
Challenges in meeting your target

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Carbon Expo

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**Italian Ministry
for the Environment, Land and Sea**
Department for Environmental Research and Development

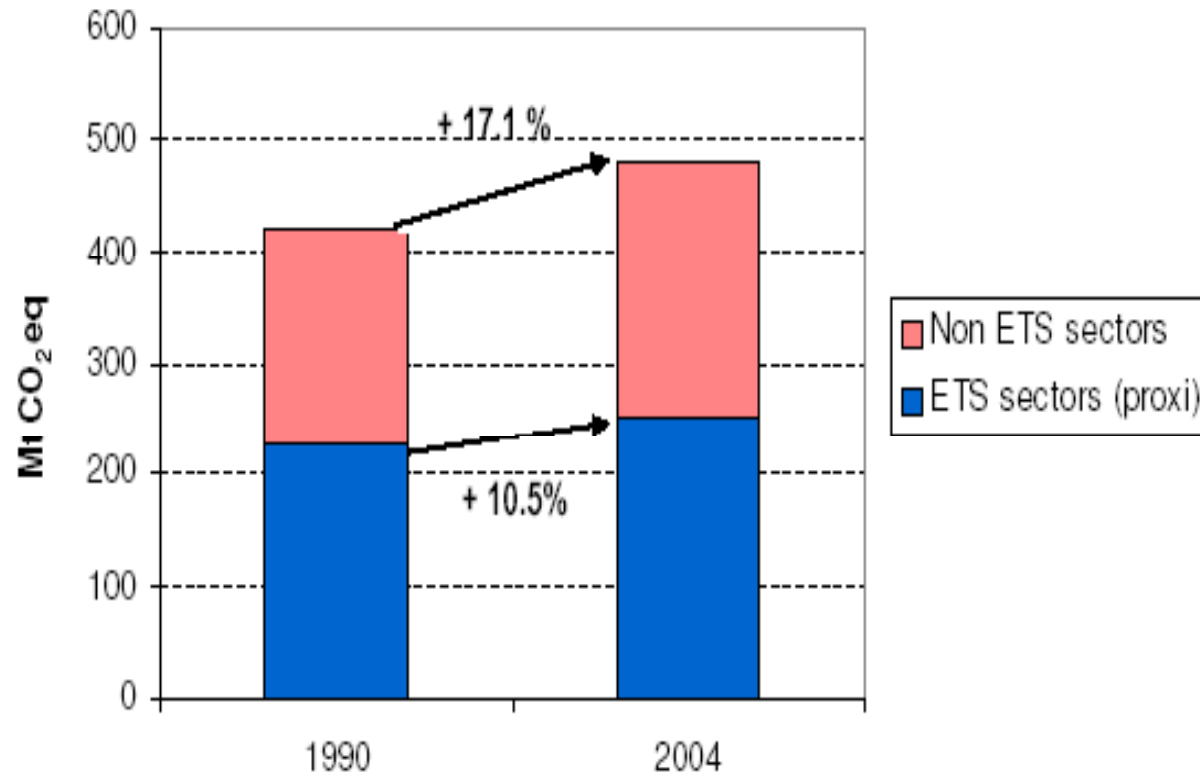
Overall context

	MtCO _{2eq} /yr
Base-year GHG emissions	519.5
Kyoto target (-6.5% compared to base-year emissions)	485.7
GHG emissions in 2010 in the “with measures” scenario	587.3
Overall gap between the “with measures” scenario and the Kyoto target	101.6

	MtCO _{2eq} /yr
Actions in EU ETS sectors	58.35
Actions in non EU ETS sectors	24.25
Additional CDM/JI	19.0



