

Intel

ITALY: New decree sets government support for 'innovative' renewable technologies in motion, with lion's share for offshore wind

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Italy's FER 2 decree has come into force and will see the government support so-called "innovative" renewables energy projects and those with high-operating costs.

The decree is expected to help stimulate the competitiveness of renewable generation as the country aims to achieve 2030 decarbonisation targets. It outlines the types of projects able to apply for incentives and the conditions under which they can do so, in competitive bidding rounds that will occur during 2024–2028.

In multiple rounds it intends to allocate support for up to 3.8 GW of offshore wind (fixed bottom or floating), 150 MW biogas and biomass, 100 MW traditional geothermal with innovations, 60 MW zero-emission geothermal, 5 MW small-scale solar, 75 MW medium and large scale thermodynamic solar, 50 MW solar on inland waters, and 200 MW of offshore floating solar, along with tidal, wave, and other marine energy.

The government will also allocate support for the refurbishment and innovation of up to 150 MW of geothermal capacity.

Bidding for two-way contracts for difference (CfDs), successful applicants will receive payment per kWh of electricity they produce, over the average lifetime of plants. The reference rates for 2024 are below, and will drop by 3% annually for each subsequent year, except in the case of plants up to 300 kW, for which the reduction will begin from 2026.

The reference tariffs for each technology in 2024 are:

Technology	Capacity (kW)	Average conventional lifetime of plants (years)	Reference tariff (EUR/MWh)
Offshore wind	-	25	185

Biogas	Up to 300	20	233
Biomass	Up to 300	20	246
Biomass	300– 1,000	20	185
Traditional geothermal with innovations	-	25	100
Zero-emissions geothermal	-	25	200
Offshore floating wind	-	20	105
Floating solar on inland waters	Up to 1,000	20	90
Floating solar on inland waters	More than 1,000	20	75
Tidal, wave, and other marine energy	-	20	180
Thermodynamic solar	Up to 300	25	300
Thermodynamic solar	300– 5,000	25	240
Thermodynamic solar	More than 5,000	25	200

Beneficiaries will receive a premium on top of the market price if the market price is lower than the strike price, or will have to repay the difference between the market price and agreed strike price if the market price is higher. The strike price will be decided on a pay-as-bid basis.

Applicants are expected to enter bids at least 2% lower than reference tariffs.

Plants smaller than 300 kW can choose to receive support in the form of feed-in-tariffs instead of CfDs, but will be obligated to sell their electricity to Italy's energy services manager GSE, which will resell it on the market.

Under certain conditions, applicants can also bid for incentives if their plants will be located in other EU member states or states that border Italy and have free trade agreements with the EU, if they physically export electricity to Italy.

The operating rules for the procedures, including the dates for competitions, will be published within 30 days of FER 2 coming into effect, which happened on 13 August.

There will be annual competitions for biogas and biomass plants, and at least three bidding competitions between 2024–2028 for the remaining technologies.

Each competition will allow 60 days for submissions.

Plants can only be successful in the competitions if they are expected to enter into operation within 31–60 months – depending on technology type – but construction cannot have started.

Whether or not Italy will be able to hold a first auction before the end of 2024 will "really depend on whether the Ministry of Environment will be able to publish the implementing operative rules, upon request from the GSE, within the deadline ie, 30 days from the publication of the FER 2 decree," according to Milan-based [Watson Farley & Williams](#) partner Eugenio Tranchino.

A small number of offshore wind projects in Italy are projected to have reached a sufficient level of development to be able to bid in the first auction.

Tranchino would "expect the [FER 2] operative rules regarding the financial guarantee to be provided by the sponsors for attending the tender to be very precise, and depending on what they will ask (bank guarantee, terms, revocation etc) some of the most advanced projects will be likely to attend it."

Tranchino pointed to the 250 MW 7SeasMed, 525 MW Agnes and 525 MW "Lupiae Maris" Hope projects as possible contenders that could be ready for the first auction, also suggesting that it is unlikely any project will bid lower than the 2% discount on the EUR 185/ MWh tariff. 7SeasMed is backed by a consortium including [GreenIT](#), the Italian renewable energy joint venture between [Plenitude \(Eni\)](#), and [CDP Equity \(CDP Group\)](#), and [Copenhagen Infrastructure Partners](#).

The Agnes project has been developed by **Saipem** and **Qint’X**, while [Galileo](#) and **Hope Group** are developing Lupiae Maris.

Source

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Country

Italy

Sectors

Floating Solar Floating Wind Geothermal
Offshore Wind Solar

Related Organizations

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GreenIT

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