



Competitiveness Decree



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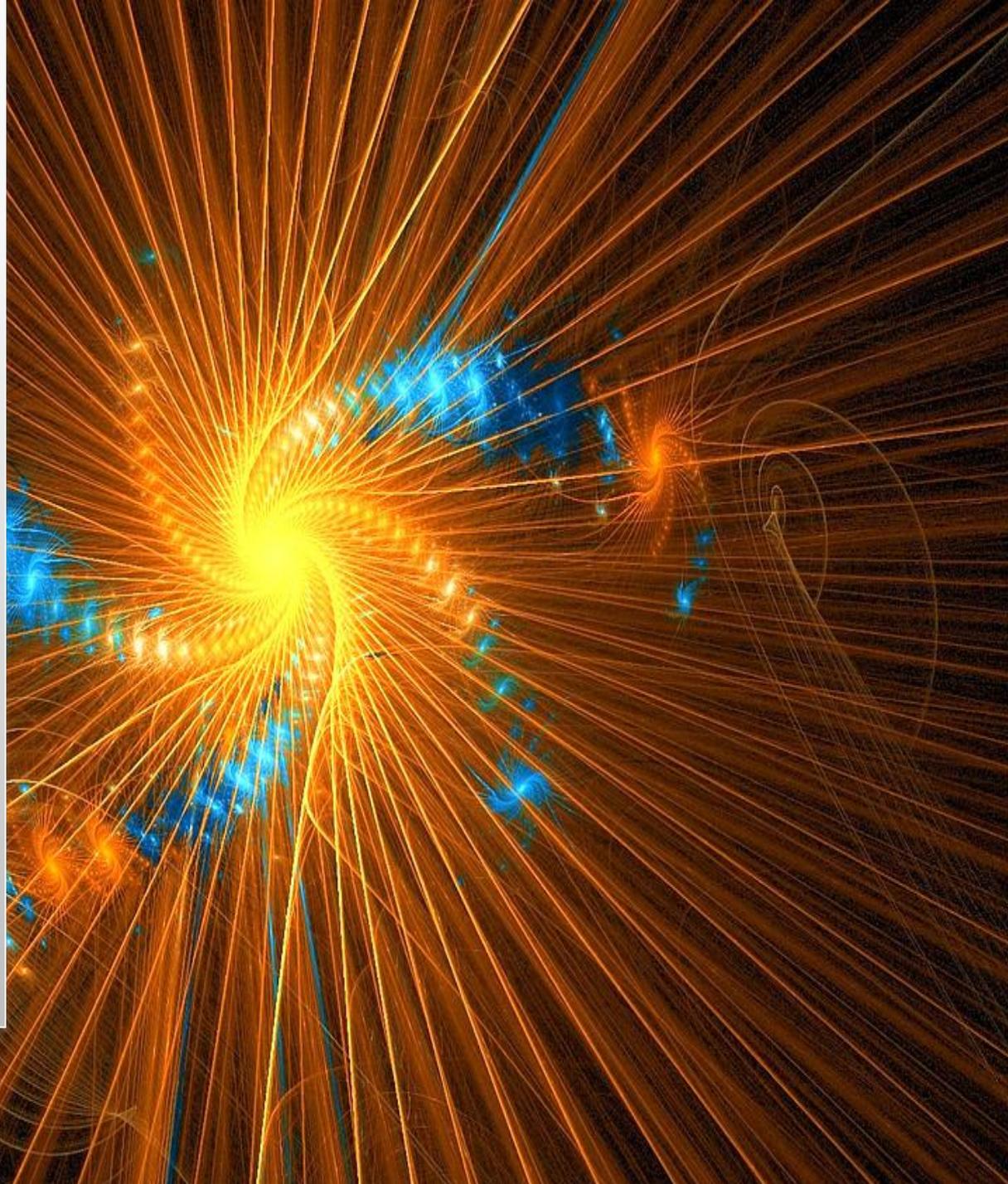
Minister of Economic Development

Pier Carlo Padoan

Minister of Economy and Finance

June 18, 2014

SLIM POWER BILL



MORE ENERGY FOR COMPETITIVENESS

-10%

The cost of electricity for Italy's SMEs is about one third higher than the EU average

The cost of electricity is an important driver of competitiveness

The Government aims at **cutting SMEs' power bills by 10% from 2015**



These cuts will sum up to the **significant reductions occurred in electricity and gas prices at the wholesale level**, due to the increased competition and the development of renewable sources (about **3 bn €** between 2013 and 2012)

ELECTRICAL FAIRNESS



- The government will deliver savings on electricity bills of at least **1,500 M € / yr** by 2015
- These measures will improve the competitiveness of the Italian **businesses** and reduce **consumers' cost for electricity**
- The rationale for the package is: take from those who had too much in the past to give back to those who have paid the most so far

The government aims at:

- Removing economic rents, by cutting fossil subsidies and reformulating incentives to renewable energies
- Removing cross subsidies among consumers groups where unjustified
- Promoting competition
- Strengthening checks on those who benefited from subsidies

