

SPEEDLETTER

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Italy adjusts Solar Funding to Market Conditions

The funding of solar electricity in Italy is to be reduced in three phases starting from 2011. This announcement has just been made by the Conferenza Stato e Regioni – the Italian Committee of Representatives of Italian regions and the central government. Following the entry of this amendment in the Gazzetta Ufficiale, the state registry, it is deemed official and effective as of December 31, 2010. Nevertheless, the Conto Energia III still offers a high degree of investment security despite the moderate reductions made in line with current market conditions.

Bonn / Rom. It was not until the official entry in the Italian Gazzetta Ufficiale that the third revised amendment of the Italian law on the funding of solar energy, the Conto Energia, came into effect. In May of this year the Italian government paved the way for the introduction of simpler permit processes nationwide, a step which facilitated the enactment of the amendment. Although initial plans saw funding being curbed across the board by 30 percent, cutbacks are now to be more differentiated than expected. The monies allocated to the Feed-in-Tariffs (FIT) for solar electricity generated by open-space systems with a capacity up to 5 MW are to be cut by 9.3% on average during the first four months of 2011. Incentives for systems with a capacity of 5 MW and more will be decreased by 14.2%. The adjustments for rooftop systems are between 4.75% and 13.28% depending on the size of the system. All tariffs are to fall every four months during the year 2011.

The most important points of the new Conto Energia III allow for the following amendments to the remuneration of solar electricity:

- In future a distinction is only to be made between two types of systems namely “rooftop” and “other systems”. This will alleviate matters considerably.
- The tariffs for small rooftop systems ranging from 1 to 3 kW will be 0.402 €/kWh, and 0.333€/kWh for rooftop systems over 5,000 kW. The aforementioned are valid for the first four months of 2011.
- Systems not installed on a building are classified under the term “other systems”. The smallest of which will be entitled to 0,362 €/kWh and the largest 0,297 €/kWh during the first four month of 2011.
- The revisions applicable for BIPV systems are quite moderate and will be determined once for the whole year. Of greater relevance here is the new classification of system sizes. Systems between 1 and 3 kW are now to be grouped with the next category which is systems of up to 20 kW.

- A further annual degression of 6% is intended for all non-integrated systems for the years 2012 and 2013. BIPV systems are to be subject to a degression rate of only 2%.
- The magnitude of the market will initially be limited to 3,000 MW for non-integrated systems and 200 MW for BIPV systems. Experience has shown this to be sufficient. Similar to the Conto Energia II, a 14 month transition phase has also been granted in which funding will continue even after the maximum market volume has been reached.

„The new Conto Energia III clearly shows that an adjustment with a sense of proportion can also work in growth markets such as the Italian market. The fact that a sweeping cut of all tariffs is no longer under discussion and that the adjustments have been tailored to the individual market segments should be greeted,“ commented Markus A.W. Hoehner, CEO of the market research company and consultancy, EuPD Research in Bonn.

According to the analysts from EuPD Research, the Italian government has, with the passing of the Conto Energia III, now acted on their responsibility to sustainably develop the solar market. By capping capacity at 3,000 MW (+ 200 MW BIPV) and guaranteeing tariffs for an initial period of two years, 2012 and 2013, sufficient scope for the controlled further development of the market has been provided. At the same time, an artificially induced “overheating” of the market has been impeded.

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