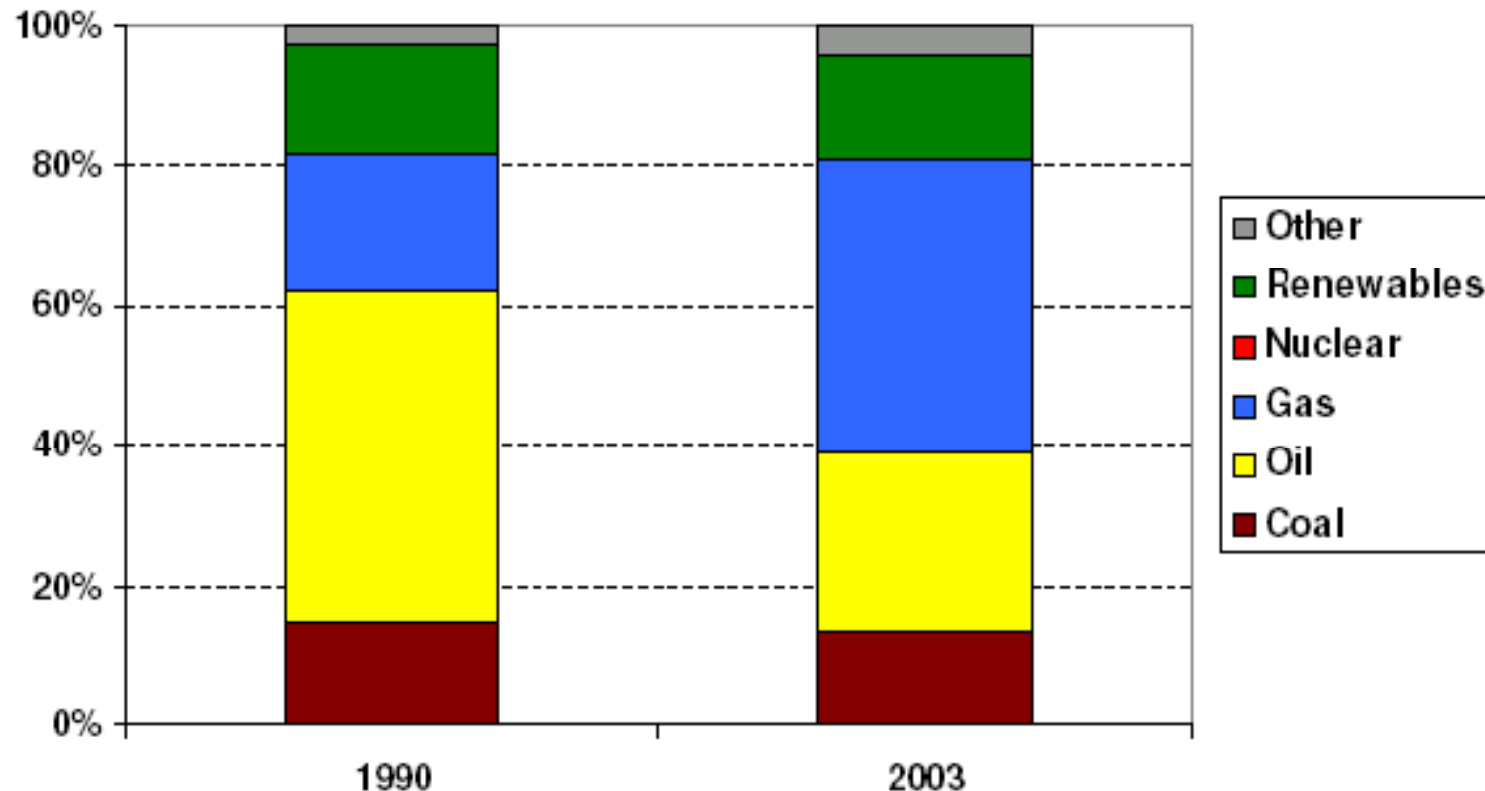
GHG emissions from energy consumption



GHG emissions from energy consumptions increased more in non ETS



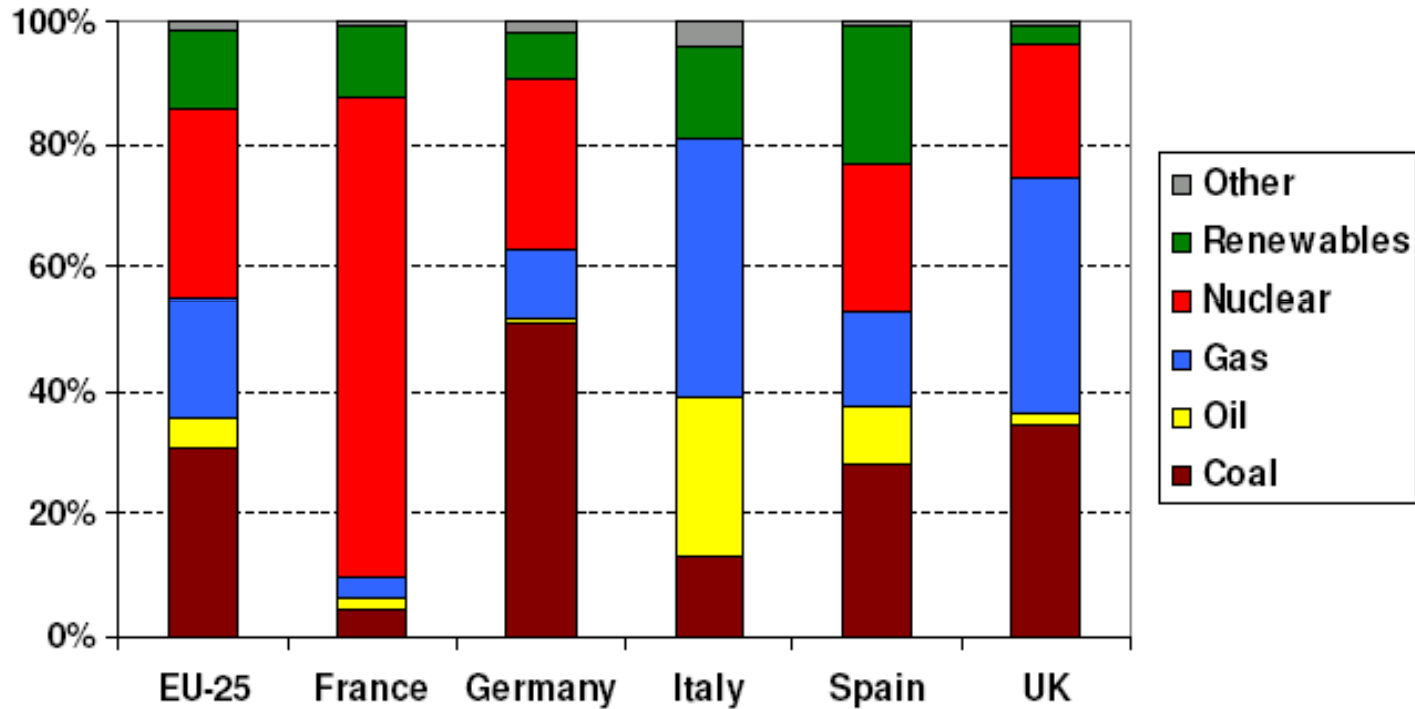
Primary energy in electricity generation



Over the last 15 years, the mix of primary energy used in electricity generation in Italy has changed significantly, with a sharp reduction in its carbon intensity



