efficiency retrofitting measures.
- **Given that buildings are responsible for 37% of energy use in Italy they play an important role in improving energy efficiency.** Italy is therefore encouraged to submit its draft national building renovation plan pursuant to the recast of the Energy Performance of Buildings Directive to ensure a clear and predictable pathway towards an energy efficient and decarbonised building stock.

Energy-related EU Funds

Recovery and Resilience Plan (RRP) (including a REPowerEU chapter)

- **Total amount:** EUR 194.4 billion
- **Amount allocated for energy:** EUR 39.3 billion (20%)
- **REPowerEU:** EUR 7.21 billion
- **Green Transition:** 37 %

Tangible results: reforms & investments

- **Energy efficiency:** Superbonus* programme financing energy renovation of dwellings, energy efficiency of buildings
- **Green Skills:** National strategy for the development of green skills
- **REPowerEU Chapter:** the chapter comprises 5 reforms and 15 investments. These measures significantly increase Italy's ambitions for the green transition (now with an increased climate target) and are expected to have a long-lasting impact on both the economy and the environment. The package strengthens electricity distribution transmission and distribution networks, improves energy security and accelerates renewable energy production. It also includes measures to streamline permitting procedures for renewables deployment, reduce energy demand and increase energy efficiency. In addition, the chapter supports the development of green skills, promotes sustainable transport and contributes to the broader goal of a more resilient and decarbonised energy system.

Cohesion Funds

- **Total allocation:** EUR 26.3 billion.
- **Estimated amount allocated to support energy: EUR 3.9 billion. Energy is considered a strategic priority for Italy also for cohesion policy, allocating funds in the main four areas of intervention: energy efficiency in buildings (EUR 1.4 billion, and industry (EUR 1.0 billion), in complementarity with RRF funds, renewable energy (EUR 0.7 billion) and smart energy systems (EUR 0.7 billion)** Regional Operational programmes of regions like Lombardia, Lazio Emilia Romagna and Sicilia have dedicated allocations for energy priorities, as well as the national programme "Ricerca e Competitività" 21–27", which dedicates EUR 307 million to energy efficiency in SMEs, EUR 166 million for development of solar energy, EUR 507 million to smart energy systems, EUR 256 million to the new priority of energy interconnectors.
- As part of the mid-term review of the cohesion policy programmes, Italy is the Member State who reallocated the highest amount for energy priorities (EUR 396 million), and introduced more changes in the programmes, amending seven (regional and national). Programmes.

Social Climate Fund (SCF)

- **Maximum financial allocation: EUR 7.024 billion** (10.81% of the total SCF allocation).
- Italy has not formally submitted its Social Climate Plan yet.
- Italy could use part of the funding made available to it via the SCF for investments in energy efficiency in buildings, contributing to additional energy savings, while also contributing to reducing energy poverty.