

LET'SGOV!

9 Cities for Climate Governance

Overcoming barriers to local energy transition in Italy

Recommendations to the European Union
from the Italian Cities participating in the
EU Mission "100 climate neutral cities by
2030"

EU level Policy brief
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Take home messages

The 9 Italian Cities participating in the EU Cities Mission, thanks to the collaboration throughout the Let'sGOv project and also to the exchange with other European cities and the support by Net Zero Cities experts, position themselves as laboratories of innovation and experimentation to accelerate the energy transition in Italy.

Further to Let'sGOv, they will continue to collaborate in order to build a national network of Italian Cities for climate neutrality which can be a valid platform of exchange and replication for all Italian Cities and also a leverage for multilevel institutional dialogue on issues related to the energy and climate transition.

The Cities, together with Let'sGOv scientific and technical partners, believe that a strong support by the European Union is crucial in order to help overcome national barriers limiting the achievement of climate neutrality for Italian municipalities and to continue the journey initiated with the Climate City Contracts. **In particular the Cities ask the EU support to:**

- **Promote a multilevel dialogue between the cities and the Government and formalise a coordinated network of climate frontrunner cities in Italy to make such dialogue effective and impactful.**
- **Develop the adequate national framework to provide timing access to data by Italian municipalities** for the monitoring of energy and climate plans and ensure consistency across EU climate initiatives.
- **Facilitate the full development of local One Stop Shops and the spread of Renewable Energy Self-consumption configurations across Italy.**
- **Unlock innovative financing for the local energy and climate transition in Italy while ensuring the adequate financial support at EU and national level for the effective implementation of the Climate City Contracts**, through a mix of financial instruments and by enabling structural funds to co-finance the investment plans outlined in the Climate City Contracts.

1. STRENGTHENING MULTILEVEL GOVERNANCE AND SUPPORTING THE NATIONAL DIALOGUE BETWEEN CITIES AND THE GOVERNMENT

The national and regional legislative and regulatory framework is essential to support the acceleration of the energy transition at local level.

Italian Mission Cities detect several obstacles in the national policy framework with respect to the objectives of the EU Cities Mission.

The Cities also struggle to act in a coordinated and synergic manner to support the development and review of relevant national policies, only through the consultation processes activated ad hoc for the individual national policy instruments on energy and climate.

Thanks to the Let'sGOv project, the 9 Mission Cities have acquired considerable experience in testing innovative solutions that can accelerate the local energy transition and that can inform and support the Government and the Regions in developing and updating policies and legislation.

For this reason, the 9 Cities ask the EU support to:

- **Enhance the strategic role that cities can provide** in the development, review and implementation of national energy and climate policies.
- **Structure consistent processes of multilevel dialogue** between EU, national, regional and local institutions and relevant actors for accelerating the energy and climate transition.
- **Develop and formalise a national network of frontrunner cities** that can dialogue with the Government and relevant national stakeholders.

2. ENSURING DATA ACCESS TO ITALIAN MUNICIPALITIES AND CONSISTENCY ACROSS EU CLIMATE INITIATIVES FOR THE MONITORING OF ENERGY AND CLIMATE PLANS

The Italian Cities of Let'sGOv, selected by the European Commission to be laboratories of innovation and acceleration towards climate neutrality, have worked together to address the main problems related to data and propose solutions to improve access to and collection of data necessary for monitoring the Sustainable Energy and Climate Action Plans (SECAPs) and Climate City Contracts (CCC), the key voluntary planning tools that Italian and European municipalities can use to address the energy and climate transition.

Monitoring is essential for the evaluation of local policies and plans, with a view to continuous improvement and transparent and coherent communication towards citizens and stakeholders.

Joining the European Cities Mission and the Let'sGOv project, has highlighted that, compared to other European countries, Italian municipalities encounter greater difficulties in accessing and collecting data from various data owners.

