NEW ITALIAN ENERGY SECURITY DECREE BRINGS FLOATING OFFSHORE WIND'S SUPPLY CHAIN INTO FOCUS

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On 31 January 2024, the Italian law converting Decree Law No. 181 of 9 December 2023 (the "Decree Law on Energy Security") was passed which contained urgent provisions for the energy security of the country, the promotion of the use of renewable energy sources, support for energy-intensive enterprises and reconstruction support for those areas affected by the exceptional flooding events that occurred on or after 1 May 2023".

"By specific decree, the state-owned maritime areas and required infrastructure developments must be identified."

DEVELOPING THE FLOATING OFFSHORE WIND SUPPLY CHAIN

The Decree Law on Energy Security promotes measures aimed at achieving national energy autonomy and support investment in southern Italy, the Italian Ministry of the Environment and Energy Security ("MASE"). To this purpose, within 30 days from the date of entry into force of the conversion law (i.e. the day after its publication in the Official Gazette), the MASE will publish a notice aimed at acquiring expressions of interest for the identification, in at least two ports in Southern Italy or in port

areas adjacent to areas where coal use is being phased out, of state-owned maritime areas intended for the creation of infrastructure suitable for investment in the production, assembly and launch of floating platforms and electrical infrastructures that will support the development of shipbuilding for offshore wind energy production.

The expressions of interest must be submitted within 30 days of the date of publication of the relevant notice. **120 days** after this deadline, by specific decree, the state-owned maritime areas and required infrastructure developments must be identified.

Additionally, MASE will adopt a vademecum on the requirements and information required to start the authorisation process for floating offshore wind power plants.

SIMPLIFICATIONS CONCERNING ENVIRONMENTAL AUTHORISATIONS AND ASSESSMENTS

Exemption from the environmental impact assessment ("EIA") and EIA screening procedures is extended until 30 June 2025 for photovoltaic plants up to 30 MW and offshore wind power plants up to 50 MW that are located in suitable areas identified in plans or programmes that have already been successfully submitted for a strategic environmental assessment.

Modifications, even substantial ones, for the refurbishment, repowering or complete reconstruction of energy production plants from wind or solar sources, which comply with any values established in Annexes II and III of the second part of Legislative Decree no. 152 of 3 April 2006 (Environmental Code), will not be subject to the EIA screening procedure.

Furthermore, thresholds for submitting photovoltaic plants to the EIA procedures under State competence and EIA screening are raised to 25 MW and 12 MW, respectively, for projects located (i) in eligible areas pursuant to Article 20 of Legislative Decree no. 199 of 8 November 2021; (ii) in areas intended for industrial, artisan and commercial use, as well as in landfills or quarries not susceptible to further exploitation or; (iii) outside of certain sensitive and vulnerable areas identified pursuant to letter f) of attachment 3 annexed to the Decree of the Minister of Economic Development of 10 September 2010.

Additionally, in suitable areas it will be possible to authorise the construction of photovoltaic plants up to 12 MW through the simplified authorisation procedure under Article 6 of Legislative Decree No. 28 of 3 March 2011.

PROMOTION OF RENEWABLE ENERGY PLANTS

In outlining the incentive mechanisms for the production of energy from renewable energy plants set forth in Article 5 of Legislative Decree 199/2021, priority will be given to facilitating the access to incentives of those who undertake certain refurbishment work on photovoltaic plants constructed in agricultural areas.

In addition, a mechanism will be established, as an alternative to those governed by Articles 6 and 7 of the aforementioned decree, aimed at promoting investments in capacity for the production of electricity from renewable energy sources in compliance with certain criteria.

SUPPORT FOR PRIVATE BUILDING ACTIVITY

The deadlines for the commencement and completion of works relating to permits issued or formed by 30 June 2024 are extended by 30 months, provided that the aforementioned deadlines have not already expired at the time of the notice to exercise the extension.

PROMOTING RENEWABLE ENERGY SELF-PRODUCTION

"An environmental and territorial rebalancing fund will be set up to promote decarbonisation and sustainable territorial development."

Until 31 December 2030, the granting of land referred to in Article 12, paragraph 2 of Legislative Decree No 28/2011 (including military sites) by public entities to third parties for the construction of power plants producing electricity from renewable sources, will see priority given to photovoltaic or wind projects that support the energy needs of entities listed by the Fund for Energy and Services (CSEA) as energy-intensive enterprises.

PROVISIONS TO ENCOURAGE REGIONS TO HOST RENEWABLE ENERGY PLANTS

An environmental and territorial rebalancing fund, funded by a portion of the proceeds from carbon dioxide emission quota auctions of up to €200m for each of the years from 2024 to 2032, will be set up to distribute financial support regionally to promote decarbonisation and sustainable territorial development, as well as the acceleration and digitalisation of the authorisation processes for plants and grid infrastructure.

ELECTRICITY GRID INFRASTRUCTURE

In order to ensure the efficient planning of National Transmission Grid ("NTG") infrastructure in coordination with the development of renewables plants and storage systems, Terna S.p.A. ("Terna") will establish, within 180 days from the date of entry into force of the Decree Law on Energy Security (i.e., 7 June 2024), a digital portal displaying data and information on planned NTG developments, as well as connection requests to the same network from renewable energy plants, storage systems and consumption plants. From this portal, it will be possible to access monitoring reports on the progress of procedures for connection to the NTG.

Without prejudice to the application of more favourable regimes provided by current regional and provincial legislation, until 31 December 2026, a number of provisions will apply for the construction of primary substations and power lines that are without limits of extension and up to 30 kV, as part of projects eligible for funding under Investment 2.1, Component 2, Mission 2, of the National Recovery and Resilience Plan ("NRP"), as well as for the construction of ancillary works essential to the implementation of such projects. The following provisions will apply:

- <u>in cases where there are no environmental, landscape or cultural constraints, including those imposed by EU legislation</u> and provided that the consent of the owners of the affected areas is obtained, the construction and operation of works and infrastructures will take place through a declaration of the commencement of works ("DIL") submitted to the interested regions or autonomous provinces at least 30 days before the actual start of the works; and
- <u>in cases where there are environmental, landscape or cultural constraints, including those imposed by EU legislation</u> or where the acquisition of the declaration of public utility or authorisation as a variant to existing urban planning instruments is required, the construction and operation of the works and infrastructures takes place following the issuance of a single authorisation ("AU").

The AU application is accepted if, within 90 days of its submission, no denial order has been communicated, nor has a duly motivated dissent been expressed by an administration responsible for landscape-territorial protection or cultural heritage protection.

Under the same procedure envisaged for primary substations of the electricity distribution grid, at the joint request of the operators of the distribution grid and the transmission grid, the relevant connection works to the NTG may also be authorised, provided that said works have a nominal voltage not exceeding 220 kV and a length of less than 5 km if aerial, or 20 km, if underground. In the case of a joint authorisation procedure, the EIA and EIA screening procedures are a regional competence.

PHOTOVOLTAIC TECHNOLOGIES REGISTER

The Italian National Agency for New Technologies, Energy and Sustainable Economic Development ("ENEA") will proceed with the creation and maintenance of a register in which photovoltaic modules that meet certain territorial and qualitative requirements shall be registered in three separate sections, at the request of the manufacturer or distributor concerned.

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