Energy Poverty Zero

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I. I. Preliminary information

A. Executive Summary

This report provides an overview of the current financial incentives and schemes available across Italy to support energy efficiency and renovation in the residential building sector. It also includes a focused analysis of the Municipality of Milan's targeted actions to alleviate energy poverty and promote sustainability of the building stock.

At the national level, Italy has introduced a variety of programs aimed at improving buildings' performance and reducing energy costs. These include large-scale initiatives such as the PNRR (National Recovery and Resilience Plan) public housing retrofit program, which funds substantial energy upgrades in public housing units through capital grants and soft loans managed by Energy Service Companies (ESCOs). The Conto Termico scheme supports the adoption of renewable technologies and energy-efficient systems for both public and private entities, offering substantial non-repayable grants. Other national measures include the Superbonus and Ecobonus, which provide tax deductions for energy-saving renovations and seismic upgrades. Additional incentives cover general home renovations, the removal of architectural barriers for accessibility, and financial support for purchasing energy-efficient furniture and appliances. Over the years, these incentives and subsidies have undergone several modifications in both eligibility criteria and funding levels, reflecting a continuously evolving regulatory landscape.

The Municipality of Milan complements these national policies with its own tailored programs. These include a dedicated electricity bonus for residents who depend on medical equipment, heating system maintenance grants under the M.I.T.A. (Maintenance of Independent Heating Systems) program, and appliance and furnishing subsidies for tenants in public housing. Furthermore, the city actively promotes the establishment of Renewable and Solidarity Energy Communities, aiming to redirect energy savings toward households facing energy poverty.

Despite the scope and ambition of these initiatives, challenges persist. Complex administrative processes, eligibility constraints, and limited public awareness often prevent vulnerable populations from accessing the full range of available support. Continued efforts to streamline procedures and foster collaboration between public institutions and third-sector actors will be essential to realizing Italy's energy and social equity goals.

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II. Deliverable

A. Introduction

Italy's residential building stock presents a dual challenge: it is both one of the oldest in Europe and one of the least energy-efficient. These challenges, combined with rising energy costs, environmental goals, and growing concerns over social equity, have pushed the Italian government to adopt a broad set of financial and policy instruments to drive energy efficiency improvements in homes across the country.

Over the past decade, Italy has introduced a dynamic mix of incentives, subsidies, and financing schemes at national, regional, and local levels. These tools are designed to stimulate energy retrofits, enhance seismic safety, reduce household energy consumption, and tackle energy poverty, particularly among low-income and vulnerable populations. At the same time, new financing models and frameworks like Energiesprong are being tested and expanded to attract private investment and scale up interventions in a sustainable manner.

This document provides an overview of the current Italian framework for supporting residential energy efficiency renovations, with a twofold focus. First, it maps the main national-level incentives and financing mechanisms, ranging from tax deductions to grant-based. Second, it presents a case study of the Municipality of Milan, highlighting how local measures can complement national policies by targeting energy poverty and promoting social inclusion.

In doing so, the report aims to:

- clarify the landscape of incentives and financial instruments available to households, developers, and public entities;
- highlight innovative financing approaches that enable large-scale retrofitting;
- examine practical implementation challenges and opportunities;
- contribute to the debate on how to align energy efficiency objectives with social equity and climate goals.

With these premises, this deliverable supports broader European efforts to decarbonize the built environment and ensure that the energy transition is just, inclusive, and effective.

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B. Innovative financing mechanisms for widespread energy retrofit

As Europe accelerates its energy transition, innovative financing models are becoming essential to support large-scale retrofitting, energy efficiency, and renewable energy initiatives, especially within the public sector. This report explores a range of financial mechanisms and strategies within the Italian context, which enable sustainable transformation, with a particular focus on scalable approaches like Energiesprong, including the aggregation of public authorities, public-private partnerships (PPP), and Renewable Energy Communities (CER). By leveraging tools such as energy savings, risk-sharing contracts, centralized procurement, and investment funds, public institutions can unlock new opportunities for infrastructure renewal, climate action, and long-term cost savings. The key financial themes and real-world applications across Italy's built environment touch the following topics:

- using energy savings as a funding source;
- public asset pooling to create critical mass for investment;
- private sector involvement through risk-sharing contracts;
- framework agreements to allow staggered and flexible financing;
- promoting cost efficiencies through aggregation and centralized purchasing.

