

The Italian Recovery Fund for Utilities

DRAFT FOR DISCUSSION PURPOSES



The investment plan for Italian Utilities

Italy suffers from a chronic water, urban waste and energy infrastructure gap and needs substantial investments to provide adequate services to customers and the environment. Decarbonising and adopting a full circular model of the economy in a few years requires a step change to the pace at which investments are undertaken in these areas. The Utility sector plays a central role in delivering a green and digital transition of the economy, therefore the inclusion of Utility investments in the Italian National Recovery and Resilience Plan is key to boost pace of the transition.

In this context, it is essential to identify strategic projects, from an economic, social and environmental point of view, aimed at a sustainable growth strategy both at National and European level. Utilitalia has therefore has collated strategic projects from its member, potentially eligible of being included in the next Italian National Recovery and Resilience Plan, analysed them and allocated them to different investment categories that, in turn, were allocated according to their contribution to green and digital transition. Utilitalia has carried out a geographical impact analysis (how different investments are distributed across the country) and, with help from Simez-a research centre, an economic impact analysis (in terms of GDP contribution and new jobs created)

The total investment proposed by Utilitalia member companies is around 17.4 billion euros. This is divided between two main categories: “green transition” (about 16.4 billion euros) and “digitalization” (1 billion euros). Investments display different values, with many having a value less than 50 million euros, but overall these would contribute to an investment program with a **potential impact on national GDP equal to +1.02% and on employment of approximately 235.000 incremental units.**

Geographical distribution of the proposed projects, in terms of number of projects and their costs, displays a higher concentration in the north and in the center of the country (about 90% in terms of number of projects and 80% of the total value). This distribution reflects Utilitalia membership structure (less members in the South) but is indicative also of the industrial fabric of South Italy: a reduced presence of companies capable of planning and implementing necessary investments to fill the infrastructural gap with the North and thus helping to solve Italian service divide between the two-geographical pole of our Country.

Although investments in Southern Italy are lower in their absolute value with respect to the North of the country, their impact on GDP can be comparable to that in the North of Italy. Therefore, in order to implement the investment plan within the Recovery Fund, it is necessary to sustain investments with a process of strategic sector reforms.

Agenda

- The Italian Recovery Fund for Utilities: a proposal
- Economic impact
- Projects

The Italian Recovery Fund for Utilities: a proposal

The Italian Recovery Fund for Utilities: a proposal

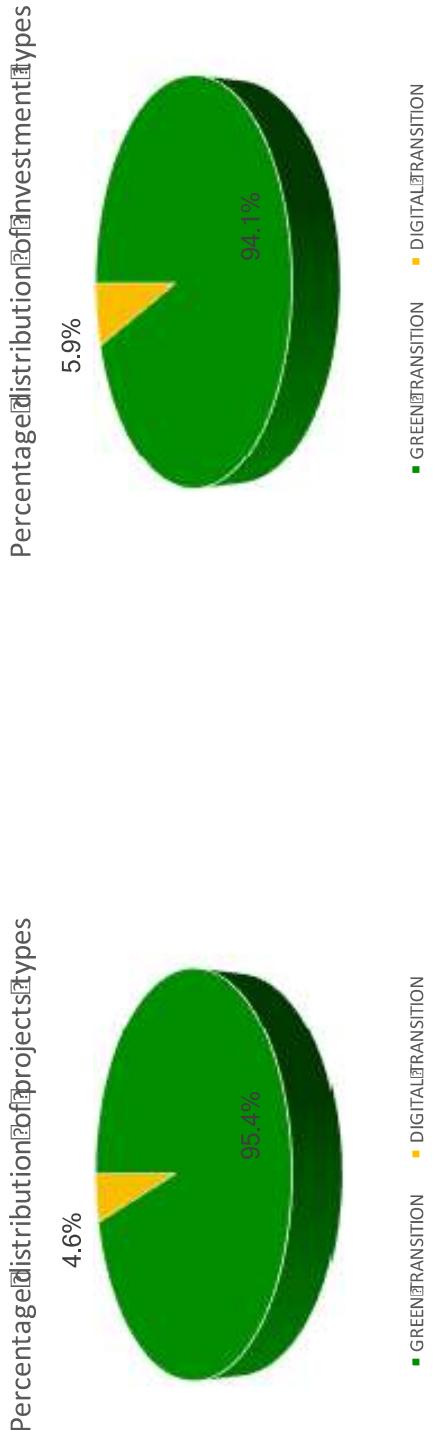
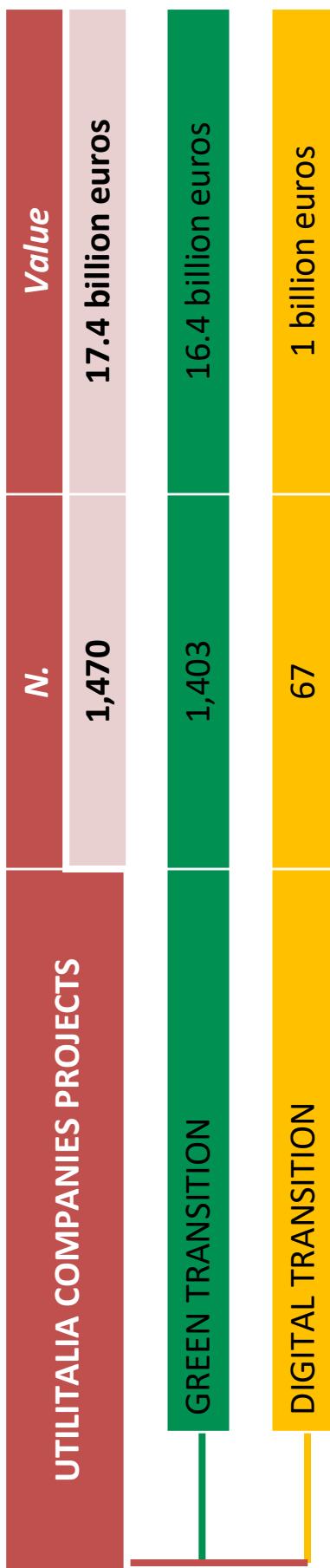
Projects belonging to the two main categories “green transition” and “digital transition” have been divided into 14 impact areas

