

NET-ZERO INDUSTRY ACT

Date: 16 March 2023

Type of legislation: proposal for a Regulation

DG in charge: DG GROW

Link to the proposal: [Net-Zero Industry Act](#)

Overview:

The proposal for a Regulation falls under the Green Deal Industrial Plan presented on 1 February, in particular pillar 1: “A *predictable and simplified regulatory environment*”. Accordingly, its aim is strengthening the EU manufacturing capacity of clean technologies.

Solar thermal technologies are recognized as strategic net-zero technologies (Annex). Solar Heat Europe welcomed this decision in the [press release](#) published on 17th March.

The proposal will now undergo the ordinary legislative process. In the Parliament, MEP Christian Ehler (EPP, Germany) has been appointed as Rapporteur; he and the EPP have been [critical](#) of the Green Deal Industrial Plan.

The [proposal](#) is articulated in nine chapters and accompanied by an [Annex](#) listing the net-zero strategic technologies, as well as a [Staff Working Document](#).

Acronyms: EC – EU Commission; H&C – heating and cooling MS – Member States; NZ – net-zero; tech(s) – technology(ies); RES – renewable energy sources; S&R – sustainability and resilience; ST – solar thermal; TRL – technology readiness level.

CHAPTER 1 – SUBJECT MATTER, SCOPE, DEFINITIONS (artt. 1-3)

- The Regulation establishes the framework of measures for innovating and scaling up the manufacturing capacity of NZ techs in the Union.
- The objectives are translated into a quantified overall headline benchmark: by 2030, the EU manufacturing capacity for the strategic NZ technologies listed in the Annex shall approach or reach at least 40% of the Union’s annual deployment needs. This level is based on the indicative objectives outlined in Recital 17 for some technologies (PV, wind, heat pumps, batteries, electrolyzers).
- The Regulation applies to NZ techs, which are listed in the Annex.
- Articles 26-27 apply to innovative NZ techs (TRL below 8 according to IEA classification).

Focus on maintaining manufacturing capacity in Europe

The regulation needs to stress the importance of having EU manufacturing sectors, such as ST, that are exporters and supplying the large majority of the market to keep their shares of a growing EU market.

Target for ST as a NZ tech

ST is recognized as NZ tech but has no specific target; SHE to ask for the inclusion of a dedicated target for ST.

CHAPTER 2 - ENABLING CONDITIONS FOR NET-ZERO TECH MANUFACTURING

Section 1: streamlining permitting (artt. 4-9)

- MS must designate a national competent authority acting as a single point of contact (one-stop shops) for permitting procedures.
- Maximum duration of permitting processes:
 - 12 months for projects with yearly manufacturing capacity < 1 GW.
 - 18 months for projects with yearly manufacturing capacity > 1 GW.
 - 18 months for projects with yearly capacity not measured in GW.
 - For the expansion of existing facilities, time limits shall be halved.
- Time limits could be extended by 1 month in exceptional cases, and by a further 6 months in case of exceptional health and safety.

Heat essential in national implementation

SHE to ask that national authorities build capacities to cover adequately H&C topics.

Short timings

Most ST projects would be <1GW or expansion of existing facilities.

Section 2: net-zero strategic projects (artt. 10-15)

- NZ strategic projects are defined (art. 10) as manufacturing projects for a NZ tech listed in the annex that meet at least one of the following two criteria:
 - Increasing manufacturing capacity for NZ techs for which the EU is heavily dependent on imports from a single third country.
 - Generating positive impacts beyond the project promoter and MS concerned according to three criteria:
 - Adds significant manufacturing capacity.
 - Improved sustainability and performance.
 - Attracting, upskilling or reskilling workers.
 - Adopting low-carbon and circular manufacturing practices.
- Applications for recognition as NZ strategic projects shall be submitted by the project promoters to the relevant MS (art. 11).
 - NZ tech manufacturing projects in less developed and transition regions and JTF territories shall be recognized as strategic without a formal application.
 - NZ tech manufacturing projects benefiting from the Innovation Fund, IPCEI, European Hydrogen Valleys, or Hydrogen Bank shall be recognized as strategic without a formal application.
- NZ strategic projects will be granted priority status (art. 12) and dedicated time limits (art. 13) for permitting:
 - 9 months for yearly manufacturing capacity < 1 GW.
 - 12 months for yearly manufacturing capacity > 1 GW.
 - 12 months for projects with yearly capacity not measured in GW.
 - For the expansion of existing facilities, time limits shall be halved.