Energiesprong financial model

The Energiesprong model supports retrofitting projects by leveraging long-term energy cost savings and scheduled maintenance reductions over a 30-year period. It relies on industrialized, offsite construction methods to reduce both costs and implementation risks. Financially, the model is grounded in the principles of **Total Cost of Ownership and backed by long-term performance guarantees**. Total Cost of Ownership (TCO) is a comprehensive financial approach that considers all expenses associated with a product or system over its entire lifecycle, not just the initial investment, but also ongoing costs such as energy use, maintenance, repairs, and eventual replacement or disposal. In the context of building renovations or energy retrofits, TCO helps decision-makers evaluate the long-term economic impact of their investments. When combined with long-term performance guarantees, i.e., commitments from providers to deliver specific outcomes like energy savings or system reliability, TCO provides a more secure and transparent framework for planning. This combination is especially valuable in models like Energy Performance Contracting (EPC), where financial and operational risks are shared and outcomes are guaranteed over time.

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The Energiesprong TCO allows for evaluating the benefits of offsite Energiesprong retrofits compared to the current state (As-Is), which lacks any efficiency interventions, and to an intervention using traditional processes and technologies (BAU, Building-As-Usual). **Beyond considering the more easily measurable and monetizable economic aspects, the model aims to highlight the impacts on property value and the social, environmental, climatic, and seismic benefits that accompany Energiesprong interventions.**

To enhance the effectiveness of the Energiesprong model, **aggregating multiple public entities** offers significant advantages. By pooling resources, these entities can **share procurement costs, negotiate more favourable contract terms, and unlock economies of scale, making financing more accessible and reducing overall project costs**. Such aggregations also enable the creation of flexible framework agreements, allowing for staggered funding, which is particularly valuable when some participants are still finalizing their financial arrangements.

Financial models linked to aggregation options

Aggregating public assets and authorities not only strengthens procurement power but also unlocks innovative financial models tailored to large-scale energy retrofits. This section explores the main options.

1. Public property transfer to public real estate funds

Public property transfer to real estate investment funds managed by public asset management companies (SGRs, like *Invimit*, an Italian public S.G.R. – Società di Gestione del Risparmio/Collective Investment Management Company) represents an innovative strategy for the valorisation and sustainable management of public assets. Through this mechanism, public administrations can transfer ownership of buildings into specialized funds, enabling centralized, professional management aimed at urban regeneration, energy efficiency, and environmental sustainability. This model allows for the mobilization of private capital, the optimization of asset value, and the creation of critical mass for large-scale energy retrofit projects.

- Public authorities can **transfer buildings into public real estate funds** managed by public asset management companies.
- This allows **centralized financial management and more efficient funding** for energy retrofits.

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- *Invimit*'s mission includes **energy savings and reduction of environmental impact** as investment priorities.
- The transferred properties form a **single investment portfolio** (with minor exceptions if needed due to specific public use). This **centralized management** enables:
    - **economies of scale** for energy retrofits;
    - access to **private financing instruments and public incentives**;
    - the ability to strategically **plan large-scale** energy upgrading.
- The SGR can mobilize **funds from private investors, while ensuring the properties remain aligned with public policy objectives** (e.g., sustainability, social use).

2. *Public-Private Partnership (PPP) schemes*

Public-Private Partnership (PPP) schemes offer a dynamic framework for financing and implementing complex projects such as deep energy retrofits. In this model, private partners assume a significant share of the financial risk and operational responsibility, typically recovering their investments through energy savings or service fees over a multi-year contract period. PPPs are particularly well-suited to initiatives like Energiesprong, where innovation, performance guarantees, and off-balance financing structures align the interests of both public authorities and private investors.

