ARERA
Autorità di Regolazione
per Energia Reti e Ambiente

Annual Report on the State of Services and Activities

Presentation by the President
Nicola Dell'Acqua

Rome,
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Distinguished Authorities, Ladies and Gentlemen,

my first and most sincere greeting goes to the Deputy Speaker of the Chamber of Deputies, whom I thank for his words and hospitality.

I warmly welcome and thank the representatives of Parliament and Government, the recipients of this Annual Report, who have chosen to be with us today.

I would also like to acknowledge those present here today on behalf of all the women and men who, day after day, ensure the operation of our energy, water, waste management and district heating infrastructures, making possible the standard of wellbeing that our country enjoys today.

My heartfelt appreciation goes to the previous Board, whose work accounts for much of what this Report describes.

Finally, a special thank you goes to the women and men of the Authority, whose valuable contribution these pages can reflect only in part. ARERA is an independent administrative authority entrusted with protecting consumers' interests and promoting competition, efficiency and quality in public utility services - electricity, natural gas, integrated water services, urban waste management and district heating. These services are not mere regulatory abstractions; they are essential conditions for citizens' dignity and key drivers of business competitiveness. In these sectors, ensuring a balance between social, economic and environmental considerations is, in practical terms, the responsibility that makes the Authority a central actor in a development path oriented towards sustainability. This path is framed by the international commitments undertaken by Italy, beginning with the 17 Sustainable Development Goals of the United Nations 2030 Agenda.

The independence of this Authority is not a privilege; it is a responsibility. ARERA operates with full autonomy of judgement within the framework of the general policy guidelines established by the Government and Parliament, and in compliance with European Union law. It is not financed through the State budget but through contributions from regulated operators. This institutional framework is not intended to create distance from the other actors within the system. Rather, it ensures that the Authority's decisions are based on technical, transparent and verifiable criteria, solely in the interests of users and the proper functioning of markets.

As I also emphasised during the meeting with the President of the Republic, Sergio Mattarella, on 26 February 2026, the Authority we lead regulates matters that affect people's everyday lives. Electricity, gas, water and waste are not economic abstractions. They are the light that switches on, the heating that keeps homes warm in winter, the water that reaches our households and the cleanliness of our cities. They are fundamental conditions of dignity for citizens and essential requirements for businesses. For this reason, we are fully aware that ARERA is not merely a technical sector regulator; it is a guarantor of fairness and social cohesion. Citizens and businesses have equal standing in our regulatory action. We cannot protect one at the expense of the other. Effective regulation identifies the right balance: it ensures efficient markets while safeguarding those who are in a weaker position within them. This is the ongoing challenge that we embrace with conviction.

ARERA exercises regulatory functions in economically liberalised yet constitutionally sensitive sectors, because energy, water and the environment are not ordinary commodities. They are rights. Our actions are therefore grounded in the principles of sound administration, impartiality, the protection of competition and the safeguarding of users - principles that find their highest expression in the text of the Constitution.

We will exercise our powers, and the responsibilities that accompany them, with transparency, rigour and a clear awareness that every decision we take affects real people: a family paying its utility bill, a craftsperson managing business costs, an elderly person who should never have to choose between heating and food.

The Fifth Board, which I have the honour of chairing, took office on 1 January 2026. It inherited a strong legacy and is fully aware that its mandate is exercised within a dense network of institutional relationships—with Parliament and Government, with other independent authorities, with European institutions, and with regulators in other countries.

Loyal institutional cooperation is not merely a formality; it is the method through which independent regulation can deliver tangible, consistent and lasting results for the country as a whole. In frontier areas such as data protection, competition policy, cybersecurity and environmental regulation, no single authority possesses all the expertise required. Working together systematically, rather than occasionally, helps avoid overlaps, address gaps and bring complementary knowledge to bear.