THE BENEFICIARIES



- The measures illustrated hereby aim at reducing levies for:
 - **Medium Voltage** customers (ab. 110.000)
 - **Low Voltage** customers with available power of more than **16.5 kW** (ab. 600.000)
- Most recipients are SMEs, but households will also experience price cuts
- The reduction illustrated hereby **cannot be added** to the existing facilitations for specific groups of consumers



THE SAVINGS

- The measures address:
 - Reduction of incentives and transfers to energy producers
 - Reduction of facilitations and discounts for specific user groups
 - Reduction of systemic costs (network and competition)
 - Some measures will result into lower natural gas bills
- The package includes a decree law and other acts



THE DECREE-LAW

The decree-law includes the following measures:

- More cost-effectiveness in electricity provision to Italy's smaller islands
- Reformulation of discounted fares for the rail network operator
- Discounted fares for former employees of some electricity distribution companies will no longer be socialized
- Administrative simplifications for small producers of renewable energy (**photovoltaics, energy efficiency, biomethane**)
- Reformulation of the incentive schemes for large photovoltaic plants
- Introduction of reduced levies for closed configurations
- GSE costs Internalization (the state-owned company that manages RES incentives)

THE MAIN MEASURES / DISCOUNTED FARES FOR RAIL NETWORK OPERATOR

- The railway network operator has benefitted since 1963 from an anachronistic discount on electricity fares
- The discounted fare will only apply to the share of consumption which is attributable to trains operated under Public Service Obligations
- The discounted will not apply to the liberalized services, such as high-speed trains and cargo



THE MAIN MEASURES / PHOTOVOLTAICS SIMPLIFICATIONS FOR SMALL GENERATORS, MORE SUSTAINABLE INCENTIVES FOR LARGER SUBJECTS

Small generators

Simplifications for small generators, including (but not limited to) a single model for communications between the generator and public offices, a reduction of the number of required procedures, and liberalizations for installing photovoltaic panels on the roof of non-historical buildings

Generators > 200 kW

Those operating photovoltaic plants > 200 kW – about **8,600** subjects out of 200,000, who account for 60% of total incentives, or 4.1 bn € / yr – will have to choose between two options: a) spreading the incentive period over 24 years instead of 20; b) maintaining a 20 years period with a correspondingly lower incentive. Those opting for a) will be have access to loans guaranteed by the Cassa Depositi e Prestiti.

THE OTHER MEASURES



Other measures

- Reduction of the “interruptibility services”
- Voluntary reformulation of non-FV incentives
- Update of market rules (including negative prices)
- Stronger enforcement of antitrust regulations
- Stronger checks on those who benefit from incentives
- Reduction of network bottlenecks and reduction of “essentiality”
- Containment of network costs in the new regulatory period (2016 on)
- Implementation of strategic infrastructures