GREEN TRANSITION		DIGITAL TRANSITION	
Circular Economy	<ul style="list-style-type: none"> - Waste: separate collection and new plants - Bioeconomy 	Digital	<ul style="list-style-type: none"> - Smart metering (mainly in the water system) - Digital transformation - Innovative digital solutions (eg. AI, IoT, Big Data)
NECP implementation	<ul style="list-style-type: none"> - Biomethane - Smart grid - Electric vehicle fast recharge infrastructure 	Research & Development	<ul style="list-style-type: none"> - Research projects in new technological solutions apply to the Utility sector; - Research projects aimed at the protection of resources
Sustainable Cities	<ul style="list-style-type: none"> - District Heating - Energy Communities 		
Decarbonising	<ul style="list-style-type: none"> - Energy transition - Carbon capture 		
Energy efficiency	<ul style="list-style-type: none"> - Energy efficiency building - Replacement of lighting systems 		
Electrical system resilience	<ul style="list-style-type: none"> - New network interventions - Engine power renewal 		
Smart Mobility	<ul style="list-style-type: none"> - Fleet management shift - Refueling infrastructure 		
Hydrogen Strategy	<ul style="list-style-type: none"> - New electrolyzers 		
Efficient water purification	<ul style="list-style-type: none"> - New plants - Sludge treatment 		 Sector: Environment
Smart network	<ul style="list-style-type: none"> - Reduction of water losses in distribution networks 		 Sector: Energy
Optimizing water supplies	<ul style="list-style-type: none"> - Security and resilience 		 Sector: Water
Hydrogeological risk	<ul style="list-style-type: none"> - Risk mitigation 		

Source: Utilitalia elaboration

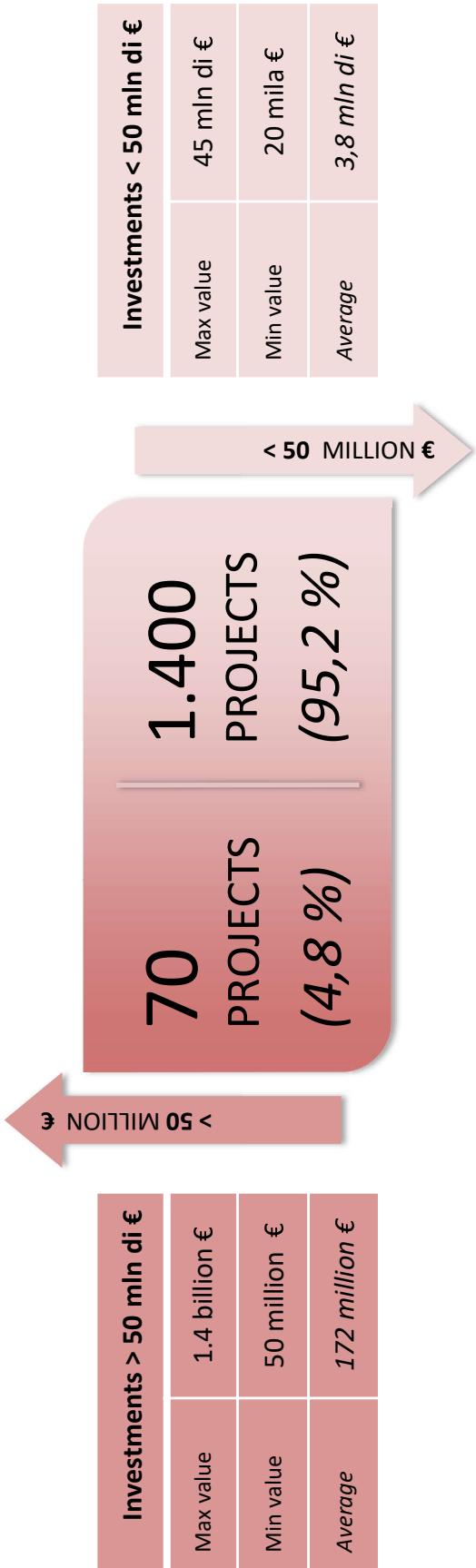
The Italian Recovery Fund for Utilities: a proposal – General data (1/2)