The same applies at the international level, with an additional dimension arising from ARERA's participation in the principal European regulatory forums. This is not about occupying seats at the table; it is about bringing Italy's experience into the definition of common standards, helping to ensure that the energy transition is supported by coherent rules across different national systems, and ensuring that European consumers - regardless of the country in which they live - benefit from equivalent levels of protection. Achieving this objective requires technical credibility, a constant presence and the ability to build alliances among regulators facing common challenges.

In a context marked by the acceleration of the energy transition, cost pressures resulting from the international environment, technological innovation and renewed attention to the social dimension of public services, ARERA intends to be an authoritative and reliable counterpart. As I stated in my address to the President of the Republic, it must also be capable of speaking uncomfortable truths when necessary, with the rigour and transparency that this role demands.

There is one issue that cuts across all sectors and that the Strategic Framework, currently under consultation, addresses with growing awareness: artificial intelligence. Artificial intelligence is a valuable tool for enhancing administrative efficiency and effectiveness. I am thinking in particular of our supervisory activities. AI will become a key instrument supporting market oversight and enforcement, enabling more systematic and timely identification of improper conduct and facilitating compliance checks with regulatory requirements and the rights of users and consumers.

At the same time, we have a responsibility to assess the impact that data centres have on energy consumption and environmental resources. Without wishing to dwell here on the undeniable industrial benefits of such infrastructures, we must acknowledge that addressing the risk of increasing pressure on resource consumption will require a growing collective effort by all stakeholders. At the heart of this effort must be the integration of responsibilities within a broader strategic framework capable of supporting the parallel development of sustainable energy systems and water reuse solutions.

This Board began its work in a context in which the international landscape continues to exert significant pressure on energy markets. Geopolitical tensions have underscored how dependence on imported energy sources exposes national systems to price increases and security-of-supply risks, with direct and tangible consequences for household and business energy bills.

Against this backdrop, one of the first decisions taken by the new Board was to shape its mandate around a strong commitment to listening. During April and May 2026, direct meetings were held with consumer associations, operators in the regulated sectors, trade associations and public institutions, involving approximately one hundred stakeholders and more than three hundred participants. Listening before deciding is not an act of institutional courtesy; it is a method. The priorities that emerged from those discussions - protection of vulnerable consumers, cost reduction for businesses, simplification of access to services and the quality of environmental performance - guided the development of the Strategic Framework 2026-2029. To ensure that this dialogue does not end at the consultation stage, the Board decided to establish the Regulation

Observatory: a permanent forum for discussion among stakeholders, experts and the research community, tasked with monitoring the evolution of the sectors over time and enhancing the quality of regulatory decisions throughout the four-year period.

In 2025, the Italian energy system entered a phase of consolidation following the years of the price crisis, within an international environment characterised by moderate growth and persistent uncertainty. Geopolitical tensions, culminating in a renewed surge in gas prices on European markets during the first quarter of 2026, have reminded us that the system's structural vulnerability to external shocks has not yet been overcome. Italy remains a manufacturing-based economy that relies significantly on imported energy, and the gap between Italian electricity and gas prices and the European average continues to weigh on both business competitiveness and household budgets. Reducing this gap is not merely a regulatory objective; it is a prerequisite for social equity and for the resilience of the national productive system.

The average Single National Price (PUN) in 2025 was €115.9/MWh, up 7% on 2024 and the highest among the major European power exchanges. Italian electricity prices remain structurally higher than those of France (€61.1/MWh) and Spain (€65.3/MWh), largely owing to the country's substantial reliance on gas-fired generation.

In response to the significant price volatility observed during the first months of 2026, ARERA established the Energy Monitoring Unit to monitor wholesale and retail energy prices in real time, providing daily updates and maintaining a direct reporting channel with Government, Parliament and the European institutions. This is not an episodic response. The Authority intends to make continuous market surveillance, together with the promotion of mechanisms aimed at decoupling electricity price formation from gas prices and linking it more closely to renewable energy sources, one of the structural pillars of its work in the coming years. It is convinced that reducing dependence on wholesale market volatility is essential to bringing Italian energy prices closer to European levels and restoring certainty for households and businesses. In this context, monitoring of wholesale energy markets will be strengthened in coordination with ACER and the other competent authorities, with particular attention to the implementation of the REMIT framework, which is designed to prevent and combat market abuse, insider trading and price manipulation.