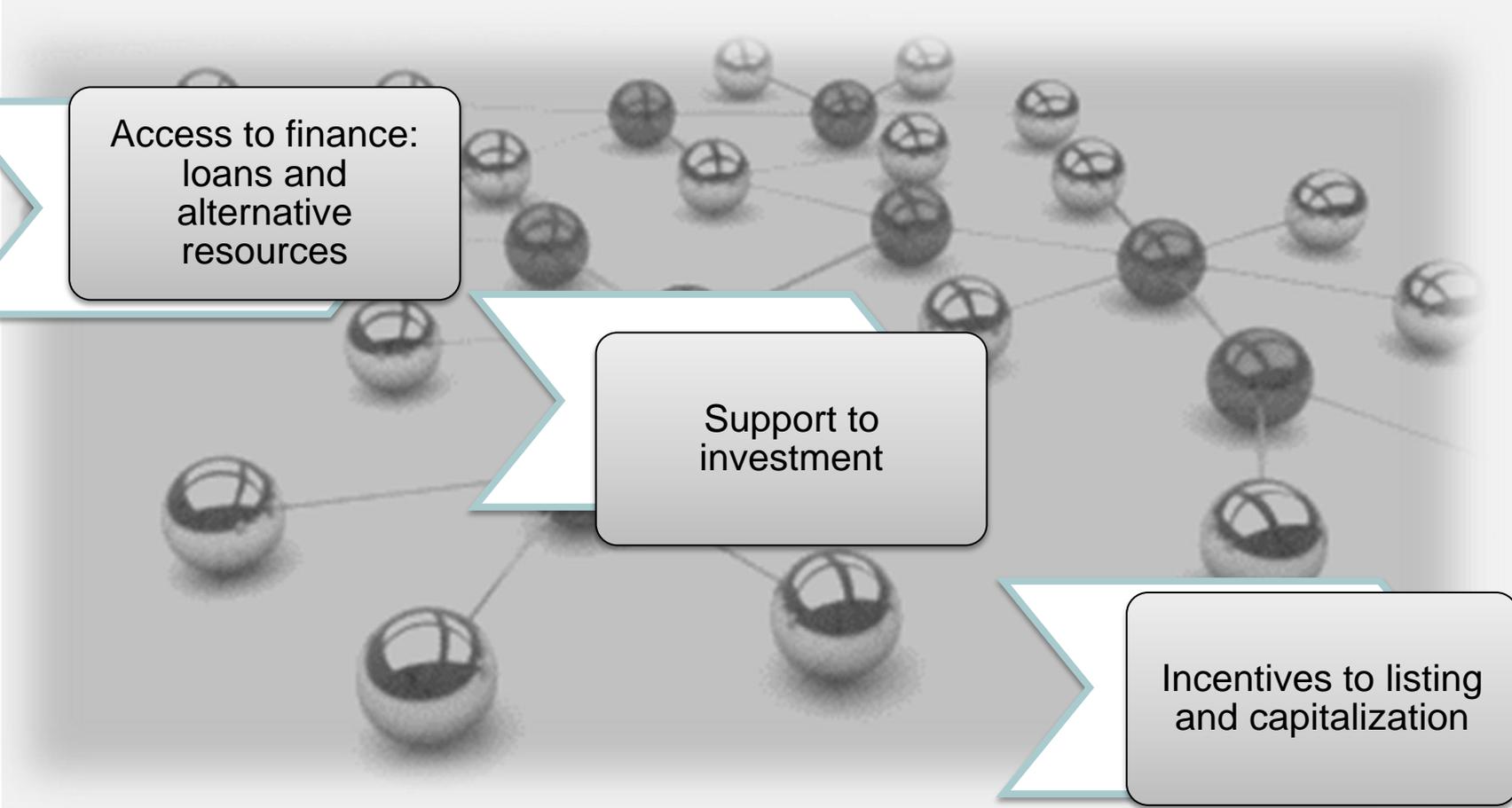
Natural gas-related measures

- Subsidies to oil-fuelled plants will cease
- Containment of network costs in the new regulatory period (2019 on)

**FINANCE FOR
GROWTH**



FINANCE FOR GROWTH: THREE PILLARS



Access to finance:
loans and
alternative
resources

Support to
investment

Incentives to listing
and capitalization

AN EASIER ACCESS TO CREDIT FOR COMPANIES

Credit liberalization

Insurance companies and securitisation companies (SPV) can now **directly lend** to firms

New Regulation liberalizes **direct loans from credit funds**

New Regulation 36 IVASS under consultation. This will increase investment opportunities in real economy by insurance companies

More credit from foreign investors

Withholding tax on **medium-long term financing** eliminated for foreign-based investors (banks, credit funds and insurance companies) financing firms

A BETTER ACCESS TO CAPITAL MARKETS

Removing fiscal constraints



Deleting **withholding tax** on interests and other revenues from unlisted bonds in private placements



Extending Substitute tax to sales of **guaranteed loans**. Investors can buy such loans without paying heavy taxes for collateral securities, in particular for mortgage loans



Withholding tax does not apply to interest and other revenues from **bonds** and similar securities underwritten by securitisation companies (SPV)



Extension of guarantee fund (“Fondo Centrale di Garanzia”) intervention to minibond

SUPPORT TO INVESTMENT

Tax relief

For who

All companies

Financing what

Investment of at least 10.000€ in machinery and capital goods

How

Tax credit amounting to 15% of additional investments, with respect to the previous 5 years' average, made in the next 12 months. Tax credit will be working from 2016 on.

REINFORCE COMPANIES CAPITALIZATION AND INCENTIVIZE FUNDING ON STOCK MARKETS

A stronger ACE (*Allowance for Corporate Equity*)

This measure guarantees a tax credit for capital increases, by deducting from corporate tax base (subject to IRES) a notional return on capital increases



Wider range of recipients, introducing a tax credit on regional corporate taxes (IRAP) for loss-making companies

For listing companies, increasing tax credit by 40% during 3 years, to enhance funding on capital markets (**Super ACE**)

STOCK MARKET LISTING: EASIER AND CHEAPER

Multiple-voting shares

Multiple-voting shares can be issued, to encourage family-owned SMEs to go public

IAS Accounting standard

The adoption of international accounting standards is eased for non-listed companies

Simplifications for limited companies (SpA)

Reduced minimal capital requirements for SpA (from 120 to 50k €).
Minimum time to use option rights for capital increase is reduced to 15 days for unlisted companies

Compulsory takeovers

Listed SMEs articles of association can provide thresholds for compulsory takeovers comprised between 20% and 40% (actual threshold is 30%)

Level of share holding

For listed SMEs, the level of relevant share holdings to be communicated and for admissible cross shareholdings rises from 2% to 5%

BEYOND THE PACKAGE, ONGOING EFFORTS AT VARIOUS LEVELS

In Italy

Secondary legislation (IVASS regulation, regulation 703, executive decrees)

Initiatives by IIF (Funds of Funds for private debt and venture capital) and by CDP

In Europe

Among the priorities of the Italian Presidency of the EU

In line with ECB initiatives (especially on securitization)