

Expanding German-Italian Decision-makers' Coordination in the Energy Sector

by Alessio Sangiorgio



Auswärtiges Amt

Supported by
the German Federal Foreign Office

The 2024 European elections have significantly changed the political landscape, raising uncertainty about the future climate and energy ambitions of the EU and triggering shifts within national governments. German Chancellor Olaf Scholz's Social Democratic Party (SPD) faced a historic defeat, registering its worst performance ever.¹ The SPD's coalition partners, the Greens and the Free Democratic Party (FDP), also

experienced notable losses. Meanwhile, in Italy, the right-wing coalition led by Prime Minister Giorgia Meloni's Brothers of Italy (FdI) celebrated its electoral success but struggled to leverage it during subsequent European negotiations, exposing a degree of isolation on the international stage.

Given these developments, both Germany and Italy may have reasons to search for strengthened cooperation, not least in the energy sector. Indeed, while the two governments have different points of view on the energy transition, common needs for energy security and infrastructure development could create necessities for cooperation. For example, the two countries should cooperate in

¹ Sabine Kinkartz, "Can Germany's Coalition Recover after EU Vote?", in *Deutsche Welle*, 10 June 2024, <https://www.dw.com/en/a-69325438>; "Germany: No Snap Election, Says Chancellor Scholz's Spokesman", in *Le Monde*, 10 June 2024, https://www.lemonde.fr/en/international/article/2024/06/10/germany-no-snap-election-says-chancellor-scholz-s-spokesman_6674377_4.html.

Alessio Sangiorgio is Junior Researcher in the Energy, Climate and Resources Programme at the Istituto Affari Internazionali (IAI).

This commentary presents some of the key issues discussed during a workshop organised by IAI, which brought together policymakers and decisionmakers from both Germany and Italy. The event is part of a broader IAI project, "An Italian-German Dialogue on Energy Security and Transition amid Russia's War on Ukraine", supported by the German Federal Foreign Office.

developing new natural gas and hydrogen routes in the Mediterranean that would facilitate flows from North Africa to Germany, passing through Italy.

An effective tool to do so is offered by the 2023 German-Italian Action Plan,² which established several bilateral forums between the two countries, such as meetings between ministerial officials responsible for economic affairs, security and defence, and climate and energy issues. These ministerial forums aim to develop a coordinated approach to these issues and exchange experiences and good practices between the two countries. However, the format of these forums should be expanded to more decision-makers, including officials from different ministries and regulatory agencies. Additionally, involving regional authorities could help develop solutions drawn from a wider array of expertise and that are tailor-made to regional contexts.

Increasing bilateral coordination through inter-ministerial forums

The Action Plan may prove a starting point to expand bilateral cooperation. Indeed, in addition to pledging common commitments on a vast area

² Germany and Italy, *Piano di Azione italo-tedesco per la cooperazione strategica bilaterale e nell'Unione europea* [Action Plan to strengthen cooperation at both bilateral and European level], 22 November 2023, <https://www.governo.it/en/node/24362>; *Deutsch-italienischer Aktionsplan für strategische Zusammenarbeit auf bilateraler und EU-Ebene*, <https://www.bundesregierung.de/resource/blob/975228/2244468/dc5441c1b7497c5855a723c87ffbf3a8/2023-11-22-dtitaktionsplan-data.pdf>.

of policies, such as new technologies, industrial policy, and international security, it also establishes regular meetings between the two countries.³ Firstly, the Plan lays the foundation for an annual Ministerial Forum between the German Federal Ministry for Economic Affairs and Climate Action (BMWK) and the Italian Ministry of Enterprises and Made in Italy (MIMIT). It comprehends five thematic working groups, respectively on European legislation, industrial cooperation, digitalisation, economic security and 4.0 industry.⁴

However, while these sectors are closely related to energy issues, the Plan does not emphasise them. Indeed, bilateral consultations between the respective Energy Ministries established by the Plan are significantly less structured than the MIMIT-BMWK forum, with no thematic working groups put in place and no explicit indication as to how to explore synergies between economic and industrial aspects of the energy sector.⁵

Keeping these meetings – and these issues – so compartmentalised hampers effective collaboration, especially considering that energy competencies in Italy are already highly dispersed between different ministries.⁶ The collision between the Ministry of Agriculture (MASAF) and the Ministry of the Environment and Energy Security (MASE) on the

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Katuscia Ero (ed.), *Scacco matto alle rinnovabili 2024*, Legambiente, February 2024, <https://www.legambiente.it/?p=20816>.