As renewable energy sources accounted for 48% of national electricity generation in 2025, the development and market integration of non-fossil flexibility resources - including demand response, storage and distributed energy resources - has become increasingly important. This requires the removal of barriers to entry and the establishment of a harmonised framework for aggregators and participation mechanisms. It is equally necessary to ensure that price signals operate effectively by eliminating regulatory distortions that prevent these resources from being fully valued.

In this regard, reservoir hydroelectric generation and pumped-storage hydroelectric plants play a strategic role. In addition to ensuring system flexibility and adequacy, these infrastructures provide significant positive externalities, ranging from water-resource resilience to the prevention of hydrogeological instability. The Authority intends to promote their value, including by bringing their strategic importance to the attention of the relevant institutions during concession allocation and renewal processes.

Looking further ahead, in line with the ongoing national debate on the diversification of generation sources and with the principle of technological neutrality that has always characterised the Authority's approach, ARERA stands ready to introduce effective instruments to facilitate the integration into the electricity system of any additional generation technologies that may emerge in the future.

This outlook also encompasses new responsibilities that are currently in the process of being assigned. The Legislative Decree designating the Authority as the national regulator for the hydrogen sector is close to finalisation. This may be complemented by extending the Authority's remit to include CO_2 transport networks and CO_2 storage activities, which are currently governed only under transitional arrangements. The development of hydrogen represents one of the key enabling factors of the decarbonisation process, particularly for hard-to-abate sectors and for the integration of non-dispatchable renewable energy sources. Establishing a clear regulatory framework governing network access, tariff structures and supply-chain development - while ensuring close coordination with the electricity and gas sectors to avoid infrastructure duplication and stranded costs - will be one of the Authority's primary commitments over the next four-year period.

Regulatory action has advanced on multiple fronts and is already shaping the direction of the coming regulatory cycle. In wholesale electricity markets, the dispatching framework has been overhauled through the adoption of the Dispatching Integrated Text (TIDE), enabling all network resources - including storage, flexible loads and distributed aggregations - to compete in the provision of balancing services under conditions of technological neutrality. This process will continue through the gradual phase-out of the Single National Price and the full implementation of zonal pricing, thereby bringing the Italian market closer to European standards.

In the gas sector, settlement reform has introduced a model focused on allocative efficiency and stronger operator accountability. The next step will be to support the progressive decarbonisation of the sector by promoting electrification, fostering both supply-side and demand-side flexibility, and encouraging the integration of renewable gases and hydrogen within a stable regulatory framework capable of managing the transition without compromising security of supply. Regulatory choices will need to be based on demand and supply scenarios that are consistent across the various energy sectors, enabling expected structural changes to be anticipated and the transition calibrated without exposing the system to supply risks. Alongside this, there is a need to strengthen integration between gas markets at European and regional level by improving capacity-allocation mechanisms, interoperability and balancing arrangements, thereby increasing market liquidity and enhancing resilience to geopolitical shocks and disruptions in supply flows. This is a process that leaves no room for approximation. The gradual transition away from natural gas towards alternative energy carriers must be managed with the utmost rigour at every stage, ensuring that system stability remains the indispensable foundation of every regulatory decision.