PPP is considered an economic operation (not merely a contract) according to the new Public Procurement Code (Legislative Decree No. 36/2023, art. 174). It's aimed at achieving public interest objectives, where **private partners significantly finance the project and bear operational risks**. The risk transfer principle is crucial: substantial risks (design, construction, operation) must be allocated to the private partner.

a. Contractual form of PPP

- **Energy Performance Contracts (EPC) and EPC Plus**.
    - Multi-year contracts that include, in addition to the implementation of energy efficiency improvements, the maintenance of mechanical systems and building infrastructure.
    - The private entity finances retrofitting upfront.
    - Remuneration occurs through energy savings and/or service fees paid by the public administration.
    - Performance warranties are required: the private partner must maintain minimum energy performance levels across a multi-year period (often 10+ years).

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- Off-balance sheet structures: projects must be structured so that financial risks are borne mainly by the private partner, enabling public entities to avoid recording the project debt on their financial statements.

b. Remuneration models

The private party, as both the creator and main financier of the work, is compensated through fees paid by users and/or through payments made by the administration or entities using the investment and the related service. This, in turn, allows for the recognition of the PPP (Public-Private Partnership) in both “hot” or “cold” forms:

- **Hot projects ("opere calde")**: repayment comes mainly from user fees (e.g., heating services). The infrastructure is financially self-sustainable.
- **Lukewarm projects ("opere tiepide")**: user fees are not sufficient; some public contributions are needed to close the financial gap.
- **Cold projects ("opere fredde")**: no significant user fees are expected; the public administration pays directly through service fees or availability payments.

c. Specific Example – Milan’s Via Russoli Project

- **Project**: Energiesprong deep retrofit of 187 apartments (10,900 m^2).
- **Financing**: private financing combined with Superbonus 110% fiscal incentive.
- **Contract Type**: EPC Plus contract (10 years).
- **Mechanism**: the private RTI (Raggruppamento Temporaneo di Imprese/Temporary Grouping of Companies) had to guarantee energy performance levels and perform ongoing maintenance on heating systems and building envelopes.
- **Outcome**: project completed in 2023 with significant time and cost savings due to industrialized retrofitting.

d. Important legal and financial conditions

- **Qualification requirements**: public entities must have at least an intermediate qualification level (per ANAC - National Anti-Corruption Authority- requirement).
- **Risk matrix**: private proponents must submit a risk allocation matrix demonstrating that the project is "off balance".
- **Operational advantages**: Energiesprong's industrialized model lowers construction risks, increasing private sector confidence and potentially lowering insurance premiums.
- **Flexibility**: PPPs can be initiated either by public authorities or private initiatives (private sector proposals, possibly with financing institutions involved)

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Renewable Energy Communities (CER)

Renewable Energy Communities (CERs) are a transformative model for the collective production, consumption, and management of renewable energy at the local level. By aggregating individuals, businesses, and public entities, CERs foster decentralized energy systems that deliver economic, environmental, and social benefits to their members. Financially supported through a mix of incentives, energy tariffs, and shared investment models, CERs play a pivotal role in advancing energy transition goals while combating energy poverty and promoting active citizen participation.

a. Bank Financing and Financial Instruments

Banks play a crucial role in the development of CERs, offering:

- **Loans at sustainable interest rates** to cover purchase, installation, and operational costs.
- **Assistance** in accessing **tax credits** and **national/regional incentives**.
- **Leasing and rental solutions** for users unwilling to make large upfront investments (e.g., renting photovoltaic systems).
- **Crowdfunding and participatory finance**: using online platforms to attract private investors.
- **Project finance** models: ideal for large CER projects involving many homes or businesses.
- **Green Bonds and sustainable investments**: banks can issue bonds specifically to fund low-impact environmental projects like CERs.

b. Public grants and incentives

- CERs benefit from state incentives and tax deductions for photovoltaic system installation.
- Regional contributions for energy efficiency projects (e.g., Tuscany and Sardinia have launched specific regional support measures).
- Specific capital contributions from PNRR (National Recovery and Resilience Plan):
  - For CERs in municipalities with less than 50,000 inhabitants, a grant equal to 40% of the investment cost is available.

c. Revenue streams inside the CERs

Two main types of financial incentives for self-consumed energy:

- A feed-in tariff for renewable energy (FER) produced and virtually self-consumed, paid by GSE (Gestore Servizi Energetici) for 20 years:

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- Between 60 €/MWh and 80 €/MWh depending on plant size and energy market values.
- An extra bonus up to +10 €/MWh for solar plants located in certain geographic areas.