The total investment proposed by Utilitalia member companies is around **17.4 billion euros**

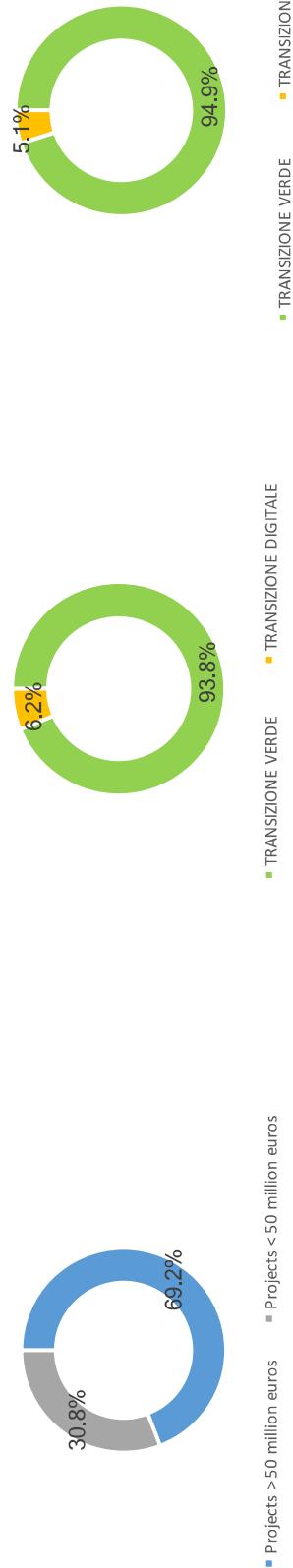


The Italian Recovery Fund for Utilities: a proposal – General data (2/2)

Number and value distribution of projects above or below the limit of 50 million euro.



Percentage distribution of investments types < 50 million euros
Percentage distribution of investment by threshold



The Italian Recovery Fund for Utilities: a proposal – Impact areas

Number and value distribution of projects by impact areas

GREEN TRANSITION IMPACT AREAS		N. of projects	Value (mln euros)
OPTIMIZING WATER SUPPLIES		495	6,928
CIRCULAR ECONOMY		101	2,286
EFFICIENT WATER PURIFICATION		458	1,781
DECARBONISING		35	1,677
SMART MOBILITY		20	1,274
ENERGY EFFICIENCY		70	926
SMART NETWORK		165	629
NECP IMPLEMENTATION		15	369
ELECTRICAL SYSTEM RESILIENCE		25	266
SUSTAINABLE CITIES		13	219
HYDROGEN STRATEGY		3	40
HYDROGEOLOGICAL RISK		3	9

1,403
Projects

16.4 billion €

DIGITAL TRANSITION IMPACT AREAS		N. of projects	Value (mln euros)
DIGITAL		58	1,010
RESEARCH & DEVELOPMENT		9	15

67
Projects

1 billion €



Source: Utilitalia data elaboration

The Italian Recovery Fund for Utilities: a proposal – Geographical distribution

GENERAL DATA	N. projects	Value (mln €)
NORTH	871	7,112
CENTER	418	6,272
SOUTH	132	4,043

GREEN TRANSITION	N. projects	Value (mln €)
NORTH	871	6,502
CENTER	408	6,006
SOUTH	124	3,894