At the infrastructure level, the transition towards Regulation for Expenditure and Service Objectives continues. Having been launched in its initial form, the framework is now being extended to the most significant companies. This approach will require close attention to the management of information asymmetries during the early stages, as well as robust tools for evaluating impacts, including the methodology for analysing actual returns (RORE) and a review of the criteria used to determine the weighted average cost of capital (WACC), with a view to greater alignment with European regulatory practices. With regard to the extraordinary multi-year investment plans of electricity distribution concessionaires, the Authority has stated unequivocally that their approval cannot automatically entail tariff recognition and that the impact on bills arising from the remodulation of concessions must be minimised, as it is incompatible with the principles of cost-efficient tariff regulation. The cycle of investment in networks is not expected to slow. The growth of distributed generation, the increasing integration of renewable energy resources and the need to adapt infrastructure to a new concept of climate resilience require a comprehensive revision of the connection framework. This includes the creation of a single regulatory text governing both producers and end customers, as well as measures aimed at preventing virtual network saturation. Regulation must continue to guide investments while preventing inappropriate costs from being passed on to consumers. Selectivity in investment decisions will remain a guiding principle. Alongside traditional instruments, regulation will promote innovative solutions - including grid-enhancing technologies, non-wire alternatives, flexibility services and digitalisation - that can increase network capacity while containing overall system costs. With regard to concessions, the Authority will support the completion of the regulatory framework needed to introduce competitive dynamics into electricity distribution by 2030.

In the retail market, the phase-out of the standard offer service for non-vulnerable household customers, completed on 1 July 2024, confirmed a structural dynamic that was already well understood: in the small-consumer free market, what is predominantly traded is trust in the supplier's brand rather than the commodity itself. The price differentials between the offers selected by consumers and the most competitive offers available remain substantial, while monitoring data show that purchasing decisions continue to be largely disconnected from actual value for money. The bill reform that entered into force in July 2025 addresses this distortion at its root. Providing a clear breakdown of costs and making contractual conditions readily comparable are essential prerequisites for competition to generate tangible benefits. Over the forthcoming four-year period, the objective is to complete this process by strengthening the *Portale Offerte*, continuing the revision of the Code of Business Conduct, introducing new enforcement instruments and supporting, through targeted measures, the transition in March 2027 of customers still served under the gradual standard offer service into the free market. A genuinely competitive market, in which liberalisation translates into concrete benefits for consumers, remains the ultimate benchmark for assessing the effectiveness of regulatory action in this sector.

Environmental services - water, waste management and district heating - share a fundamental characteristic with the energy sector: they are public utility services whose quality provides a tangible measure of the State's ability to guarantee decent living conditions for citizens and to reduce the territorial inequalities that continue to affect the country. Regulation in these sectors does not operate within liberalised markets but within systems in which tariffs are effectively the only structural instrument available to support investment. This responsibility requires both technical rigour and constant attention to social equity.

Water is the natural starting point, and not merely for reasons of sequence. The author brings first-hand knowledge of the complexity of water management in Italy, having dealt with these issues from the perspective of national public policy before assuming this mandate. That experience has reinforced a clear conviction: the water crisis is not a recurring emergency to be managed, but a structural condition that must be governed through stable instruments, planned investment and institutional leadership capable of coordinating the various levels of responsibility. The rational use of water resources must generate not only a system better equipped to withstand extreme weather events, but also opportunities for sustainable, long-term development across key sectors of the economy - from agriculture to industry - upon which both national competitiveness and citizens' quality of life depend. This is precisely where ARERA is called upon to play its part.

More than any other sector, water provides direct evidence of the effects of climate change. For this reason alone, an average national water leakage rate of 42.5% is unacceptable, particularly given significantly higher peaks in southern Italy. In 2024, more than one million residents of provincial capitals were subject to water rationing measures. Italy records the highest level of freshwater abstraction for drinking purposes in the European Union, at 411 litres per person per day, while at the same time ranking among the countries with the greatest inefficiencies in water distribution. The Water Service Divide is not a static snapshot; it is the result of decades of underinvestment and fragmented governance.

Yet since the Authority assumed responsibility for regulation in this sector, a decisive change of pace has occurred. This is an objective reality and one of which we can be proud. During the fourth regulatory period, planned expenditure amounts to approximately €28 billion, and operators' growing organisational capacity gives reason to be confident that these resources will be invested effectively. It is sufficient to note that regulatory action has contributed to a substantial increase in investment expenditure, rising from just over €1 billion in 2012 to more than €6 billion in 2025. The European framework established through the Water Resilience Strategy also assigns an additional responsibility to the Authority: translating the objectives of European directives into regulatory strategies aimed at achieving increasingly efficient management of water resources.