- A valorisation fee for self-consumed energy (about 8 €/MWh), established by ARERA (Autorità di Regolazione per Energia Reti e Ambiente/Regulatory Authority for Energy, Networks, and Environment).

d. Emerging financing solutions

- Ongoing exploration of dedicated financial funds specifically for CER and Energiesprong-related interventions.

European Investment Bank (EIB) is developing a special credit line to support energy retrofit projects in affordable housing, which could benefit CERs.

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C. National incentives for energy efficiency and renovation in the residential building sector

1. National Recovery and Resilience Plan for public residential housing retrofit

Funded via the National Recovery and Resilience Plan (PNRR) Mission 7, Investment 17[1], aims at significantly upgrading energy performance in public housing (ERP - Public Residential Housing), particularly those housing vulnerable and low-income households, as part of Italy's contribution to the EU's REPowerEU strategy. It also plays a key role in addressing energy poverty, by reducing energy bills and improving living conditions for the most disadvantaged segments of the population.

Key objectives:

- Achieve at least 30% energy efficiency improvement in renovated buildings.
- Reduce energy consumption and greenhouse gas emissions.
- Support the green transition and social inclusion.

Budget:

- Total funding: €1.38 billion.
- Two-thirds allocated to public housing renovations.
- One-third supports low-income households with energy-related costs.

Implementation model:

- Projects are implemented through Energy Service Companies (ESCOs), which are responsible for designing, financing, and executing energy efficiency interventions. The model is based on Energy Performance Contracts (EPCs), where the ESCO is repaid through the energy savings achieved over time.

Type of financing:

- **Third-party financing:** ESCOs provide upfront capital, reducing the financial burden on public administrations.
- **Performance-based:** Payments to ESCOs are tied to the actual energy savings, ensuring accountability and efficiency.
- **Public-private partnership:** Encourages private investment in public infrastructure.

[1] https://www.italiadomani.gov.it/en/home.html

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Financial support mechanism:

- Financial support is granted directly to ESCOs in charge of implementing the interventions, through a dual mechanism.
    - **A grant covering 65%** of the total cost of the planned interventions.
    - **A loan covering up to 35%** of the remaining costs, available upon request from ESCOs. This loan is provided by partner banks under market conditions, as determined by each bank based on its internal creditworthiness assessment models. The financing is made available using resources from Cassa Depositi e Prestiti (CDP), and within the limits of its allocated funding. This blended financing structure is designed to reduce upfront costs, de-risk investments, and accelerate the implementation of deep energy retrofits across Italy's public housing stock.
- Can be combined with "Conto Termico" incentive scheme.

Governance:

- Coordinated by the Presidency of the Council of Ministers.
- Managed operationally by the GSE (Gestore dei Servizi Energetici), which provides technical guidance and oversight.

2. "Conto termico" incentive scheme

The Conto Termico[2] is a national grant scheme that supports energy efficiency and renewable energy installations in buildings. A new iteration, Conto Termico 3.0, is expected to launch in 2025, with expanded support for renewable energy projects.

Eligible beneficiaries:

- Public Administrations (e.g., public housing bodies and fully public companies).
- Private individuals and businesses, including SMEs (Small Medium Enterprises).

Eligible interventions:

- Thermal insulation improvements.
- Replacement or upgrading of heating systems.
- Installation of heat pumps.
- Integration of renewable energy sources.

[2] https://www.gse.it/servizi-per-te/efficienza-energetica/conto-termico

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Financial benefits:

A non-repayable grant covering 40%–65% of eligible costs, depending on the applicant and type of intervention. The Conto Termico 3.0 should provide for a maximum incentive of 65% of eligible expenses. The percentage is increased to 100% for projects carried out on public buildings owned by municipalities with a population of up to 15,000 inhabitants, as well as for projects on public buildings used as schools, hospitals, or healthcare facilities.

Application process:

Scheme active since 2016, with funding available until funds are exhausted. Public administrations, i.e., municipalities, public housing authorities, or schools, can "reserve" the incentive before the project starts. This differs from private applicants, who are typically allowed to apply only after the energy efficiency intervention has been completed. The reservation process enables PAs to pre-book funding based on their project plans. This provides greater financial certainty and ensures that a portion of the available budget is secured in advance for their specific intervention, rather than being subject to availability after execution. Other applicants must apply within 90 days after completion of work. Mandatory compliance with GSE's "Regole Applicative" document[3].

