

First Bilateral dialogue on “Opportunities and challenges for Italy – US cooperation on energy and circularity: First bilateral dialogue”: findings from the workshop



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OPPORTUNITIES AND CHALLENGES FOR ITALY – US COOPERATION ON ENERGY AND CIRCULARITY First bilateral dialogue

On 26 October 2023, WEC Italy, WEC USA and Globe Italy organized a bilateral dialogue in Washington D.C. in collaboration with the Embassy of Italy, about how energy transition, which is a global priority, calls for shared policies and solutions across regions. The bilateral dialogue [“Opportunities and challenges for Italy – US cooperation on energy and circularity”](#) aimed to foster the dialogue between Italian industrial energy and circularity excellences and US institutional and industrial stakeholders and plumb opportunities for collaboration between the two Countries towards the energy transition.

PROTAGONISTS OF THE DEBATE

Guests attending the debates included Alessandro Gonzales (Deputy Chief Of Mission, Embassy Of Italy To The Us), Neil Wilmshurst (Wec Usa), Marco Margheri (Wec Italy), Piero Pelizzaro (Globe Italy), Geoff Pyatt (Assistant Secretary, Bureau Of Energy Resources, Department Of State), Joshua Volz (Deputy Assistant Secretary For Africa, Middle East, Europe & Eurasia, Department Of Energy), Stefano Besseghini (President of the Italian Regulatory Authority For Energy, Networks And Environment, Arera), Ronan Gulstone (Chief Of Staff, Federal Energy Regulatory Commission), Jennifer Gordon (Director Nuclear Energy Policy Initiative, Atlantic Council Global Energy Center), Katie Jereza (Corporate Vice President, Corporate Affairs, Epri), Simone Nisi (Institutional Affairs

Director, Edison), Berardo Guzzi (Head Of International Relations, Terna), Katrien Verlinden (President & Ceo Saipem America Inc. & Saipem Regional Manager Americas), Salvo Vitale (General Counsel, Us Wind), Megan Beauregard (Head Of Legal Corporate Affairs, Institutional And Regulatory Affairs Usa&Canada, Enel North America), Samantha Gross (Director, Energy Security And Climate Initiative At The Brookings institution), Melanie A. Kenderdine (Principal, Executive Vice President, Energy Futures Initiative), David Livingston (Office Of The Special Presidential Envoy For Climate), Clara Andreoletti (Ceo, Eninext), Trent Bauserman (Head Of Federal Affairs At Commonwealth Fusion Systems), Brendan Williams (Head Of Government Relations At Pbf Energy), Jordan Haverly (Federal Public Affairs Manager, Neste Us), Seth Levey (Head Of U.S. Government Relations And Corporate Affairs, Glencore), William Tobin (Assistant Director, Global Energy Center At Atlantic Council), Paolo D'Ermo (Secretary General Wec Italy).

The dialogue addresses several critical issues in the current global energy landscape. The transition to cleaner energy sources is becoming increasingly urgent due to complex geopolitical events, such as Russia's invasion of Ukraine and escalating tensions related to the Gaza crisis, which have disrupted the energy scenario. The collaboration between Italy and the United States can play a pivotal role in this transition. Historically dependent on Russian gas, Italy is rapidly changing this situation by diversifying energy sources and accelerating renewable energy production. Transatlantic collaboration between Italy and the United States is essential in tackling this challenge. Italy is actively engaged in the European Green Deal, with the aim of achieving carbon neutrality by 2050. While Europe contributes only to 8% of global emissions, the need for a global energy transition is recognized. Italy aspires to become an energy hub for the southern Mediterranean region and is actively involved in geopolitically sensitive areas like Africa. The circular economy, sustainable resource management, and public-private sector cooperation are central to Italy's strategy. The dialogue underscores the importance of international cooperation in transitioning to a more sustainable energy future, addressing the challenges of climate change, and promoting global economic and environmental stability.

KEY POINTS

- The geopolitical landscape is currently facing a complex and concerning phase. This is primarily due to two significant events: Russia's invasion of Ukraine and the escalating tensions related to the crisis in Gaza. These events have heightened the risk of an energy crisis, emphasizing the need for a rapid transition to cleaner energy sources.
- Trusted partners such as the United States and Italy, which is set to host the G7 in 2024, are urged to participate in discussions and make decisions regarding this pressing matter. Italy has a significant role to play, both domestically and internationally, in addressing the energy transition. Historically, Italy heavily relied on Russian gas, but the urgency to shift to greener energy sources has become more apparent. Italy, along with the EU, responded to the Ukrainian crisis by diversifying gas suppliers and accelerating renewable energy production. In just a year and a half, Italy managed to reduce its gas dependency on Russia from 40% to 7%. Moreover, Italy has increased its capacity for energy diversification.