The Metodo Tariffario Idrico per il quarto periodo (MTI-4) (The fourth Water Tariff Method (MTI-4)) reinforces an outcome-based approach, reflecting the growing maturity of infrastructure planning and investment programmes designed to improve technical performance. The introduction of the M0-Water Resilience Indicator represents a significant step forward. For the first time, regulation incorporates an environmental perspective into system planning by measuring the relationship between water demand and resource availability, and by guiding investment planning according to local levels of water stress. In the second half of 2025, the Authority adopted the standard tender specification for integrated water service concessions, a long-awaited instrument designed to address one of the sector's most persistent challenges. Many concessions awarded during the 1990s are approaching expiry without a successor operator yet identified and capable of ensuring continuity of investment.

Governance remains the most difficult challenge. Monitoring conducted in 2025 confirms that, in several areas - most notably Campania and Sicily - deadlock persist in the appointment of the single service operator. Historic concessions are approaching expiry while the relevant processes remain stalled by legal disputes. The earliest concessions date back to the 1990s. Thirty years of established management experience, planned investment and accumulated expertise risk being lost if a structured and orderly transition to successor operators is not achieved. Citizens in those areas ultimately bear the consequences of inefficiencies that are beyond their control.

ARERA's regulatory framework has proven to be an effective lever for overcoming these impasses and ensuring continuity in long-term investment, generating tangible benefits for citizens - and, above all, for future generations. Through continued dialogue with local stakeholders, we hope to encourage greater security and resilience across all areas of the country. We will know we have succeeded when we no longer use the word "emergency" to conceal administrative and technological shortcomings in the management of the most essential resource for human existence.

As part of the Authority's commitment to engaging with other public bodies involved in water-resource planning, the formal collaboration established with the District River Basin Authorities is of particular significance. This dialogue among the various actors must begin with a recognition that the fragility of the system increases when responsibility is not shared. The issue of water abstraction concessions presents an opportunity to move beyond conflicts between competing uses and to seek a balanced approach from which the entire system can benefit.

The municipal waste cycle shares many of the same structural weaknesses as the water sector: fragmented governance, significant disparities between northern and southern Italy, and levels of investment which, despite positive trends in recent years, remain insufficient in certain parts of the country. This is also the sector in which ARERA's regulatory intervention is most recent. The work undertaken in recent years has produced a valuable body of data and significantly improved management processes, generating benefits not only for regulation itself but for the system as a whole, particularly in light of circular economy objectives.

With municipal waste generation standing at approximately 30 million tonnes annually, Italy has seen a gradual yet uninterrupted increase in separate waste collection, which now stands at almost 70%. The performance of southern Italy and the Islands is encouraging. These areas are progressively narrowing the gap thanks to significant rates of improvement, although they still remain below the minimum target of 65%.

However, substantial territorial disparities persist, particularly with regard to treatment and disposal infrastructure. Even today, some Regions are unable to achieve self-sufficiency in closing the waste cycle and are therefore forced to transport waste elsewhere in Italy - or even abroad - contrary to planning objectives and with adverse environmental consequences.

A further point for reflection is that, despite steadily increasing separate collection rates, the recycling rate currently stands at 52.3%. This exceeds the European target of 50% set for 2020, but remains below the 55% target for 2025 and the 60% target for 2030. The approximately 16% gap between the volume of waste collected separately and the volume actually recycled demonstrates how crucial the quality of citizens' participation is to the success of the circular economy. High-quality separate collection is a necessary condition, but not a sufficient one. The real objective is material recovery within a circular-economy framework, and in this regard infrastructure shortages - particularly concentrated in southern Italy - continue to constrain progress.