3. Superbonus[4]

The Superbonus is an Italian government incentive aimed at improving energy efficiency and earthquake resistance in buildings. Originally introduced in 2020 as part of Italy's COVID-19 recovery plan, it allowed homeowners to deduct up to 110% of the costs for qualifying renovations, such as insulation, solar panels, including also seismic upgrades, through tax credits. The incentive could also be transferred to third parties (like banks or contractors) as a form of payment.

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3 https://www.gse.it/documenti_site/Documenti%20GSE/Servizi%20per%20te/CONTO%20TERMICO/REGOLE%20APPLICATIVE/REGOLE_APPLICATIVE_CT.pdf

4 https://www.agenziaentrate.gov.it/portale/agevolazioni-per-il-recupero-del-patrimonio-edilizio-ristrutturazioni-edilizie
https://www.agenziaentrate.gov.it/portale/agevolazione-per-acquisto-o-assegnazione-ristrutturazioni-edilizie
https://www.agenziaentrate.gov.it/portale/mutui-per-ristrutturare-casa-ristrutturazioni-edilizie
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Over time, the Superbonus rules have changed, including reductions in the deduction rate (e.g., from 110% to 90% or lower), eligibility adjustments, and stricter controls to prevent fraud. It's part of Italy's broader effort to modernize its aging housing stock and reduce carbon emissions.

Period	Deduction Rate	
Until Dec 31, 2023	110%	Full Superbonus for condominiums and buildings with 2–4 separate units.
Year 2024	70%	Only for condominiums and 2–4 unit buildings.
Year 2025 (until Dec 31)	65%	Only valid for condominiums and 2–4 unit buildings; requires CILA (Notice of Commencement of Works) or resolution by Oct 15, 2024.
Seismic emergency zones	110% until Dec 31, 2025	Applies to buildings in earthquake-affected areas under state of emergency (e.g., in Abruzzo, Marche).

Eligible works:

Includes thermal insulation, replacement of heating systems, and other energy efficiency improvements.

Tax credit utilization:

Credits must now be spread over ten years, a change implemented to mitigate the program's significant impact on public finances.

4. Ecobonus[4]

Offers tax deductions for more limited energy efficiency upgrades, such as installing solar panels, replacing windows, and upgrading heating systems.

Deduction rates:

- **Primary residences**: 50% in 2025, decreasing to 36% in 2026–2027.
- **Secondary properties**: 36% in 2025, decreasing to 30% in 2026–2027.

Spending limits:

Vary by intervention type.

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Required improvements for Superbonus and Ecobonus:

Building baseline	Required class improvement
Starting from class ≤ A2	2 energy classes improvement (e.g., E→C, F→D, G→E)
Starting from class A3	1 energy class improvement (e.g., A3→A4)
Buildings subject to restrictions (e.g. historical/artistic constraints)	Improvement of 2 classes, or reaching the highest achievable class

5. Sismabonus[4]

Provides tax deductions for seismic risk reduction measures in buildings located in seismic zones 1, 2, and 3.

Deduction rates:

- **Primary residences**: 50% in 2025.
- **Secondary properties**: 36% in 2025.

Eligibility:

Applicable to interventions that lead to a reduction in seismic risk classification.

Spending limits:

Vary by intervention type and building's configuration.

Sismabonus scenario	Deduction Rate	Spending Limit
No class jump, general seismic improvement	Up to 110% (Super Sismabonus)	€96,000 per unit
Improvement of 1 seismic risk class	70% (single property); 75% (condo parts)	€96,000 per unit
Improvement of 2 seismic risk classes	80% (single); 85% (condo)	€96,000 per unit

6. Renovation bonus (Bonus ristrutturazioni)

Applies to general building renovations, including maintenance, restoration, and structural improvements.

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Deduction rates:

- **Primary residences**: 50% in 2025, decreasing to 36% in 2026.
- **Secondary properties**: 36% in 2025, decreasing to 30% in 2026.