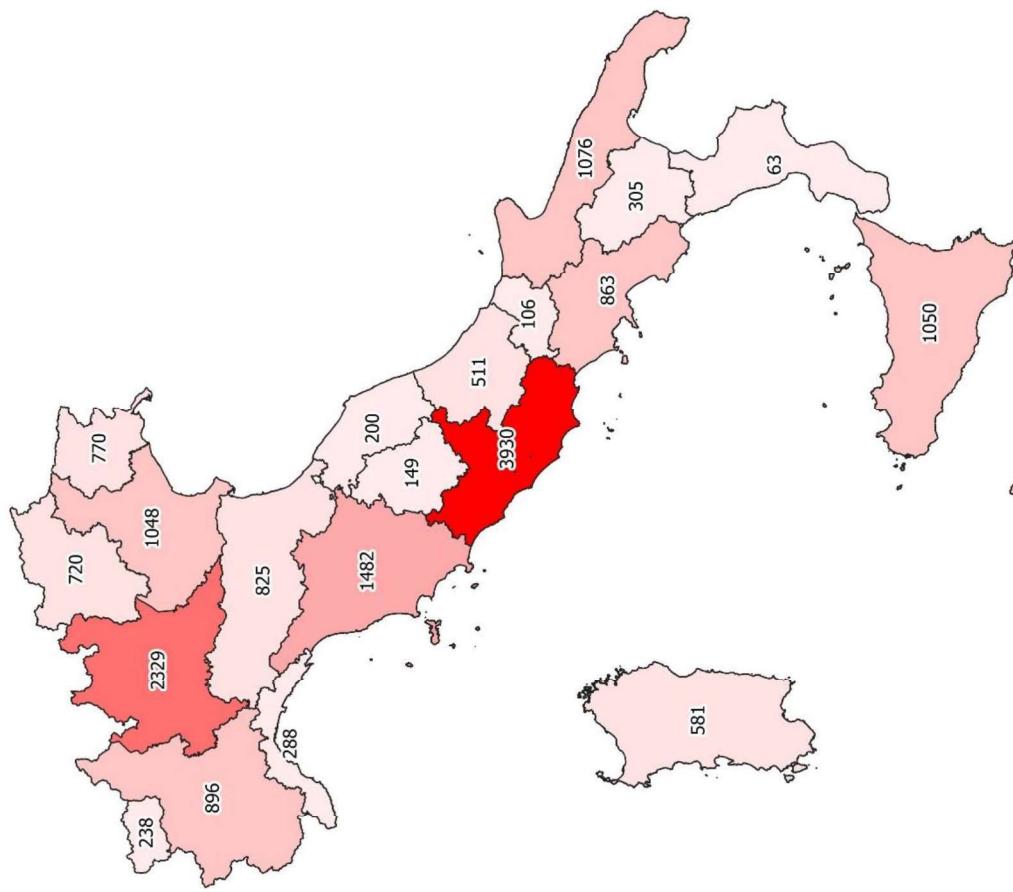
DIGITAL TRANSITION	N. projects	Value (mln €)
NORTH	49	609
CENTER	10	266
SOUTH	8	149

Source: Utilitalia data elaboration

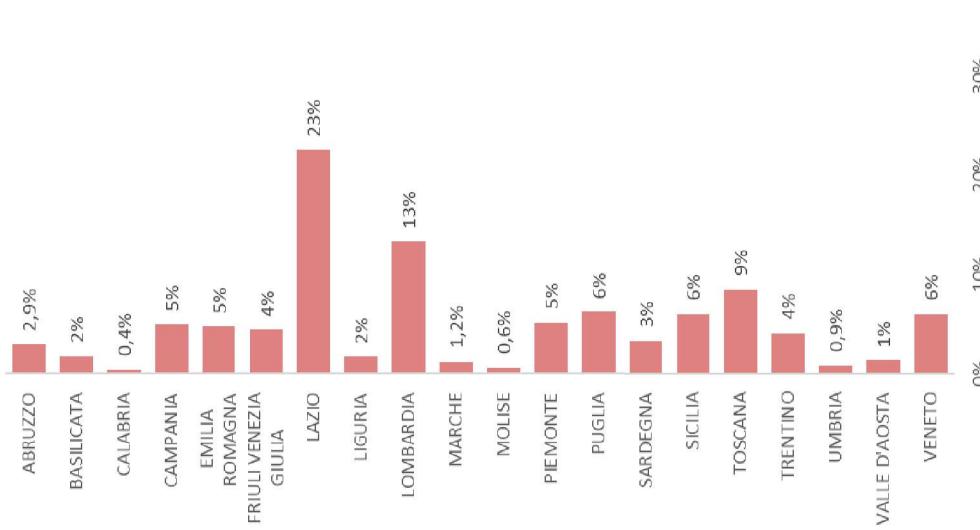
The Italian Recovery Fund for Utilities: a proposal – *Regional data*

GENERAL DATA

Regional investment values (in mln €)