From this perspective, the Authority is fully aware that the efforts required of citizens and the wider system to improve the quality of separate collection must be matched by the efficient reuse of recovered materials within the manufacturing sector, which requires access to secondary raw materials at competitive prices. In this way, circularity can simultaneously support environmental objectives and the competitiveness of the economy, in line with the objectives of the Clean Industrial Act.

Against this backdrop, 2025 marked a significant acceleration in regulatory activity. The Authority adopted the Testo Integrato Corrispettivi Servizio Gestione Rifiuti (Integrated Text for Waste Management Service Charges), the first comprehensive reform of user tariffs since the introduction of DPCM 158/99, aligning the system more closely with the European "polluter pays" principle and laying the foundations for pay-as-you-throw charging schemes. Il terzo metodo tariffario (MTR-3) (the third Tariff Method (MTR-3)) establishes, for the 2026–2029 period, the rules governing cost recognition and access tariffs for facilities, within a framework designed to balance the economic sustainability of operators with the development of the infrastructure required to close the waste cycle. Meanwhile, the consolidation of technical-quality regulation aims to provide public administrations and citizens with objective performance indicators for evaluating services and identifying the organisational and infrastructural models best suited to differing territorial and socio-economic contexts. In the area of social protection, the waste bonus - a 25% reduction in TARI charges for economically vulnerable households - has highlighted the full operational complexity of a sector involving approximately 2,700 territorially competent authorities, a figure which alone helps explain many of the difficulties associated with implementing national policies consistently across the country.

Fragmentation remains the sector's fundamental structural challenge. The vast majority of competent authorities continue to operate at municipal level, yet they manage a service that would benefit significantly from greater economies of scale. This is not merely an organisational peculiarity; it is a direct cause of the difficulties encountered in implementing uniform policies, as clearly demonstrated by the waste bonus initiative. It also contributes to the proliferation of economic and financial plans, creating administrative burdens without corresponding gains in regulatory quality. The Strategic Framework identifies a path that the Authority intends to pursue with determination: strengthening the role of area governance bodies, encouraging managerial aggregation, expanding infrastructure capacity where deficits remain greatest, improving the quality of separate collection and simplifying procedures for approving economic and financial plans, thereby restoring certainty and effectiveness to an administrative system burdened by fragmentation.

Rationalising local governance arrangements is not a bureaucratic objective; it is a prerequisite for ensuring that the transition to a circular economy delivers tangible and equitable benefits throughout the national territory. The fragmentation of municipal governance can no longer be postponed as a reform issue. Completing the reform of area governance bodies, with at least a regional-scale dimension, is an essential condition for guaranteeing uniform service standards and adequate economies of scale across the country.

District heating is a sector that ARERA has regulated since 2014, but responsibility for tariff regulation - the core of any regulatory framework - was assigned to the Authority only in 2023. It is this asymmetry that makes the sector distinctive: a well-established area of regulation in which economic oversight is still being developed, despite its significant potential to contribute to the decarbonisation of urban heating.

In Italy, district heating currently serves around 3% of users, concentrated almost entirely in northern urban areas, with five regions accounting for 95% of thermal energy supplied. The sector continues to expand steadily: between 2000 and 2024, connected volume more than tripled, increasing from 117 million to 412 million cubic metres, while network length grew from 1,091 km to more than 5,000 km. The energy mix is gradually becoming more diversified. Natural gas still accounts for 70.5% of generation, while waste-to-energy and bioenergy together provide almost 26%. Cogeneration remains the dominant technology. This is a sector experiencing structural growth, whose contribution to the decarbonisation of residential heating is expected to increase as the energy transition progresses.

From the outset, the Authority adopted a gradual approach. A transitional methodology based on avoided cost, combined with a price cap to shield users from market volatility, provided an initial regulatory framework and basic consumer safeguards while the definitive tariff methodology was being developed. The sector's structural heterogeneity - with networks differing significantly in size, energy sources and operating configurations - required extensive analysis. As a result, the long-term tariff methodology was not adopted in 2025, and the transitional framework was extended for a further year, incorporating a number of targeted refinements identified during the first phase of implementation.

