

Italy's Renewable-Energy Incentive Schemes Are Working

Contrary to Carlo Stagnaro's argument ("Italy Powers Down Energy Subsidies," op-ed, Sept. 2), the incentive scheme for the renewable-energy industry in Italy has created jobs, growth and benefits for the country. Those who argue that incentives to the photovoltaic sector and other such schemes have been a failure are mistaken.

Between 2008 and 2013, the cost of photovoltaic systems has been reduced by 72%. Although the incentives were perhaps overly generous, we outperformed Germany, which in 2012 provided incentives to renewable sources amounting to €162 (\$208) per megawatt hour, compared with It-

aly's €153 per megawatt hour.

Several studies have shown, moreover, that Italian incentives have produced a largely positive balance between costs and benefits. Although in the last three years incentives have become a significant component of the electricity bill, the very high price of energy paid in Italy is mainly due to the procurement costs of fossil fuels, which have increased two- to threefold in the last decade, as well as the aggravating factor that Italians have paid up to 25% more for importing natural gas than other Europeans. Only in recent months has this gap been bridged.

These calculations don't take

into account the environmental and health costs associated with traditional energy sources. Some renewable-energy technologies are becoming increasingly competitive with fossil technology and will eventually no longer need incentives. But this doesn't mean that renewable power plants, which have already been installed at high cost, should have expected incentives cut retroactively and unilaterally.

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