

## Italy energy storage market

Italy's grid-scale energy storage market opportunities are unlike anywhere else, but many challenges and uncertainties around the different revenue streams remain, including the upcoming MACSE capacity market auction.

That was the message from the "Unlocking Opportunities in Italy's Energy Storage Landscape" panel discussion on Day 1 of last week's Energy Storage Summit EU in London, hosted by our publisher Solar Media.

Speaking to a packed audience hall, executives from technology providers Energy Dome, Energy Vault and NHOA Energy and developers Sphera Energy and Renera Energy discussed one of Europe's most exciting upcoming grid-scale markets. Alongside the MACSE auction, they touched on grid, project development and opportunities for software and optimisation providers.

Mahael Fedele, Partner, CEO of Sphera Energy, said that Italy has several unique characteristics that make it an exciting market for large-scale storage.

"The country obviously needs energy storage. You have centres of renewable generation and centres of consumption which are far apart. There's a lack of grid interconnection with other countries. And there is a big buildout of renewables. The three combine to create a fundamentally strong market," he said.

"There is also a clear regulatory push with an ambitious plan for energy storage deployments, which is huge compared to other markets in Europe. Italy is also fundamentally open to foreign investment compared to some other countries."

Part of that regulatory push and a huge talking point of the panel was transmission system operator (TSO) Terna's capacity market auction for energy storage, called MACSE (Electric Storage Capacity Procurement Mechanism).

The scheme will award long-term contracts to energy storage projects to make their capacity available to third-party market operators on the Dispatching Services Market (MSD), in exchange receiving annual premiums to cover operating costs for which EUR17.7 billion (US\$19.15 billion) in state aid was approved by the EU late last year. It is aimed at helping fund the deployment of the 8GW/71GWh of new storage that Terna estimates the country needs by 2030.

The long-term contracts "12-14 years" will be interesting from a project financing perspective, said Luca Manzella, VP Sales EMEA for Energy Vault, a company known for its gravity-based

energy storage solution which has also moved into short-duration BESS and green hydrogen. "It will also be interesting for long-duration energy storage (LDES) considering the target duration is eight hours," he added.

Fabrizio Ciaccia, VP EMEA for EV and BESS solution firm NHOA Energy, agreed: "This contracted model represents an opportunity from a project financing perspective to see something which hasn't really been done in the energy storage market yet. Projects to date have all been by utilities, and now the market is opening up to IPPs and funds."

Paolo Sereni, COO and head of storage for developer Renera Energy, also agreed, pointing out that the Italian market has not seen any bank financing for energy storage, yet. "It will be interesting to see how the banks' experience in wind and solar translates into storage."

With three different technology providers on the panel, it made sense to unpick the topic of technologies for the auction too. The MACSE auction has stipulated that 90% of the funding will go to either lithium-ion battery energy storage system (BESS) or pumped hydro energy storage (PHES), with 10% allocated for other technologies.

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