

Mrs. Federica Guidi

Minister of Economic Development
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Mr. Pier Carlo Padoan

Minister of Economy and Finance
Via XX Settembre, 97
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Brussels, 15 July 2014

OPEN LETTER

Dear Minister Guidi, dear Minister Padoan,

I am writing to you on behalf of the European Photovoltaic Industry Association (EPIA) about the newly proposed Italian Decree-Law DL 91/2014, which was published on 25 June 2014.

The previous stable and predictable regulatory framework in Italy played a crucial role in driving private investments in photovoltaics (PV) in recent years, with very tangible and positive results. In 2013, solar PV electricity accounted for 7.5% of national electricity demand. This development also contributed to a reduction of electricity spot market prices, which led to an aggregated energy bill saving estimated at €2 Billion in 2012ⁱ. Today, the cost-competitiveness of PV in several Italian regions makes it a cost-effective component of the national energy strategy, in particular through supporting the possibility to self-consume energy produced.

The recent proposals described in the Decree-Law DL 91/2014 will severely endanger the growing Italian PV market by:

- *Retroactively modifying the conditions for existing PV systems above 200 kWp.* As experience has shown in other countries, such retroactive measures create huge uncertainty for future investors and increase the cost of capital. This will not only be detrimental to future investments in PV, but by modifying the guaranteed terms and conditions of existing projects, will actually introduce a risk premium for all types of investments in Italy. This sends a message of instability for energy investments in Italy to potential investors.

- *Making self-consumed PV electricity subject to taxation.* We support that prosumers are taxed and treated like any other consumer or producer when they interact with the power system (by consuming additional electricity from the grid or feeding power into the system). However, requiring them to pay charges on the energy they produce and directly consume in their own homes is unjustified. Self-consumption is a concrete way to empower consumers: It can help control consumption and production peaks, thus limiting further grid extensions and it can unlock new business models in retail electricity markets, by increasing flexibility at the consumer level.

Considering the calendar for final adoption of this draft Decree-Law, and in the light of the above mentioned elements, we urge you to reconsider your position on these two elements, which are crucial for the future development of PV in Italy. We call on you to instead remove these provisions from the proposed Decree, and to maintain a stable and positive investment environment for PV in Italy.

We remain, together with our Italian national members, at your full disposal to further discuss and exchange on these issues.

Yours sincerely,

James Watson
CEO

ⁱ Quantitative analysis of the merit order effect from photovoltaic production in Italy, Carton and al., 2013.