introduction of limitations on new solar panel installations on agricultural lands exemplifies how much competencies are interlinked in the Italian system.⁷ While in Germany competencies are more centralized in the BMWK, this ministry was only established in 2021 as a consequence of the Greens entering the government coalition.⁸ A new government – especially one more right-leaning – may split it into a less-prominent Climate ministry and an Economic Affairs one. Furthermore, although there is no significant overlapping of competencies, German authorities are familiar with interministerial tensions arising from issues within the governing coalition. Stark discussions between the Green-led BMWK and the FDP-led Ministry of Finance (BMF) on the 2025 budget and the resources allocated for financing the transition offer a notable example of the impossibility of dialoguing with only a single ministry to tackle energy issues.⁹

⁷ Giorgio dell'Orefice and Celestina Dominelli, "Agrivoltaico, bollinato il decreto: salvi gli investimenti approvati in ambito Pnrr, i forestali passano al ministero dell'Agricoltura", in *Il Sole 24 Ore*, 15 May 2024, <https://www.ilsole24ore.com/art/agrivoltaico-bollinato-decreto-salvi-investimenti-approvati-ambito-pnrr-forestali-passano-ministero-dell-agricoltura-AFvvpb40D>.

⁸ Kerstine Appunn, "The Design of Germany's New Govt: A Climate "Super Ministry" for the Greens", in *Clean Energy Wire*, 6 December 2021, <https://www.cleanenergywire.org/node/9891>.

⁹ Guy Chazan, "Olaf Scholz Unveils Budget after Tensions inside German Coalition", in *Financial Times*, 5 July 2024, <https://www.ft.com/content/e72a10ed-d193-4914-8e28-e67689dadd0f>; and Sabine Kinkartz, "Deutschlands Regierung: Showdown um den Haushalt", in *Deutsche Welle*, 3 July 2024, <https://www.dw.com/de/a-69551468>.

Expanding the scope of bilateral forums to regional decision-makers and regulators

Problems of shared competencies are not exclusive to different ministries; vertical distribution between regional and central authorities could also lead to internal tensions that hamper the effectiveness of bilateral initiatives. Consequently, involving regional decision-makers in selected bilateral discussions could be beneficial to bring all necessary parties together and design coherent strategies.

This could be challenging but achievable in the Italian-German context. The countries share similarities in their vertical distribution of competences. In Italy, following the 2001 constitutional reform, regional and central governments have shared legislative competence on energy issues.¹⁰ However, the distribution of competences remains unclear, especially in the renewable sector. The absence of an Italian unified framework law that clarifies approval procedures and defines the cases requiring environmental impact assessments and the authority responsible for performing them complicates matters. Until the publication of a unified framework that clarifies responsibilities, Italian regional authorities should be more involved in defining common projects that impact their territories.

Similarly, in Germany, Federal and Lander governments share

¹⁰ Maria Teresa Rizzo, *La materia «energia» e la competenza legislativa Stato-Regioni*, Naples, Edizioni Scientifiche Italiane, 2013.

energy competencies. While federal authorities play a primary role, Lander governments contribute to national energy policy design through the Bundesrat.¹¹ Furthermore, many federal laws are designed to be complemented by Landers' provisions to better reflect regional necessities. For example, the Buildings Energy Act, which includes a gas boiler ban, allows different Landers to implement it in various phases with deadlines extending up to 2028.¹² This makes Landers' officials well-suited to discuss the implications of wider projects, and their input can add local insights to bilateral meetings.

In particular, this would be the case for regions touched by the expansion of energy interconnections linking Italy and Germany, passing through Switzerland and Austria, along the "Scandinavia-Mediterranean" and "Rhine-Alps" lines. Bilateral meetings on energy infrastructure should also be extended beyond their current scope and, in fact, the Action Plan proposes an advisory working group to enhance coordination on sustainable infrastructure.¹³

However, this format should be broadened to also include regulatory agencies and transmission system

operators (TSOs), facilitating the design and implementation of solutions for electricity and gas cross-border connections. Regulatory agencies would be critical additions to this forum, bringing valuable technical insights for strengthening networks and interconnections. Both Germany and Italy have a single national agency that oversees gas and electricity connections, making it easier to include them: the German Federal Network Agency (BNetzA) and the Italian Regulatory Authority for Energy, Networks and the Environment (ARERA). On the other hand, while Italy's networks are essentially single-handedly managed by two respective TSOs – Snam for gas and Terna for electricity –, Germany's system is more heterogenous, with four electricity TSOs (Amprion, TenneT, 50Hertz, and TransnetBW) and sixteen regional gas TSOs. Their involvement could help operationalise political strategies, such as the 2024 Solidarity Agreement for natural gas exchange during shortages signed by Italy and Germany.¹⁴ To maintain the effectiveness of this mechanism, constant dialogue between the two countries' TSOs would be essential.

¹¹ Ortwin Renn and Jonathan Paul Marshall, "Coal, Nuclear and Renewable Energy Policies in Germany: From the 1950s to the 'Energiewende'", in *Energy Policy*, Vol. 99 (December 2016), p. 224-232, DOI 10.1016/j.enpol.2016.05.004.