PV central to the proposal

The first bullet point refers clearly to PV.

Significant capacity

This requirement needs clarification. Sectors mainly composed of SMEs, such as ST, can't be discriminated.

CHAPTER 3 – CO₂ INJECTION CAPACITY (artt. 16-18)

- EU target of an annual injection capacity of at least 50 million tonnes of CO₂ by 2030

CHAPTER 4 - ACCESS TO MARKETS (artt. 19-22)

- **Public procurement procedures** shall reward the tender's sustainability and resilience (S&R); S&R contribution shall weigh between 15% and 30% of the award criteria, provided it doesn't lead to disproportionate costs, and be assessed based on the following cumulative criteria:
 - Environmental sustainability
 - For innovative solutions, the quality of the implementation plan
 - Contribution to the energy system integration
 - Contribution to resilience, considering the proportion of the products originating from a single source of supply.
- For **RES auctions**, the S&R contribution shall weigh between 15% and 30% of the award criteria.
- **Public support schemes** benefiting households or consumers to incentivize the purchase of NZ tech final products could include additional financial compensation up to 5% based on S&R contribution.
- The EC shall provide and regularly update a list of each of the NZ tech final products, broken down by the share of Union supply originating in different third countries in the last year for which data is available.

CHAPTER 5 – ENHANCING SKILLS (artt. 23-25)

- The EC will support, including through seed-funding, the setting up of specialized European skills Academies, each focusing on a NZ tech and working together with MS, industry, social partners, and education and training providers to design and deploy courses (also for the trainers), as well as credentials to certify the skills acquired.
- The Net-Zero Europe Platform (NZEP) established in art. 28 will support the availability and deployment of skills through dedicated tasks.

Made in Europe approach
More space for non-price criteria to support “buying European”.

Important reflection for the role of Solar KEYMARK, regarding the certification of S&R requirements.

Level playing field needed
Contribution in auctions (electricity) is higher than in support schemes (same as public procurement). SHE to ask for better conditions for heat supply techs.

Monitoring = better data
Good for data availability; need for reliable statistical codes for ST.

RES Academies
This may be challenging for ST, considering the diverse requirements for different applications & geographical locations. Need to reflect among ST stakeholders.

In addition, smaller techs may struggle to get visibility with public opinion and, therefore, attract workers.

CHAPTER 6 – INNOVATION (artt. 26-27)

- MS may set up NZ regulatory sandboxes for the development, testing and validation of innovative NZ techs in a controlled environment for a limited amount of time.
- The modalities and the conditions for the establishment and operation of the NZ regulatory sandboxes shall be adopted through implementing acts.
- Provided that the participant(s) respect the sandbox plan and the terms and conditions for their participation, no administrative fines or other penalties shall be imposed for infringement of applicable Union or Member State legislation.
- MS shall provide SMEs with priority access to NZ regulatory sandboxes.

CHAPTER 7 – GOVERNANCE (artt. 28-30)

- The NZ Europe Platform (NZEP) is established, made up of representative of MS and the EC. A secretariat will assist the platform.
- The NZEP will assist and advise on reaching the objectives of the Regulation.
- MS shall consider this Regulation when preparing their National Energy and Climate Plans (NECPs).

NZ Europe Platform

It signals the intention to engage MS in a structured and long-term way.

CHAPTER 8 – MONITORING (art 31)

- On a yearly basis, MS shall collect and provide data to the EC on: NZ tech developments and market trends, including manufacturing costs and market prices; manufacturing capacity; value and volume of imports and exports; average duration of permitting; etc.

CHAPTER 9 – FINAL PROVISIONS (artt. 32-38)

- The EC shall evaluate this Regulation and present a report by 3 years after its application date and every 3 years thereafter.