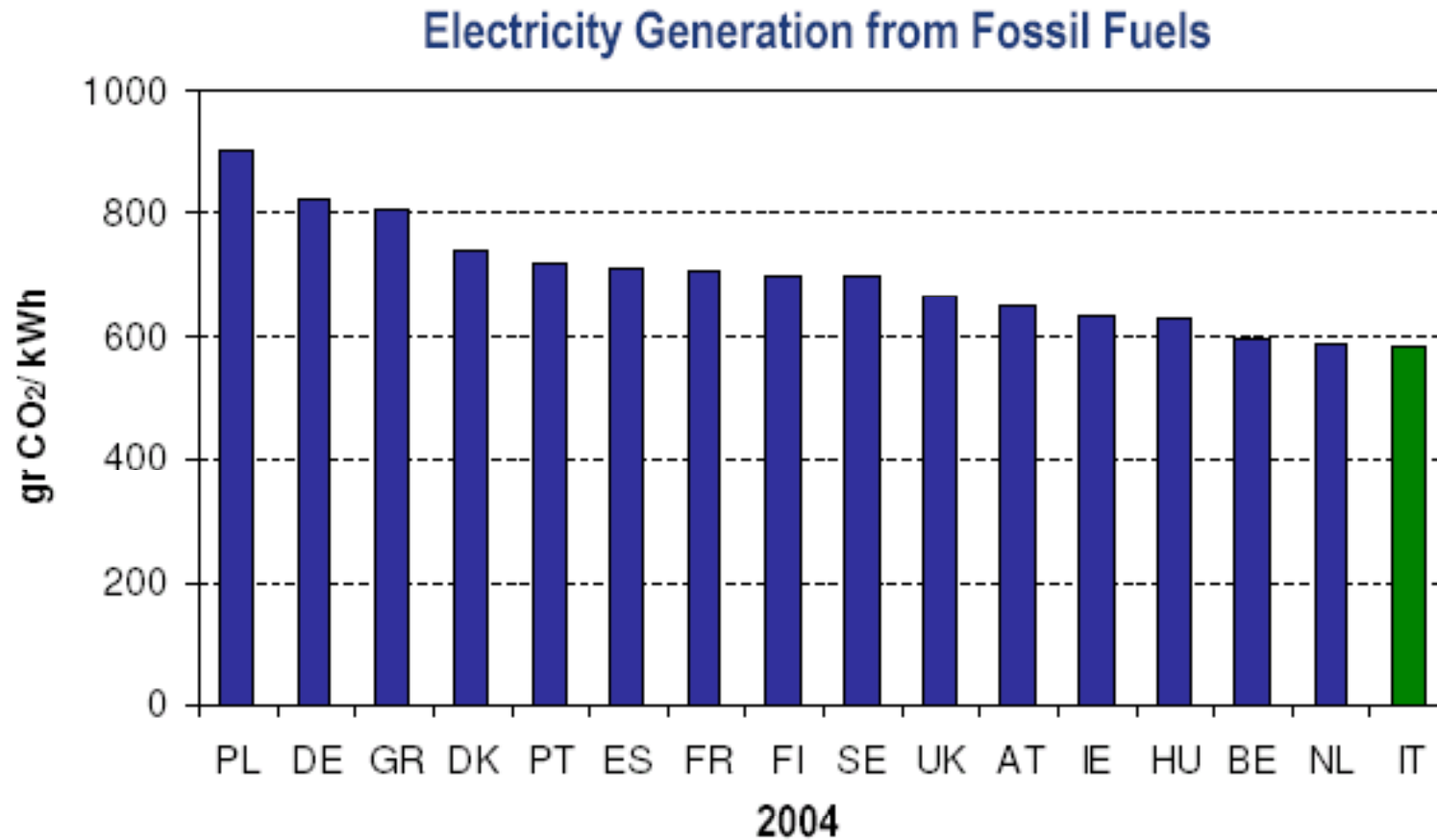
Primary energy in electricity generation (2003)



In Italy, a ban on nuclear energy has led to a higher reliance on fossil fuels. Gas accounts for over 40% of total electricity generation. It is difficult to envisage a further reduction in the carbon intensity of electricity generation, as this would worsen supply security