For this reason, the Cities consider necessary:

- **The creation of national protocols with the support of the EU Commission**, through which national and regional data holders are obliged to share with municipalities the data necessary for the monitoring of local Sustainable Energy and Climate Action Plans and Climate City Contracts, with frequencies and methods compliant with the EU initiatives guidelines (Covenant of Mayors and EU Cities Mission).
- **To enhance coordination between the different European initiatives (e.g. Covenant of Mayors and Net Zero Cities)** to unify the methodologies and guidelines for developing and monitoring GHG inventories, in order to avoid duplication of effort by municipalities involved in both initiatives and also inconsistencies between the inventories, which can generate communication issues towards citizens and stakeholders.

3. SUPPORTING THE FULL DEVELOPMENT OF ONE STOP SHOPS AND RENEWABLE ENERGY SHARING MODELS ACROSS ITALY AS EFFECTIVE TOOLS TO ENGAGE CITIZENS AND STAKEHOLDERS IN THE ENERGY TRANSITION

The EU Energy Efficiency Directive (EED 2023/1791) requires Member States to activate local One-Stop Shops (OSS) to promote and facilitate efficient use of energy by citizens and end users. The service should provide advice to businesses, professionals and private citizens, to support them in the energy transition. The EU Energy Performance of Buildings Directive (EPBD 2024/1275), takes up this concept by directing the activities of the One-Stop Shops to the energy requalification of buildings.

The 9 Cities recognize OSSs' fundamental role in the energy requalification of private buildings, in addition to the supporting role they can play in the development of Renewable energy communities and other Self-Consumption Configurations for Renewable Energy Sharing (the so called "CACER" in Italian recent legislation). This is a key challenge for Italian municipalities, where the majority of GHG emissions comes from private buildings.

Let'sGOv Cities have experimented at the local level with tools and models to facilitate and accelerate the development of CACERs in their territories, also through their OSSs or Energy Desks and with the involvement of relevant actors, such as associations of condominium administrators, energy players and bank institutions.

From these experiences and in dialogue with their stakeholders, several critical issues have emerged that still limit the full development and operation of local OSSs and the diffusion of CACER configurations.

For this reason, Let'sGOv partners ask:

- **The EU Commission to support Italian Cities to dialogue with the Government and national stakeholders in relation to barriers that still exist towards the full development of local OSSs and the feasibility of CACERs implementation in Italy.**

In particular we believe the European Commission and Net Zero Cities can support multi-level dialogue and cooperation by providing best practices across the EU on how these structures and models work but also by working together with national stakeholders to understand how they can be adapted to the national context, where many barriers still exist. In particular, these are the recommendations that the Cities are putting forward to the National Government on this topic:

- A regulatory, administrative and procedural simplification at national level for CACERs;
 - A review of the economic sustainability of CACERs;
 - The development of a national structure that supports the development of CACERs through guidelines, tools and models;
 - Financial and technical support to the development and long-term sustainability of OSSs.
- **To set-up cross-border working groups on this topic**, to promote the exchange of good practices and the creation of shared actions and guidelines at European level, also in relation to energy poverty and the engagement of vulnerable people in these initiatives.

4. FINANCING THE ENERGY AND CLIMATE TRANSITION IN ITALY: OVERCOMING BARRIERS TOGETHER

Let'sGOv nine Italian Cities have all completed, within the framework of the European Mission of the 100 climate neutral cities by 2030, the process of developing Climate City Contracts. The Contracts, created together with public and private stakeholders, include an Action Plan and the related Investment Plan, outlining the actions and investments implemented by all signatories of the Contract and the strategies necessary to achieve climate neutrality.

The development of Investment Plans by Italian Cities has highlighted:

- Limitations and obstacles in accounting for energy and climate actions within municipal budgets, due to the fixed structure municipal budgets have according to the national framework, which make impossible to produce climate budgets as in other EU countries.
- The need for significant investments to reach neutrality.
- From the analyses and forecasts included in the plans, it is clear that current public funding alone will not be sufficient to cover the investments necessary to reach neutrality.