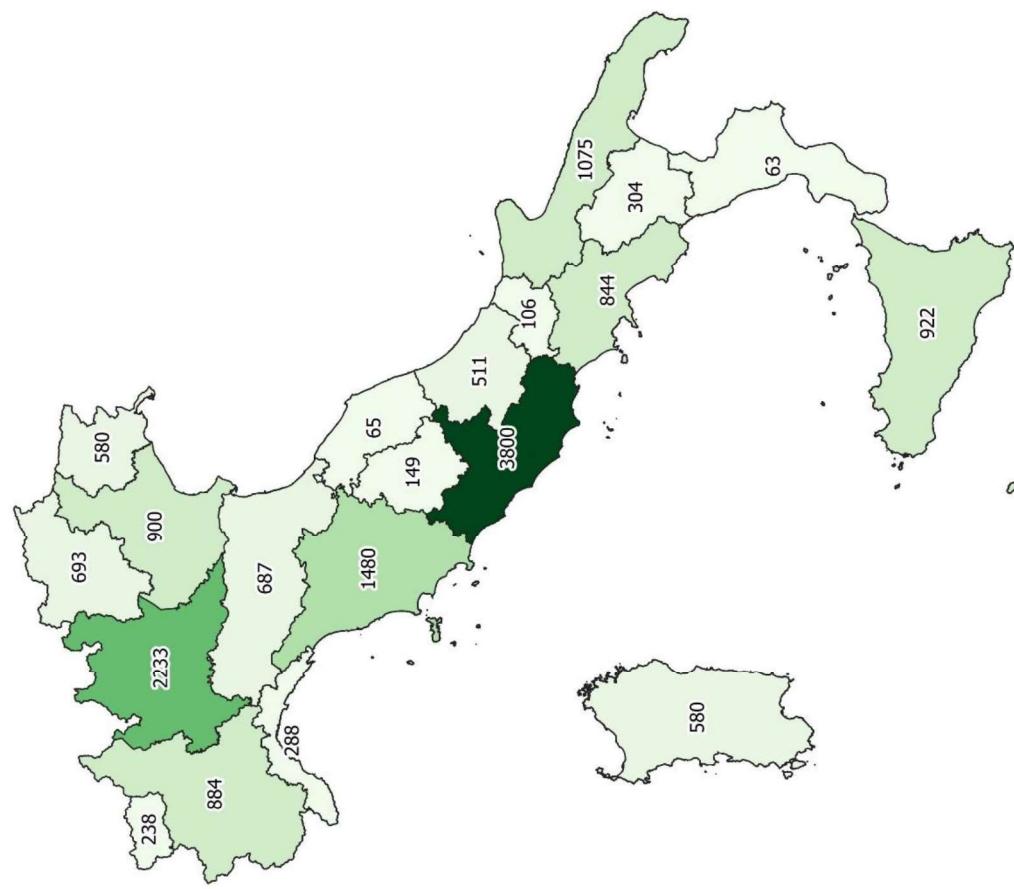
Regional distribution of investments (%)



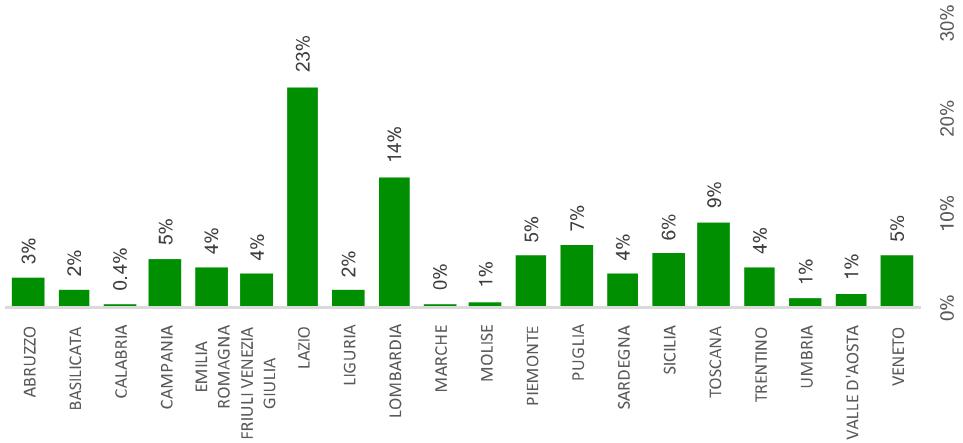
The Italian Recovery Fund for Utilities: a proposal – *Regional data*

GREEN TRANSITION

Regional investment values (in mln €)



Regional distribution of investments (%)