In its future strategy, the Authority identifies district heating as an important instrument for the decarbonisation of urban heating. It will support the sector's infrastructural development while working towards the definition of a long-term tariff methodology capable of recognising efficient costs and directing investment towards renewable energy sources and heat recovery solutions. This objective is complemented by a significant new development. Decree-Law 21/2026 extended eligibility for the social bonus to district heating customers. The Authority is now responsible for defining the detailed implementation arrangements for this measure, which represents an important step towards integrating the sector into the broader system of social protection.

I have deliberately left this topic until the end. It would be a mistake, however, to regard it as an appendix. Consumer and user protection is the ultimate measure of every regulatory decision. Tariffs, service quality, enforcement activities and the transparency of offers all converge on a practical question: whether citizens receive adequate services at fair prices and have effective means of exercising and defending their rights. It is from this perspective that both the work undertaken and the challenges ahead should be assessed.

In 2025, the Consumer Help Desk handled almost 787,000 calls and approximately 30,000 applications for conciliation services, enabling more than €21 million to be recovered for users while achieving a satisfaction rate of 95%. The data reveal an interesting trend. In the energy sectors, volumes are declining - a sign of increasing system stability - while in environmental services they are growing, driven by the progressive extension of support services to the water sector and, from 2025, to waste management. This is the natural consequence of a regulatory framework that is maturing and reaching territories previously outside its scope. In 2025, approximately 2.8 million electricity social bonuses and 1.7 million gas social bonuses were granted automatically. At the same time, implementation is advancing in the water sector and has recently begun in both the waste and district heating sectors.

The Authority intends to reaffirm, particularly in light of recurring price tensions, its commitment to adapting and strengthening the tools available to consumers facing economic and/or physical hardship and to those affected by natural disasters.

Yet all this, necessary as it is, remains insufficient. The consumer that ARERA seeks to foster during the 2026-2029 period is not merely an individual who must be protected from improper conduct or supported in times of economic difficulty. Rather, it is an active participant, capable of navigating the market, making informed choices and contributing to the energy transition. The gap between this vision and current reality remains considerable, as retail energy market data clearly demonstrate. Closing that gap is precisely the task that lies ahead. Strengthening the *Portale Offerte*, integrating it with the *Portale Consumi*, simplifying billing in environmental sectors, developing information tools accessible to all, and extending mandatory conciliation procedures to waste management services are all concrete steps towards empowering consumers to engage actively with the market rather than simply endure its consequences.

In 2025, the Authority further consolidated an integrated, multi-channel communications strategy designed to support citizens during periods of heightened regulatory complexity. This included two major awareness campaigns: the relaunch of “*Chiedi all’ARERA*” and the “*Nuova Bolletta – Scontrino dell’energia*” campaign, intended to make the new standard bill format more transparent and easier to understand. Institutional communication therefore remains an integral component of the Authority’s consumer protection mission. Providing citizens with accurate information about their rights and the available support mechanisms is a necessary condition for regulatory protections to produce tangible effects. This approach will continue to guide the next four-year period, during which communication initiatives will form part of a broader and more structured strategy aimed at consumer empowerment. Alongside digital and traditional communication channels, opinion surveys will be conducted to measure satisfaction with services received, identify expectations and needs, and produce comparative publications enabling consumers to assess service quality - including complaint-handling performance - through clear and accessible tools.

Regulation will be developed in close alignment with evidence emerging from enforcement activities, consumer recommendation papers and fact-finding investigations, ensuring an adaptive regulatory approach firmly grounded in practical experience. As regards individual consumer protection, the upgrading of the conciliation service and the strengthening of the Special Settlement Procedures already available will proceed in parallel with an assessment of whether a third decision-making stage should be introduced for cases in which conciliation does not result in an agreement.