- In 2022, the U.S. supplied Europe with more than half of its energy needs, tripling energy exports to Italy. Italy's increased reliance on gas has led to the expansion of renewable energy sources like solar and wind by 11% and 5%, respectively, in 2022. While Europe is committed to addressing emissions, it's important to note that the continent only contributes to 8% of global emissions. Therefore, it is crucial to encourage a global transition to cleaner energy sources through a multicultural and inclusive approach.
- Italy is actively involved in sensitive geopolitical areas like Africa, which plays a vital role in the EU's energy security. This is thanks to its historical relationships, geographic location, and the role of Italian companies' position, which have made the Country a key partner for African nations. Italy is planning to promote a cooperative and growth model for Africa, inspired by the founder of ENI, Enrico Mattei, focused on mutual interests and sustainability. Thanks to its strategic location, the Country aspires to become an energy hub for Southern Mediterranean and Europe. Private sector involvement is crucial in addressing these challenges, with Italian companies investing in the U.S. and contributing to the energy and green transition.
- The US now holds responsibility and opportunities as a key player in global energy security. To strengthen the partnership between Italy and the US, there is a need for increased dialogue and a more robust institutional framework that can adapt to contemporary needs.
- It is important to maintain a strong transatlantic alliance when dealing with other regions, such as the Western Hemisphere, the global South, and Africa. A robust web of international culture, presence, awareness, knowledge, and relations is needed for the successful development of supply chains and relationships in these areas. There is a necessity to align the transatlantic and American energy policy dimension concerning energy security, with the USA's growing role as a vital energy supplier for numerous European countries since the conflict in Ukraine.
- The US possesses an exceptional technological development platform, while the EU offers technology and innovation grounding programs to support energy and digital transitions. Therefore, it is crucial to reinforce the collaboration between EU and US for energy security and transition process.
- The energy transition in the Mediterranean region presents both unique challenges and opportunities for cooperation and dialogue. Italy currently plays a crucial role in supporting a multilateral vision of international dialogue and providing platforms for countries to collaborate, especially during its G7 presidency next year. Italy's proactive efforts in diversification and infrastructure development not only positions it geographically at the center of the energy and climate conversation in the Mediterranean but also enable rapid responses to energy crises resulting from conflicts like the one in Ukraine.
- The alignment between COP28 and the G7 is particularly valuable, especially in the transition to clean energy. This presents an opportunity to prioritize climate change actions over the next 15 months, leveraging the combined efforts of the G7 and COP28. COP28 will be fundamental in addressing climate change and fostering regional and international collaboration. There is the need to connect regions to create symbiotic economies based on bioenergy, hydrogen, and renewable energy.

- The G7 has a structural advantage due to the cumulative economic influence of its member countries, positioning it to collaborate with both industry and the marketplace. The clean energy transition is not a zero-sum game. While there are initial costs, it represents an opportunity for economic growth. The G7 can demonstrate the benefits of scalable competitive supply chains in the clean energy market, setting an example for global replication. The G7's potential focus on food security, sustainable agriculture, and water security highlights the value of applying science and technology to maintain stability in the world's most climate-distressed regions.
- Hydrogen economy's potential is the harbinger of the future. Recent California-based deliberations surrounding hydrogen hubs and initiatives involving green hydrogen and carbon sequestration in several states are highlighted. The hydrogen economy can be an instrumental solution for sectors with high-temperature applications and domains where battery applications may fall short.
- Extending the transition to the global south, including Africa, South Asia, and South America, is complex. Given the US's substantial 14% share of CO2 emissions, cooperation among G7 nations is important in addressing this intricate challenge.
- An exploration of pre-COP28 discussions is undertaken, placing a specific spotlight on the future of traditional and innovative energy sources, energy security, and the energy transition. The US has an unwavering commitment to its decarbonization policies and advancements in technology.
- Innovation, partnership, and ambition have a pivotal role in propelling both American and Italian societies forward. There is a necessity to reshape partnership models to align with the escalating complexity of the contemporary world. There is the need to structure a collaborative effort between the public and private sectors, harnessing the vast potential of the private sector to drive the energy transition. It will be significant to mobilize private sector capital in support of the energy transition, effectively mitigating associated risks. Public sector initiatives such as the Inflation Reduction Act and investments in infrastructure have a great role in advancing these crucial efforts.
- Making the production of natural gas cleaner and greener to support the energy transition is crucial. Viewing the recent implementation of the carbon border-adjusted mechanism in Europe as an opportunity to incentivize changes in collaboration with private sector partners is essential.
- Ambition should be a collective endeavour that transcends individual countries. Recognizing the influence and impact of global players like China and advocating for broader group cooperation is necessary. We should work together as competitors while upholding shared values and ensuring diversified supply chains to avoid overreliance on a single source of energy.
- Contribution, technology, and collaboration with third parties are fundamental. Private fund's potential to contribute to global energy initiatives will be essential. The Italian regulator's role in Europe's regulatory landscape for market functionality, resilience, and efficiency is vital, emphasizing its independence from political cycles.
- Open discussions about the energy transition and the need for regulations to adapt to the changing energy landscape are paramount. Cross-functional and cross-sectoral approaches are important, together with the role of innovation and sustainability in driving various sectors of energy market.