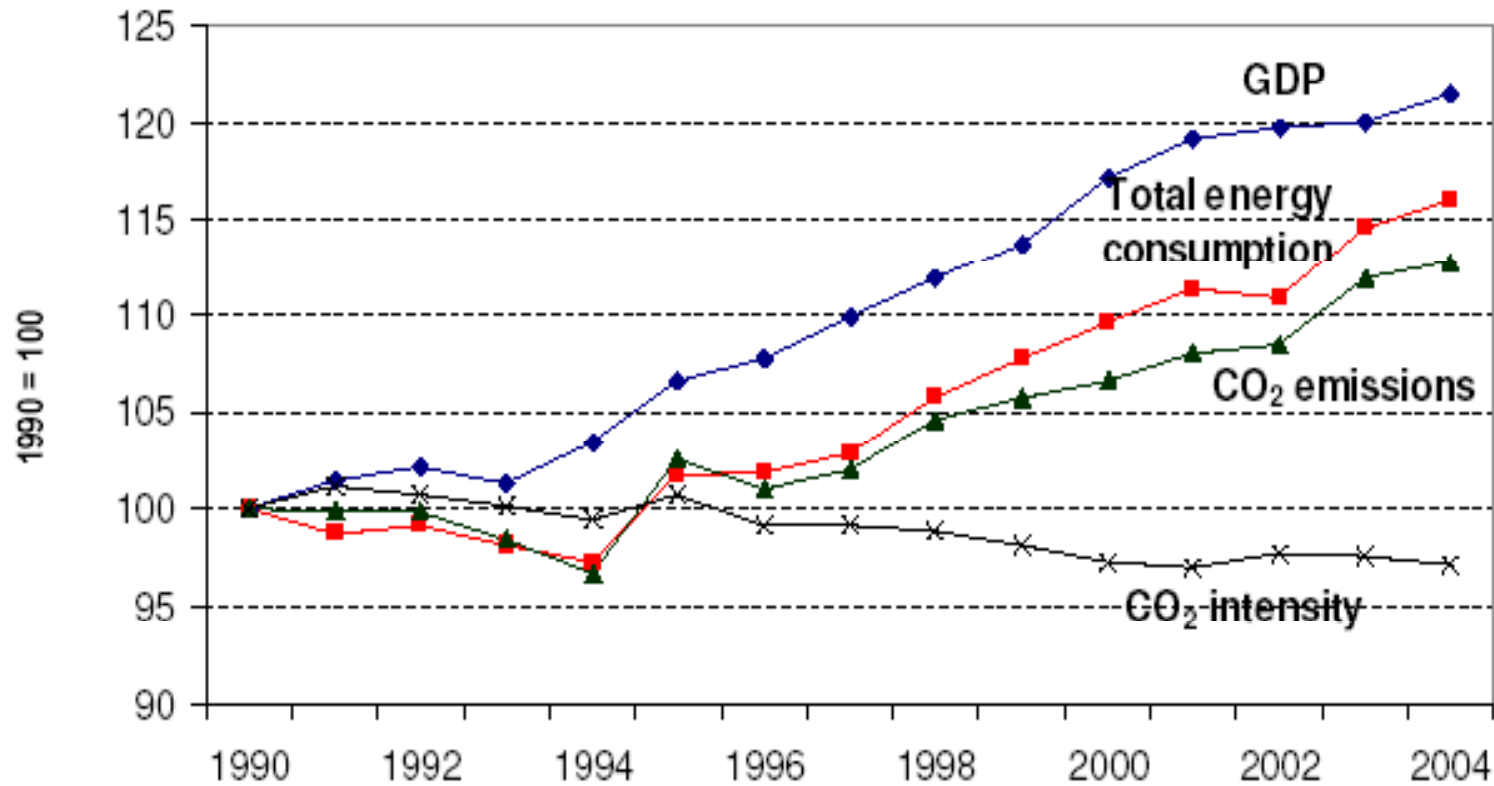
Carbon intensity: power sector



Italy has one of the lowest carbon content of electricity generation from fossil fuels in Europe



