

Italy sees 'no problem' with pension fund investment in gas infrastructure - 7 July 2011

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ITALY – A commissioner for the Italian energy sector has said she saw "no problem" with pension fund participation after energy regulator Guido Bortoni announced plans to boost competition in the sector.

Bortoni told the Italian parliament earlier this week he may introduce incentives to encourage construction of Italy's domestic gas infrastructure with a view to making Italy a European "gas hub".

His comments followed public concern over both domestic energy prices and energy security in the Italian market, which imports around 14% of its gas from Libya.

ENI chief executive Paolo Scaroni told a conference last month that Italy could not "risk another one" after the North African supply stalled.

Italy imports 92% of its gas, much of it from Algeria (37%) and Russia (30%).

Valeria Termini, an economics professor and commissioner with the Italian regulatory authority, told IP Real Estate: "From the point of view of the Italian regulator, the participation of institutional investors in energy infrastructures would pose no problem.

"I would add that the fundamental stability in the regulatory framework would also attract foreign investments in this sector."

Italy's experience of deregulating the electricity market had shown that the introduction of incentives related to expected benefits had lowered exogenous risks and encouraged investment, she said.

Termini favours a pan-European regulator – "a transnational equivalent of the European Central Bank" – and a European scheme of incentives for energy infrastructures.

"Better planning of transnational infrastructures that would respond to European needs, rather than national needs, would ensue," she said. "This would contribute to greater security of supply and lower prices."

However, she acknowledged this would also require member states to surrender sovereignty – which she acknowledged as "a formidable hurdle".

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