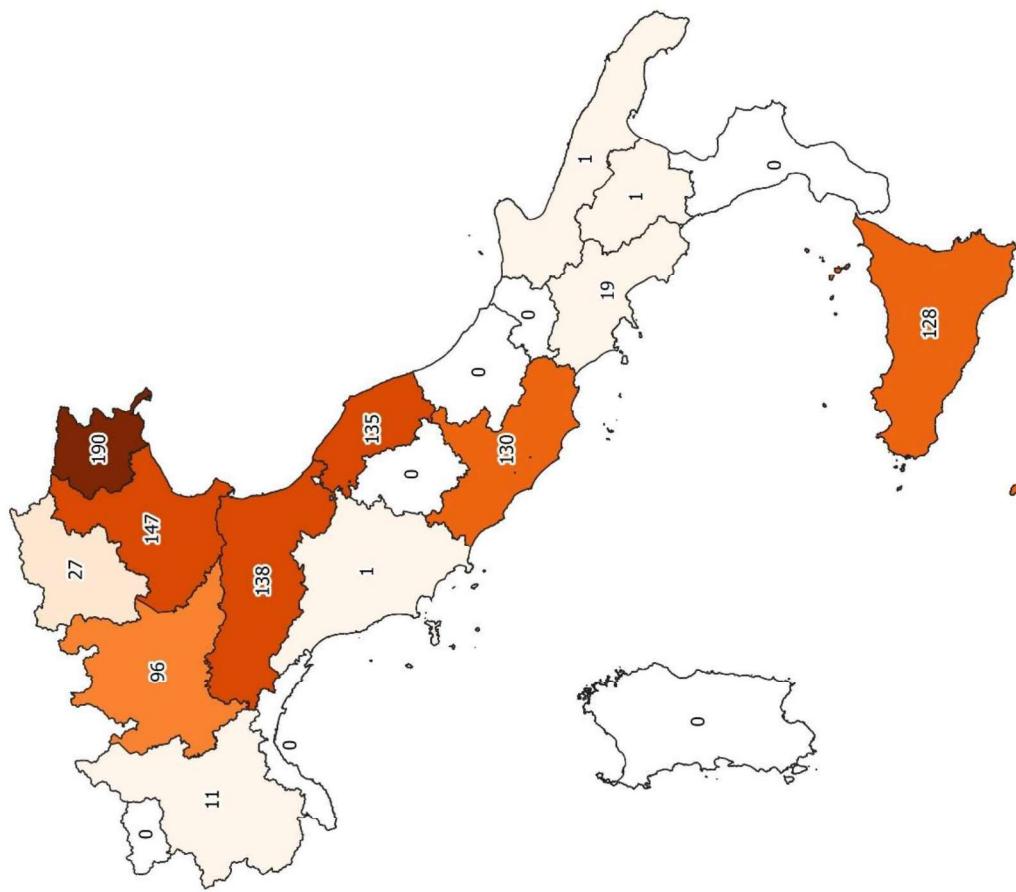


UTILITÀ ITALIA

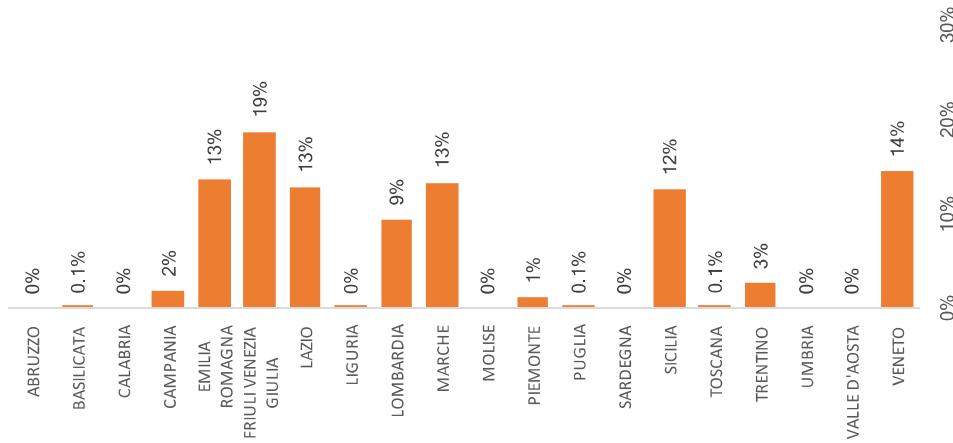
The Italian Recovery Fund for Utilities: a proposal – *Regional data*

DIGITAL TRANSITION

Regional investment values (in mln €)