Protecting consumers also requires action that no single authority can undertake alone. Issues such as aggressive telemarketing and the improper use of personal data during supplier-switching processes lie at the intersection of several regulatory mandates and require systematic coordination among institutions. Over the next four-year period, cooperation with authorities possessing complementary competences - including the Italian Competition Authority (AGCM), the Italian Communications Regulatory Authority (AGCOM) and the

Italian Data Protection Authority - will be strengthened, both through investigative activity and coordinated enforcement action. If not properly addressed, fragmentation of competences creates protection gaps for which consumers ultimately pay through exposure to harm without effective remedies. Institutional coordination is therefore not simply a matter of formal arrangements but a practical instrument of consumer protection.

The Strategic Framework mentioned earlier introduces a particularly important concept. The active consumer is not only someone who chooses the best supplier, but also someone who participates in the energy transition through self-consumption, energy communities and demand flexibility. Regulation must create the conditions to make such participation possible not only for those who already possess the necessary resources and expertise, but for everyone. Ultimately, fair access to the transition is the most tangible form of consumer protection in the years ahead.

Alongside its commitment within the Council of European Energy Regulators (CEER) and ACER, ARERA will continue to strengthen its international role by consolidating its permanent Vice-Presidencies in MEDREG and WAREG and by supporting the Balkan Energy School. These initiatives represent strategic instruments for promoting regulatory harmonisation and ever closer cooperation among energy and environmental regulators across the Mediterranean, European and Balkan regions in pursuit of shared sustainability objectives.

"The present of things past is memory; the present of things present is sight; the present of things future is expectation." In the Confessions, Saint Augustine does not describe three separate dimensions of time, but three dimensions of a single perspective. His insight also applies to those who exercise regulatory responsibilities. The future cannot be governed without memory of what has come before, nor without remaining firmly rooted in present realities: in a family's utility bill, in the difficulties many face in meeting energy costs, in the price of energy for businesses and in the quality of the water supplied to every municipality in the country.

This is the meaning of the Report we present today. The data, trends and critical issues we have illustrated are not a final accounting. They are the living substance from which every future decision must be shaped, including those aimed at addressing difficulties in accessing essential services such as water and challenges such as energy poverty, which directly test both the fairness and effectiveness of regulatory action. Memory without vision is merely an archive. Vision without memory is merely abstraction. The regulation that this

Authority intends to practise is something different: the ability to hold together Augustine's three dimensions of time - to know where we come from, to see clearly where we stand, and to indicate where we intend to go.

It is with this awareness that the Fifth Board approaches the four-year period now beginning.

Authorities, Ladies and Gentlemen, Dear Guests, I conclude this first Annual Report with words of thanks that are, above all, a public acknowledgement of a simple truth: no independent authority can truly fulfil its role without the network of institutional relationships that supports and legitimises its actions.

I thank the Council of State, the Regional Administrative Court of Lombardy, the State Legal Advisory Service, the Court of Auditors and the other independent authorities. I am grateful to ACER, the National Council of Consumers and Users, the GSE Group, the Italian National Agency for New Technologies, Energy and Sustainable Economic Development (ENEA), the Energy and Environmental Services Fund (CSEA), the Regions, local authorities, the National Association of Italian Municipalities and the governing bodies of the territorial districts represented within ANEA. I also thank the Board of Auditors, the Evaluation and Strategic Control Unit, the Carabinieri and the Guardia di Finanza, together with its Special Unit for Goods and Services - discreet yet indispensable presences in the Authority's day-to-day activities.

My final thoughts are reserved for my colleagues across the Authority. As I stated when introducing myself to the President of the Republic, the challenges ahead require a Board capable of working as a cohesive team and, above all, an organisation of the highest calibre. ARERA possesses such an organisation. It is built upon expertise accumulated over time, quiet dedication and institutional continuity that has never been interrupted, not even during the transition between Boards. This Board took office only a few months ago and found a house already in excellent order awaiting it. That is no small achievement. On the contrary, it is the foundation upon which everything else depends.

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