- Managing demand effectively and the role of "prosumer" and professional prosumers, where consumers are also energy producers, is crucial. The role of regulators in balancing market needs with security requirements, bridging private sector interests, and ensuring energy systems remain stable and reliable is essential. Together with the priorities of energy regulators, such as reliability and environmental justice, and address efforts to enhance the reliability of the energy grid, improve interconnections, and deal with the challenges posed by retiring energy resources.
- Software management and technology investment are important, much like expanding energy access in various regions, including India. In this regard, international cooperation and partnerships are crucial. Significant investments are expected in the energy sector over the next 5 to 10 years, reaching billions of euros. It is urgent to address energy transmission and action plans for effective infrastructure development. Security in the supply chain is fundamental, which is why a collaborative approach and partnerships can be helpful.
- Understanding and acceptance of the energy transition by people are critical for its success. Workforce development and training are essential to prepare people for middle-class jobs in the energy sector. Skills acquired in traditional energy sectors, such as oil and gas, can be transferred to jobs in clean energy. Jobs in energy generation, grids, and infrastructure vary by region, with significant job growth in renewable energy in Europe. It is important to build sustainable supply chains with high environmental standards. There is necessity for innovation, substitution, and community engagement models to create more sustainable and environmentally friendly supply chains in the energy sector.
- Circular economy is a crucial concept in addressing climate change and fostering economic growth. Circular economy thinking involves finding innovative ways to utilize existing assets and infrastructure. Opportunities exist in transforming pollution into profit, particularly with wasted methane and agricultural waste. Public and private sector collaboration is essential to mitigate methane emissions, as no single government can address the issue alone. Recycling, especially for e-waste and batteries, is a key component of circularity and in reducing the reliance on primary materials. There need to be more comprehensive recycling policies and cross-border cooperation, especially between the U.S. and Europe. Three-dimensional thinking can be useful for a more comprehensive approach to recycling and addressing complex chemical compositions and materials. Recycling and circularity of materials and metals are fundamental, especially for the energy transition. It is important to transition from a fossil-based to a minerals-based economy, even though this transition is complex and takes time. Critical minerals have a pivotal role too, and there is the necessity to ensure a diversified supply chain.
- Fusion energy is a safe, clean, and affordable source of energy. Fusion can produce heat, allowing for hydrogen production and carbon capture. The regulatory pathway for fusion is stable and predictable, enabling its widespread deployment. Fusion technology has circularity potential for addressing climate challenges. The collaboration between large corporations and innovative startups can drive sustainability and technology advancements. - Nuclear energy can be thus fundamental, underscoring the significance of small reactors, fusion, and next-generation reactor systems. There are prospects for collaborative industrial research projects in this sphere between the US and Italy.
- It is important to not stopping current energy production abruptly to avoid economic disruptions. Repurposing existing assets and infrastructure is crucial for a cost-effective transition to renewable

energy. Examples of repurposing include converting a refinery to produce renewable diesel and utilizing unused pipeline infrastructure for green hydrogen production. Advanced biofuels have a great potential in reducing CO2 emissions: it is important to support innovation in this area. Technological neutrality in the transition to renewable energy sources is a priority.

The energy transition is a complex process that cannot find univocal answers but requires sharing of policies and solutions and an inclusive approach towards available technologies, taking into consideration differences that exist between the different geographical areas of the world. In the complex economic and social context we are experiencing, there is the awareness and collective will to achieve the energy transition goals aimed at the sustainability and decarbonisation of energy supplies. Energy transition is therefore confirmed as a priority on the global political agenda and Italy-US cooperation can offer wide opportunities in energy and circularity policies, technologies and solutions. This is why WEC Italy and WEC US will continue this dialogue in the next years with new bilateral to foster the collaboration between Italian industrial energy and circularity excellences and US institutional and industrial stakeholders and plumb opportunities for cooperation between the two Countries towards the energy transition.

An overview of the event, with photo gallery and speakers' slides of the initiative is available on www.wec-italia.org.

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