Spending limits:

Up to €96,000 per property in 2025, reducing to €48,000 from 2028.

7. Architectural barriers bonus (Bonus barriere architettoniche)

Facilitates the removal of architectural barriers to improve accessibility for individuals with disabilities.

Deduction rate:

75% of expenses.

Spending limits:

- **Single-family homes**: Up to €50,000.
- **Condominiums**: Up to €30,000 per unit.

8. Furniture and appliances bonus (Bonus mobili ed elettrodomestici)[4]

Support the purchase of furniture and appliances in the case of home's renovation works.

Eligibility:

Available to those undertaking renovation work.

Deduction rate:

50% on expenses up to €5,000 for the purchase of new furniture and energy-efficient appliances.

Conditions:

Renovation work must start before purchasing furniture and appliances.

9. Electricity bonus (Bonus sociale per l'energia elettrica)

In Italy, the electricity bonus is a government subsidy aimed at reducing energy costs for economically vulnerable households and individuals facing energy poverty. This measure provides a discount on electricity bills for eligible consumers, including low-income families -with an ISEE (Equivalent Economic Situation Indicator) income below a defined threshold-, large households, and individuals with serious health conditions who rely on life-saving electromedical

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equipment. The bonus is automatically applied for those who qualify based on their ISEE declaration, eliminating the need for a separate application. It represents a key component of Italy's broader efforts to ensure equitable access to essential energy services, especially amid rising energy prices and inflation. To qualify for the electricity bonus in Italy, a household must meet specific economic or medical criteria, primarily assessed through the ISEE (Equivalent Economic Situation Indicator). The main eligibility categories are:

1. *Low-Income Households.*

Households with an ISEE below €9,530 are automatically eligible. For households with four or more dependent children, the threshold increases to €20,000. The bonus is applied automatically if a valid ISEE declaration is submitted to the national database (INPS).

2. *Recipients of Certain Social Benefits*

Households receiving citizenship income (reddito di cittadinanza) or Pension (Pensione di Cittadinanza) also qualify, regardless of ISEE.

3. *Medical Need – Electromedical Equipment*

Individuals who require electrical life-support or electromedical equipment at home are eligible for an additional electricity bonus. This bonus is not income-based and must be applied for manually via the local municipality or CAF (Tax Assistance Center), with medical certification and proof of residence.

The amount of the bonus varies depending on household size and electricity usage. No separate application is required for income-based eligibility if the ISEE is correctly filed and the benefit is directly credited as a discount on electricity bills.

10. Additional Italian tax incentives for residential renovations[4]

a. *Purchase of restored homes*

- The 50% deduction on eligible expenses also applies to the purchase of apartments in fully renovated buildings, provided acquisition occurs within 18 months of completion.
- Eligible expenses include payments made even before notary signing or purchase contract registration.

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b. Mortgage interest deduction

- You can deduct interest and related costs on mortgage loans taken out after June 2012 for home renovation purposes.

Important considerations

- **Income Limits**: new income thresholds have been introduced, affecting eligibility and deduction ceilings.
- **Documentation**: proper documentation, including invoices and bank transfers, is essential to claim these deductions.
- **Tax credit utilization**: most deductions are spread over annual installments.
- **Program changes**: some previous programs, like the Façade Bonus and Green Bonus, have been discontinued as of December 31, 2024.

These incentives are part of Italy's broader strategy to enhance energy efficiency and meet EU climate targets. However, they are subject to change based on fiscal policies and regulatory updates. For personalized advice, it's recommended to consult with a qualified Italian building surveyor or financial advisor.

The *Agenzia delle Entrate* (Italian Revenue Agency) provides comprehensive tables of eligible renovation works, including insulation, window replacement, plumbing, electrical upgrades, and structural interventions.