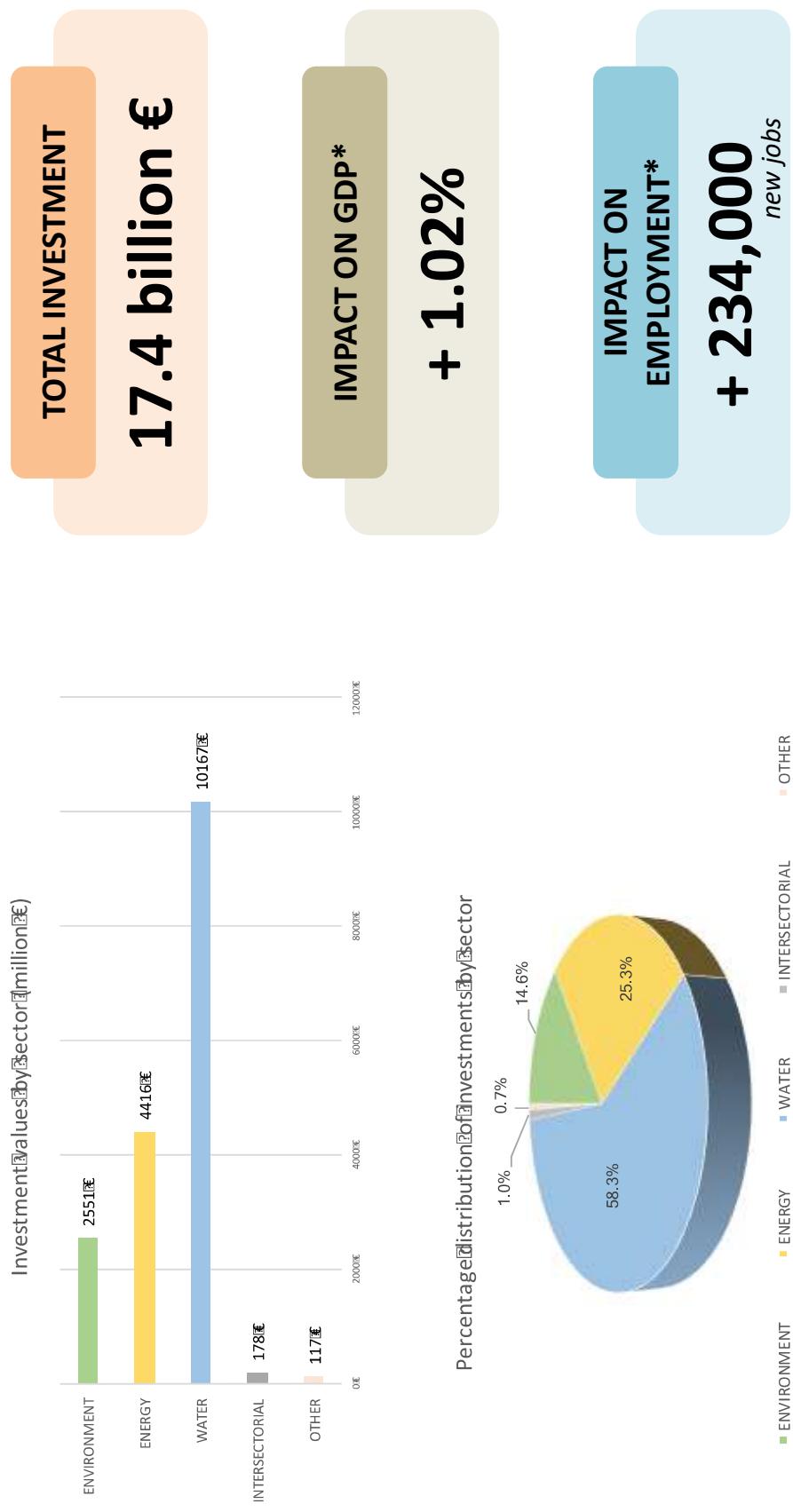
Regional distribution of investments (%)



Economic impact

Economic impact

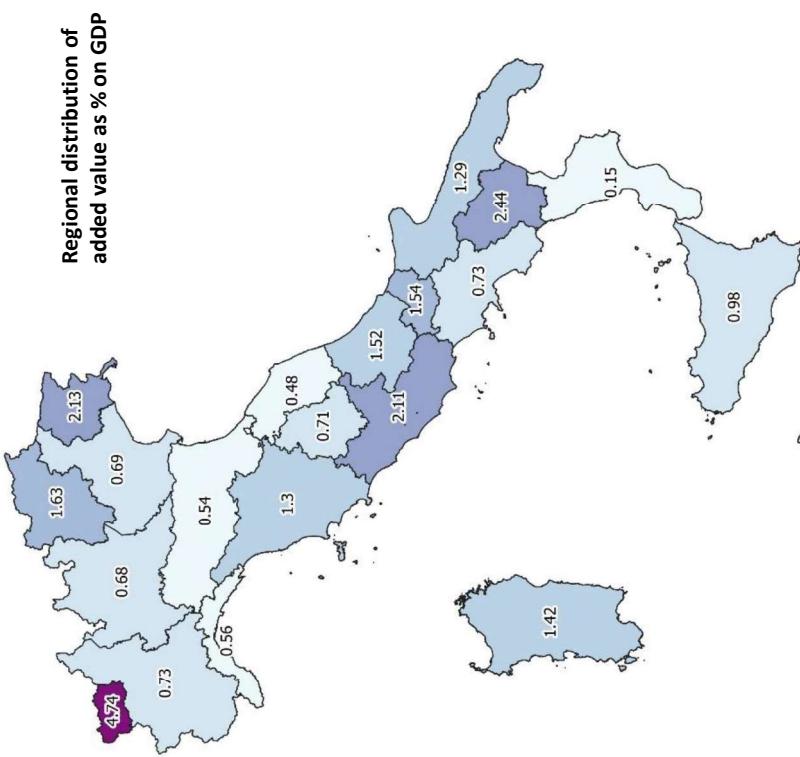
Investments would contribute to an investment program with a significant potential impact on national GDP and on employment.



Estimate of the economic impact by region

The table shows the activated **added value** for each individual region, both in absolute terms and in relation to GDP (as of 2019). Both the absolute activation values and those as a percentage of GDP are affected, in the first place, by the amount of the investment plans hypothesized in each territory; they are obviously higher where the expected expenditure is greater. In terms of incidence on GDP, it ranges from a minimum of 0.15% (Calabria) to >4% (Valle d'Aosta).