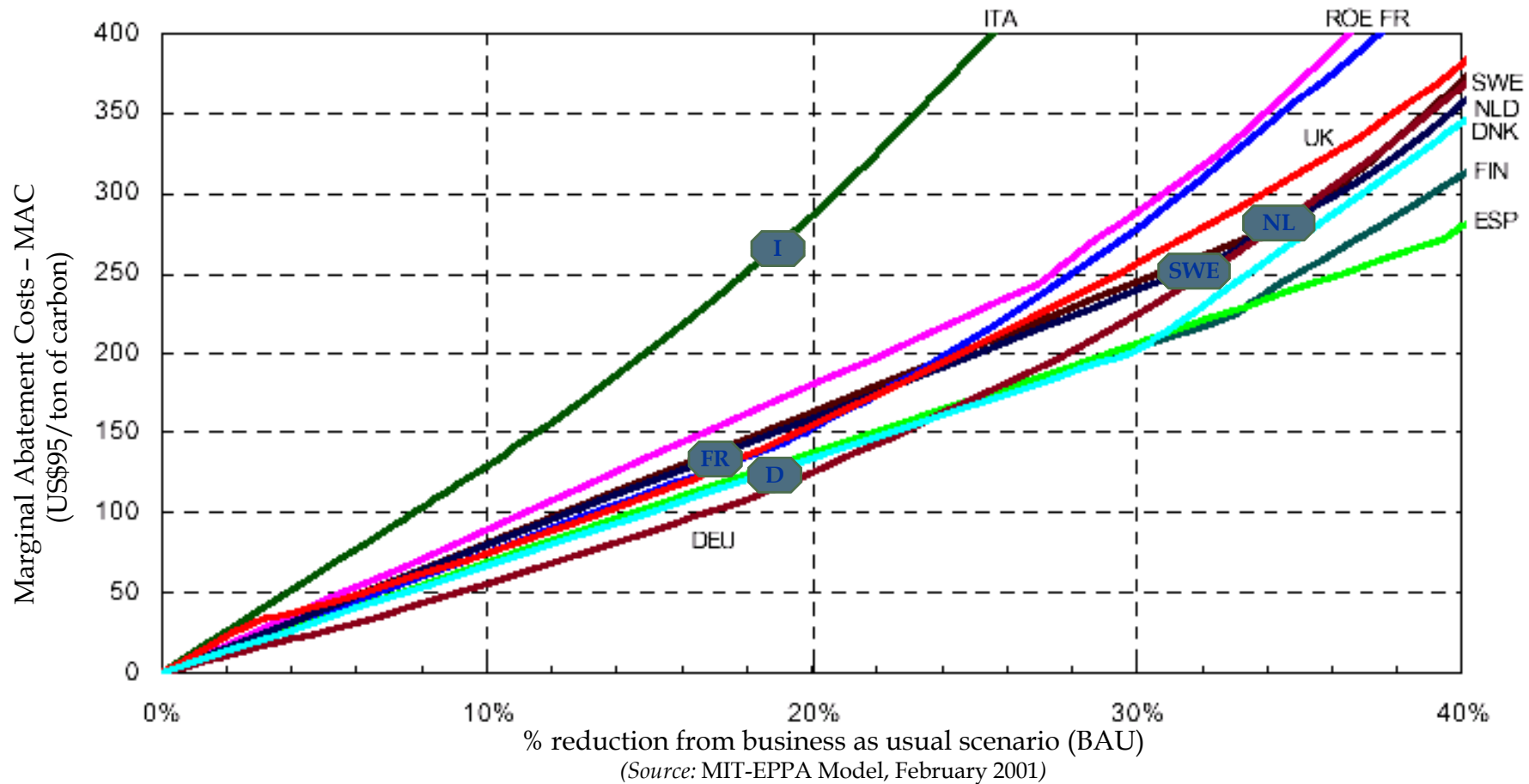
Carbon intensity: whole economy



High energy prices have generated low energy intensity



High abatement costs



Expected position of selected countries on the MAC curve based on national reduction targets and business as usual forecast scenarios (Source: elaborations of the Italian Ministry for the Environment Land and Sea)