In Let'sGOv, the Cities have therefore worked to identify new financing strategies, also based on collaborative logics with the private sector, for example by identifying through expressions of interest bank institutions that offer finance products for citizens and businesses specifically designed to support the energy transition. At the same time, they have started collaborations with experts from the Net Zero Cities – Capital Hub and the European Investment Bank (EIB), to identify and activate financing opportunities for specific projects included in the Climate City Contracts.

Through this process, they have highlighted many obstacles that still restrain the capacity of Italian Municipalities to activate and manage innovative climate financing, such as the national legal framework that set limits to public sector debt capacity and also few internal resources and competencies to deal with this challenging topic.

For this reason, the 9 Cities ask the EU to:

- **Consider the great diversity between EU Countries in the national policy and legislative frameworks**, which produces high discrepancy both in the current possibility to produce climate budgets, in the investment capacity of local authorities and in their capacity to implement innovative financing.
- **Create a permanent working task force between the EU Commission and Net Zero Cities, the national Government, national stakeholders and the cities on financing the energy and climate transition at local level**, where to identify bottlenecks together and jointly find solutions that are feasible and replicable across Italian municipalities. One key topic is to overcome, just for the energy and climate actions, the debt limitations municipalities are subject to by national law.
- **Ask all national Governments, and support them with adequate instruments, to introduce climate budgeting in the public sector**, so as to standardize public accounting across the EU.
- **Link EU Missions and Structural Funds for lasting urban transformation**: to move from experimentation to lasting, large-scale change, stronger alignment is needed between EU innovation and research funding (such as Horizon Europe) and the European Structural and Investment Funds (ESIF), in particular the European Regional Development Fund (ERDF) and the Cohesion Fund. While Horizon Europe enables crucial pilot actions, it lacks the financial scale to support long-term infrastructure and service investments. **Let'sGOv cities therefore recommend embedding the Cities Mission into national and regional cohesion policy frameworks, enabling structural funds to co-finance the investment plans outlined in the Climate City Contracts**. This approach would:
 - support the replication and scaling-up of successful pilot projects;
 - secure access to funding for tangible, long-term investments;
 - bring a strategic perspective to a financing debate often limited to technical or procedural concerns.

Such coordination would enhance the Mission's financial sustainability and better integrate it into territorial development strategies, particularly in Member States where local investment capacity remains structurally constrained.

- **Continue to ensure financial support for cities engaged in the climate transition through a mix of financial instruments**, such as:
 - advantages for Mission labelled cities in participating to EU grants and calls, and other benefits from the Label especially considering the existing national limitations described above;
 - funding to support municipalities in developing investment concepts to attract private investments, such as Elena or EUCF;
 - initiatives based on the Net Zero Cities City Expert Support Facility (CESF) model, especially for support that can be provided across several cities on common needs;
 - dedicated financing to tackle energy poverty;
 - stronger financial support within direct EU funding to "soft" measures such as active involvement of citizens and stakeholders or creation of new services to support the transition (such as local One Stop Shops), which are equally fundamental for the success of climate neutrality as technologies and infrastructures.

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Let'sGOv - Governing the Transition through Pilot Actions

Let'sGOv is a pilot project funded by the **Net Zero Cities Pilot Programme** within the European Mission of "100 climate-neutral cities by 2030". The project partners are the 9 Italian Cities participating in the Mission, Bergamo, Bologna, Florence, Milan, Padua, Parma, Prato, Rome, Turin, and three technical-scientific partners: the University of Bologna, AESS (Agency for Energy and Sustainable Development) and the Polytechnic of Turin - Energy Center. During the 2 year project, the Cities exchanged and experimented with innovative internal and external governance actions to accelerate the local energy transition by focusing on three key issues: supporting the development of Renewable Energy Communities or other renewable energy sharing models also through local energy desks or One Stop Shops; improving data access and management by municipalities for monitoring local energy and climate plans; and exploring innovative financing models. The project, coordinated by the Municipality of Bologna, also enabled the activation of a network of "follower Cities" across Italy and strengthened Cities' joint action with the aim to improve multilevel governance to support the energy and climate transition.

Find out more:



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