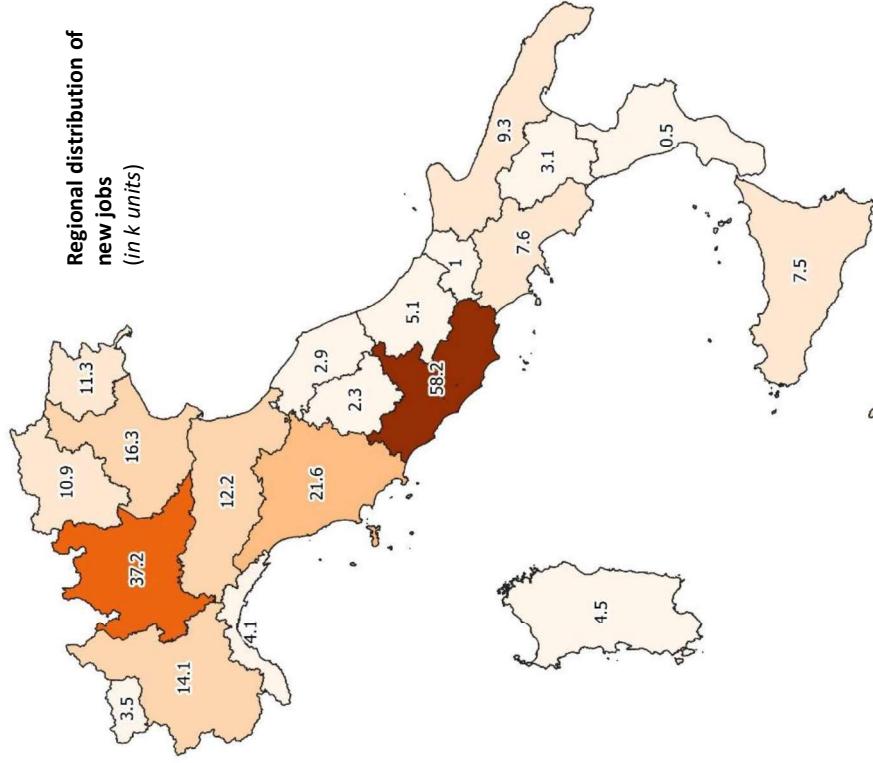
Regions and geographic areas	Added value	% on GDP
Abruzzo	505,2	1,52
Basilicata	304,0	2,44
Calabria	52,8	0,15
Campania	799,3	0,73
Emilia-Romagna	894,6	0,54
Friuli-Venezia Giulia	819,5	2,13
Lazio	4.290,1	2,11
Liguria	286,6	0,56
Lombardia	2.692,1	0,68
Marche	211,3	0,48
Molise	99,8	1,54
Piemonte	1.020,9	0,73
Puglia	986,3	1,29
Sardegna	503,8	1,42
Sicilia	879,5	0,98
Toscana	1.559,3	1,30
Trentino A.A.	750,4	1,63
Umbria	162,0	0,71
Valle D'Aosta	238,9	4,74
Veneto	1.164,3	0,69
Mezzogiorno	4.099,1	1,03
Centro-Nord	14.162,2	1,02
Italia	18.261,3	1,02



Estimate of the economic impact by region

The impact in terms of additional employment created appears to be significant: on a national scale there are approximately **234,000 new jobs**. Regarding the composition by qualifications of the additional jobs created with this Investment Plan it should see a greater incidence of jobs with a low profile, which should be commensurate with a differential that varies between 5% and 10%.

Regions and geographic areas	New jobs (in k units)	% on total jobs
Abruzzo	5,1	0,98
Basilicata	3,1	1,53
Calabria	0,5	0,07
Campania	7,6	0,42
Emilia-Romagna	12,2	0,59
Friuli-Venezia Giulia	11,3	2,20
Lazio	58,2	2,24
Liguria	4,1	0,62
Lombardia	37,2	0,82
Marche	2,9	0,44
Molise	1,0	0,87
Piemonte	14,1	0,79
Puglia	9,3	0,67
Sardegna	4,5	0,71
Sicilia	7,5	0,49
Toscana	21,6	1,32
Trentino A.A.	10,9	2,06
Umbria	2,3	0,65
Valle D'Aosta	3,5	5,93
Veneto	16,3	0,75
Mezzogiorno	38,1	0,55
Centro-Nord	196,1	1,12
Italia	234,1	0,96



The Italian Recovery Fund for Utilities

Following this analysis, further projects came by some Utilitalia Members which increased the overall value of the investments and of some impact areas. For this reason, the value of the investments presented so far may differ from that contained in the new databases, which have been updated with further projects and which will be used to interact with the Italian Government and the European Commission.

DRAFT FOR DISCUSSION PURPOSES