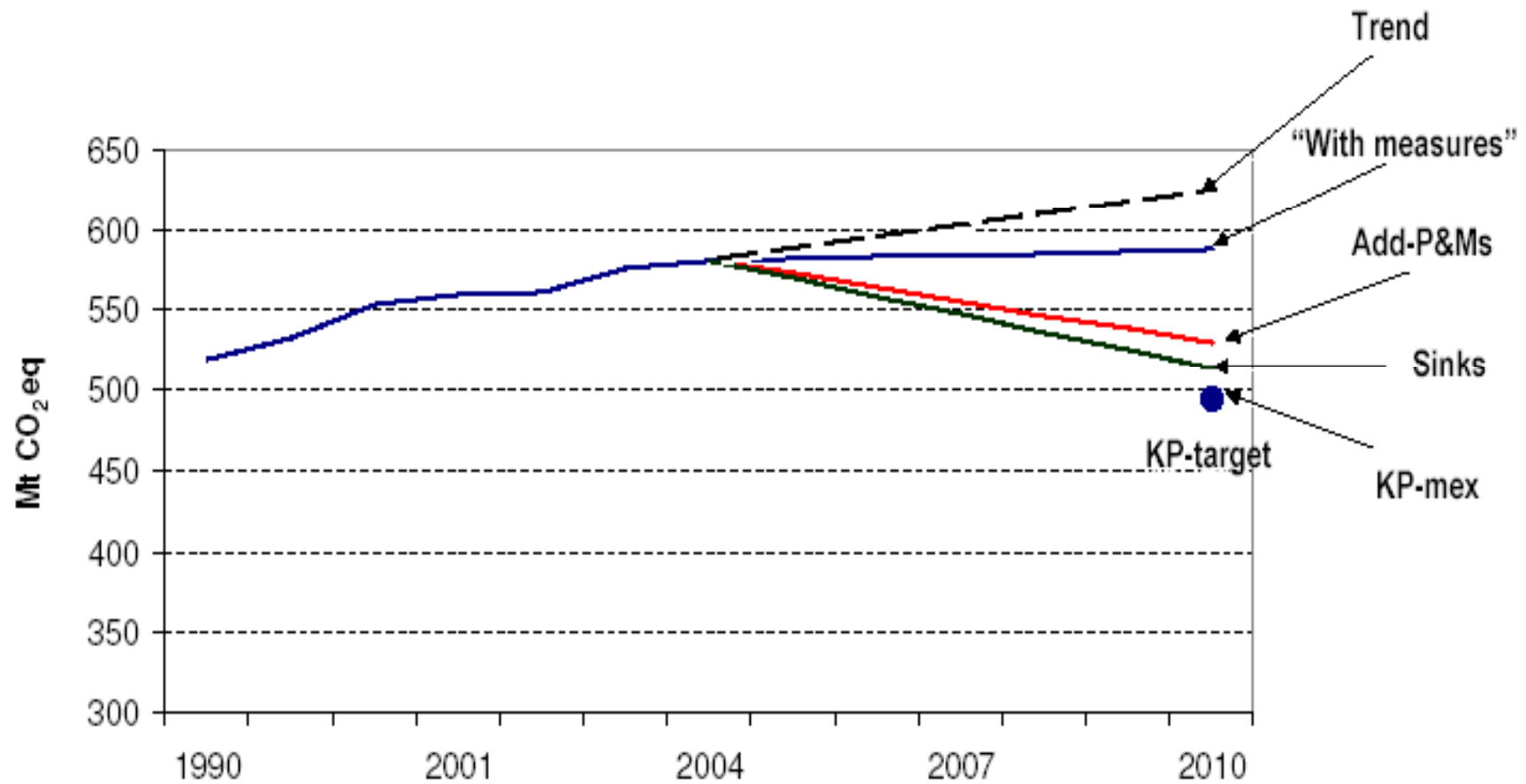


Summary

- Low energy and carbon intensity of the economic system
- Peculiar energy mix (no nuclear energy, importance of gas and renewable energy source)
- Ambitious reduction targets (-6,5% nominal, -20% real term)
- Additional efficiency improvements - with positive effects on GHG emissions - expensive



The path to Kyoto



Challenges

- Discontinuity in Government approach on means of implementing the Kyoto Protocol (i.e. domestic P&Ms vs. flex. mex.)
- Time horizon for implementing domestic measures may not be sufficient
- Because of national circumstances, successful implementation of domestic measures difficult and costly
- Italy has got 10% buyer market share: actions from a very few large firms
- SMEs find difficult to gain access to the carbon market (risk adversity and difficulties in managing complexity)
- Government started early actions, private sector not always followed
- Kyoto Protocol has been perceived as a constraint, not as an opportunity



Thank you