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Summary table

Incentive	Key Features	Deduction / Funding
PNRR - Public housing retrofit	Targets ERP buildings; ≥30% efficiency gain; ESCOs only; digital twins; feasibility studies.	Capital grant up to 65%; Soft loan up to 35%; Timeframe: 2026–2029.
Conto termico	Supports insulation, heating upgrades, renewables; open to PAs and private sector.	Grant covers 40–65% of costs; reservation for PAs; post-completion claim for others.
Superbonus	Thermal insulation, heating replacement; applies to condos & specific projects.	65% in 2025; tax credit spread over 10 years.
Ecobonus	Efficiency upgrades: windows, solar panels, heating.	50% (2025), 36% (2026–2027); second homes: 36%→30%; cap varies by intervention.
Sismabonus	Seismic risk reduction in seismic zones 1–3.	50% (primary), 36% (secondary); applies if risk class is improved.
Renovation bonus	General renovation: maintenance, restoration, structural.	50% (2025), 36% (2026); cap €96,000 → €48,000 in 2028.
Architectural barriers bonus	Accessibility improvements for people with disabilities.	75% of costs; €50,000 (homes), €30,000/unit (condos).
Furniture and appliances bonus	Linked to renovations; covers efficient furniture/appliances.	50% up to €5,000; purchases must follow renovation start.
Restored homes purchase and mortgage interest	Deduction on home purchases post-renovation; mortgage interest.	50% for restored home purchase; mortgage interest deductible if post-June 2012.
Electricity bonus	Available to low-income households, citizenship income recipients, and those needing electromedical equipment. Income-based bonuses are automatic; medical-related ones require manual application.	Provides a discount directly on electricity bills; amount varies based on household size and usage.

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D. Municipality of Milan's local policies addressing energy poverty and residential improvements

The Municipality of Milan has developed a set of targeted economic subsidies aimed at alleviating energy vulnerability, guided by a municipal regulation that outlines eligibility criteria. These include the followings.

- **A dedicated electricity bonus** for residents relying on life-saving electromedical equipment, which is accessible regardless of income and therefore supports, but does not exclusively target, those in energy poverty.
- **The M.I.T.A. (Maintenance of Independent Heating Systems) scheme**, offering grants for the ordinary maintenance and safety of individual heating systems. Beneficiaries are selected based on income and maintenance regularity, though those who are non-compliant may still qualify through a secondary application route that includes technical support.
- **A home furnishing and appliance grant**, implemented by MM (Milan's public housing agency), supports tenants in public housing through two measures: the purchase of low-impact, high-efficiency appliances and small furnishings, and home upgrades to enhance energy efficiency and accessibility. Funding is allocated on a first-come, first-served basis.
- **Support for Renewable and Solidarity Energy Communities (CERS**), where the Municipality acts both as a promoter and participant. Revenues generated by these communities may partly benefit households in energy poverty.

Despite the variety of available subsidies, Milan faces structural challenges in reaching all vulnerable citizens. These include restrictive eligibility rules that exclude households in rent or tax arrears, the complexity of administrative procedures, and limited public awareness of available support. The city is thus working to improve communication, simplify access, and foster stronger collaboration with private and third-sector actors to scale and coordinate its efforts against energy poverty.

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III. Conclusions

Italy has developed a wide and evolving system of financial incentives, public-private partnerships, and innovative financing models to promote energy efficiency and residential building renovation. These **national frameworks**, ranging from tax deductions like the Superbonus and Ecobonus to mechanisms like the Conto Termico and Energy Performance Contracts, are **complemented by local efforts** such as those of the Municipality of Milan, which targets energy poverty through tailored subsidies and the promotion of Renewable and Solidarity Energy Communities.

While this layered approach demonstrates significant ambition and alignment with EU climate and social goals, **several persistent barriers limit its full effectiveness**. Complex administrative procedures, specific eligibility criteria, and insufficient public awareness continue to hinder access, especially among vulnerable populations. One of the most frequently reported challenges is the difficulty in finding, understanding, and navigating the various incentives, which are often scattered across different platforms, subject to frequent regulatory changes, and lacking clear, user-friendly guidance. This **confusion affects both citizens and public administrators**, who are not able to fully leverage on the available support.

To fully realize the transformative potential of Italy's strategy, future efforts must focus on **simplifying access, improving transparency, and developing integrated information systems** that clearly communicate incentive options. **Streamlined delivery mechanisms, greater cross-institutional and cross-level coordination, and inclusive financing pathways** will also be essential. **Merging climate action, social equity, and financial innovation into a coherent and accessible framework** will ensure that the energy transition delivers meaningful and widespread benefits.

CONTACTS

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