

Short-term measures include a campaign to increase public awareness of the need to use energy rationally, and changes in pricing formulae in order to adjust cost increases as promptly as possible. It is also envisaged that part or all of any price decreases will be offset by higher taxes on energy. ENEL, the national electricity board, is expected to introduce time-of-use tariffs to the household sector. Rates and conditions for electricity purchased by ENEL from independent electricity generators operating CHP systems or using renewable energy sources have been made more favourable.

Measures intended to achieve energy savings and emission reductions in the medium term include financial incentives for energy-efficient investments, renewable energy sources, research on new nuclear-power technologies, and public transit. Part of the funds spent in this programme are proposed to be collected through a new tax on CO<sub>2</sub> emissions from thermal power plants (1.94 ecu per tonne of CO<sub>2</sub>). Besides investments, new rules are being drawn up to increase energy efficiency. These include new building codes, energy auditing services and installation of new light sources and controls in public buildings; periodic inspection of car efficiency, and enforcement of speed limits; and mandatory labelling of electricity consumption rates on household appliances.

## 2. Factors Influencing Position

The rapid growth of the Italian economy, combined with roughly stable energy prices before August of this year, has led to continuing increases in energy requirements, especially in the electricity sector. The 5 per cent growth in electricity consumption during 1988 forced a 35 per cent rise in net electricity imports, despite a small increase in domestic production. The latest electricity demand figures show an additional 3.9 per cent increase. Consumption of natural gas expanded 4.7 per cent in 1988 and 8.4 per cent in 1989.

Italy meets less than 20 per cent of its total energy requirements, and less than 5 per cent of its total oil requirements, from indigenous energy sources. Oil accounted for about 59 per cent of the Italian energy supply mix in 1988, increasing to 62 per cent in 1989. Energy-related and environmental issues have a high public profile, elevated by the recent oil market developments and by greater public awareness of various environmental impacts of energy-related activities.

## 3. Relevant Studies

- Ministry of Industry and Trade, *National Energy Plan (PEN)* (Rome: August 1988).
- Ministry of Industry and Trade, *National Energy Plan (PEN)* (Rome: November 1990).