¹² BMWK, *The New Buildings Energy Act: Key Facts*, January 2024, <https://www.energiewechsel.de/KAENEFF/Redaktion/DE/Downloads/faktenblatt-geg-gebäudeenergiegesetz-en.html>.

¹³ Germany and Italy, *Piano di Azione italo-tedesco*, cit.

¹⁴ BMWK, *Federal Cabinet Approves Agreement on Solidarity Gas Deliveries between Germany, Italy and Switzerland*, 13 March 2024, <https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2024/03/20240313federal-cabinet-approves-agreement-on-solidarity-gas-deliveries-between-germany-italy-and-switzerland.html>; MASE, *Gas: firmato a Berlino accordo di solidarietà tra Italia e Germania*, 19 March 2024, <https://www.mase.gov.it/node/18434>.

Looking ahead

There is a pressing need to expand bilateral cooperation between Germany and Italy to involve more key decision-makers from both countries. Periodic bilateral meetings should be modelled on the ones defined by the Action Plan but expanded into new modalities. First, to mitigate the unclear distribution of competence and to allow the essential participation of decision-makers, it is necessary to broaden the scope of bilateral ministerial forums. This could be done by establishing joint committees of officials from both countries' ministries, which could lay preparatory work for periodic bilateral Italian-German Interministerial Forums. These meetings may involve representatives with competencies on energy, climate, economic affairs, agriculture and infrastructure. A potential model could be the Italian Interministerial Committee for Ecological Transition (CITE), which represents a single entity for internal coordination and reunites MASE, MIMIT, the Ministry of Economy and Finance (MEF), the Ministry of Infrastructure and Transport (MIT), the Ministry of Labour and Social Policies (MLPS) and MASAF. A similar format replicated in a bilateral perspective could evaluate initiatives covering every major aspect of the energy sector involving Italy and Germany. Due to difficulties in bringing together all the relevant stakeholders, these meetings could be held exclusively on special circumstances, such as in preparation for international climate negotiations or supply shocks, and could even be held online to facilitate logistical organisation.

Second, forums between regional and central governments should be developed to focus on identifying issues on the ground for specific projects and addressing region-bound problems for bilateral interconnections. Lastly, technical groups involving both countries' regulatory agencies and TSOs should be created to allow them to present their perspectives on bilateral initiatives, especially on facilitating the planning and development of transboundary infrastructure. These forums will foster smoother implementation and ensure greater acceptance of bilateral energy initiatives, ultimately contributing to stronger energy security and sustainability for both countries.

25 July 2024

Istituto Affari Internazionali (IAI)

The Istituto Affari Internazionali (IAI) is a private, independent non-profit think tank, founded in 1965 on the initiative of Altiero Spinelli. IAI seeks to promote awareness of international politics and to contribute to the advancement of European integration and multilateral cooperation. Its focus embraces topics of strategic relevance such as European integration, security and defence, international economics and global governance, energy, climate and Italian foreign policy; as well as the dynamics of cooperation and conflict in key geographical regions such as the Mediterranean and Middle East, Asia, Eurasia, Africa and the Americas. IAI publishes an English-language quarterly (*The International Spectator*), an online webzine (*AffarInternazionali*), two book series (*Trends and Perspectives in International Politics* and *IAI Research Studies*) and some papers' series related to IAI research projects (*Documenti IAI*, *IAI Papers*, etc.).

Via dei Montecatini, 17

I-00186 Rome, Italy

Tel. +39 066976831

iai@iai.it

www.iai.it

Latest IAI COMMENTARIES

Editor: Leo Goretti (l.goretti@iai.it)

- 24 | 42 Alessio Sangiorgio, *Expanding German-Italian Decision-makers' Coordination in the Energy Sector*
- 24 | 41 Lorenzo Colantoni, *The EUDR and Forest Protection at the Crossroads*
- 24 | 40 Pier Paolo Raimondi, *Industrial Decarbonisation Strategies in Italy and Germany: The Case for Cooperation in Green Steel*
- 24 | 39 Federico Petrangeli, *The Russian Central Bank's Frozen Assets: A "Godsend" for Kyiv's Military Assistance?*
- 24 | 38 Tiziano Breda, *A Rigged Election Could Trigger Turmoil in Venezuela*
- 24 | 37 Diego Maiorano, *India's 2024 Elections: Has Democratic Backsliding Come to a Halt?*
- 24 | 36 Emanuela Bozzini and Daniela Sicurelli, *The EU and the Pandemic Treaty: From Agenda-Setter to Troubled Deal-Maker*
- 24 | 35 Francesca Borri, *Gaza's Day After Starts in Ramallah*
- 24 | 34 Darlington Tshuma, *"Energising Africa": Italy vis-a-vis Ethiopia's Renewable Energy Development*
- 24 | 33 Luca Cinciripini, *If London Is Calling, Is Brussels Answering? The Future of EU-UK Foreign and Security Cooperation*