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# Brussels warns Italy against slashing solar energy incentives

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The European Union's energy chief urged Italy to set up a clear and predictable support scheme for the solar energy sector and ensure stability for investors to avoid possible penalties.

## Background

Under a law passed in Italy in March, current generous incentives to the booming solar market - originally expected to run from 2011 to 2013 - will apply only to those solar plants that connect to the grid by the end of May.

The law was issued in compliance with the EU's directive on 2020 green energy targets but the sudden change in the support scheme has caused uproar among investors and operators about the future of business in one of Europe's biggest solar markets.

EU Energy Commissioner Günther Oettinger said in a letter to Italy's Industry Minister Paolo Romani he was concerned about consequences of such changes for investment in the renewable energy sector after receiving complaints from sector operators.

"It is fundamental that the Italian government creates as soon as possible a clear, stable and predictable internal framework for incentives to guarantee the development of renewable energy," Oettinger said in the letter, a copy of which was obtained by Reuters.

Italy's solar sector has boomed since 2007, when extensive production incentives were first launched. It has attracted the world's biggest photovoltaic module makers such as China's Suntech Power Holdings Co, Trina, Yingli Green Energy and US firm First Solar.

"The changes which alter financial returns on existing projects risk violating general principles of national and EU rights and, moreover, compromising the stability of the investments in the sector," the letter said.

The contents of the letter were confirmed by European Commission Energy Spokeswoman Marlene Holzner, who said the Commission could open an infringement procedure against countries that cannot give certainty about the incentives to renewable energy investors.

Italy's major renewable energy body, APER, has said it would appeal to Brussels against the law which could cause damage to investors totalling billions of euros.

Rome, which has been drafting a new support scheme to replace the one which expires at the end of May, is due to present the new incentive plan by the end of April.

The draft had been expected to be presented to a state body representing the heads of Italy's 20 regions tomorrow (20 April) but it has not yet been added to the meeting's agenda.

Italy plans to put a six-monthly or annual cap on solar incentive costs rather than on installed capacity under the new solar support scheme and aims to scrap incentives from 2017, Industry Undersecretary Stefano Saglia said last week.

Solar sector operators and investors fear the government will introduce an annual limit on installed photovoltaic capacity, saying such a move would brake growth of the sector in Italy, as has happened in Spain.

### **Support for Berlusconi's government sinks**

Meanwhile, support for Italian Prime Minister Silvio Berlusconi and his government have hit record lows, an opinion poll showed yesterday (18 April), and the centre-left has overtaken the centre-right in terms of voting intentions.

The survey by the IPR polling institute for the left-leaning La Repubblica daily showed Berlusconi's approval rating at 31% in April, down from 40% at the start of 2011 and 56% in April 2009.

The survey reflects a steady decline in Berlusconi's popularity, dented by corruption and underage prostitution trials that have opened against him.

Some 58% of respondents said they had little or no confidence in Berlusconi, up from 55% in the first three months of 2011.

*(EurActiv with Reuters.)*

### **Positions**

### **Links**

Press articles

- Business Week: [Italy's Last Reactor Town Goes Solar in Fight Against Nuclear](#)
- Reuters: [Enel voit toujours un avenir pour le nucléaire en Italie](#)
- Il Sole 24 Ore: [Modello tedesco dei bonus, al via il confronto sui tagli](#)
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- Reuters: [Italy solar incentives decree to be ready next week](#)