

# High-level meeting in anticipation of the Net-Zero Industry Act and the Net-Zero Europe Platform

## Background note

### Net-Zero Industry Act – Implementation phase

The Net-Zero Industry Act (NZIA) establishes a framework of measures for strengthening our net-zero technology manufacturing ecosystem. Following the final agreement between the European Parliament and Council on 6 February 2024, the NZIA is expected to enter into force in July 2024. The most immediate implementation deliverables for this year are:

- Setting up the **Net-Zero Europe Platform**, by Q3/Q4 2024;
- Putting in place a system for granting **strategic project status**, by entry into force;
- Providing guidance to Member States on the application of requirements related to the **public procurement** provisions;
- For Member States to designate **Single points of contact**, by 6 months of entry into force.

In parallel, the work will begin on a series of implementing and delegated acts, some of which need to be adopted by March 2025, among them:

- A delegated act to specify in the Annex the components primarily used for the production of net-zero technologies.
- An implementing act specifying the prequalification and award criteria for auction design.
- An implementing act specifying minimum public procurement requirements on environmental sustainability.
- An implementing act providing guidelines on the uniform application of selection criteria for strategic projects.

### The Net-Zero Europe Platform

The Net-Zero Industry Act aims at simplifying the regulatory framework, and improving the investment environment for the Union's manufacturing capacity of technologies that are key to meet the Union's climate neutrality goals and ensure that our decarbonised energy system is resilient. To support the achieving of the Act's ambition, the Net-Zero Europe Platform will be set up and composed of a representative from each Member State, with the Commission as Chair. Where appropriate, the Platform may invite experts and other third parties to attend as observers. NZIA entrusts the Platform with various tasks such as exchanging best practices regarding permit-granting processes, financing of net-zero industries, application of non-pricing criteria in public procurement and auctions and the availability of skills in the net-zero technologies. Other tasks involve monitoring the Net-Zero Industry Academies' activities, coordination on regulatory sandboxes, advising net-zero strategic project promoters and coordinating Net-Zero Industrial partnerships. Also, a Net-Zero Industry group is to be created. Member States will shortly after the

publication of the Act in the Official Journal of the EU receive a formal letter requesting the appointment of a high-level representative to the Net-Zero Europe Platform. Commission services kindly recommend that these nominations are considered in advance so that they can be formalised swiftly.

**The High-Level meeting on 23 May 2024 aims to underscore the political importance of the Net-Zero Industry Act and provide strategic guidance for its implementation. To focus our discussion and to better understand the priorities of the Member States, it is foreseen that Member State representatives prepare and contribute via a short intervention on one of the following questions.**

### **Questions for interventions**

- 1. Have you already identified a list of net-zero manufacturing projects or sectors for which you deem the strategic project status to be of particular relevance and/or are you considering existing or new industrial sites to apply for the Net-Zero Acceleration Valley status? How could the setting up of strategic projects valleys be most usefully supported through joint action at EU level?*

NZIA puts forward the possibility for net-zero technology manufacturing projects to become strategic projects and benefit from priority status at national level, shorter permitting time-limits (9 – 12 months), as well as being focused on in the Net-Zero Platform (including with regards to financing). The Act outlines the selection criteria for strategic projects: contribution to resilience through added manufacturing capacity, positive supply-chain effects through innovation and in particular by supporting skills development or SMEs, and contribution to the Union’s climate and energy objectives through improved manufacturing practices. The Act also assures simplified recognition for projects that receive Cohesion funding, Innovation Fund or IPCEI funding. Member States have the possibility to refuse strategic project status if the project is for the manufacturing of a technology that is not part of the general energy structure (i.e. energy mix) of that particular Member State. The Act also lays down the rules for Member States to assess and recognise projects as strategic projects. The assessment has to be carried out within one month following the application of a project promoter. If an application is refused, the Commission may provide an assessment upon the request of the project promoter, however, it will remain without prejudice to the Member State’s decision. The Commission is working towards supporting the operationalisation the application process and is required to set up and maintain a public registry of net-zero strategic projects.

NZIA also provides Member States the possibility to designate “Net-Zero Acceleration Valleys” in order to create and foster clusters of net-zero industrial activity and further streamline administrative procedures. Notably, where Member States decide to designate a Valley, it is mandatory to carry out environmental assessments of the geographic area under applicable legislation, with the aim to streamline subsequent planning for individual projects. Each Valley

shall be accompanied by a plan setting out concrete national measures to increase its attractiveness (facilitate infrastructure, investments, reskilling and upskilling). Public investment in these valleys may benefit from the maximum co-financing rates under ERDF, CF, JTF and ESF+. With regards to permitting in Valleys, NZIA foresees that they should be assigned a dedicated Single point of contact and make available templates indicating all required permits to simplify the process.

***2. What financial tools are available and needed for the technologies or projects you (plan to) support? How could the coordination of Union and national financing of net-zero technology manufacturing projects be improved?***

The Commission has put forward a number of initiatives to support the NZIA objectives in order to make better use of existing funding instruments and allow for further flexibility in the provision of state aids by Member States. NZIA encourages Member States to spend 25% of their annual ETS revenues in line with NZIA objectives. Moreover, the Platform shall concretely advise NZIA strategic projects on how they can complete their financing, taking into account public and private sources. The Platform will examine bottlenecks and Union-wide financial needs of net-zero strategic projects and facilitate the acceleration of public investments in net-zero manufacturing projects. STEP (Strategic Technologies for Europe Platform) and the Temporary Crisis and Transition Framework (TCTF) are further regulatory frameworks that were developed to make more financing available for net-zero projects. Both rely on a strong collaboration between the Commission and Member States, for example with respect to Member States re-programming their cohesion funds to make use of new opportunities for new net-zero investments enabled through STEP, and with respect to Member States making use of the opportunities that the TCTF section 2.8 on investments in certain clean technologies provides. These technologies are namely batteries, solar panels, wind turbines, heat-pumps, electrolyzers and carbon capture and storage.

STEP has the objective of supporting the development or manufacturing of critical technologies throughout the Union, as well as safeguarding and strengthening their respective value chains. Net-zero technologies are explicitly mentioned in the STEP Regulation as part of the STEP objectives. The STEP Regulation amends the European Regional Development Fund and Cohesion Fund Regulation – and in similar way the Regulations on the European Regional Development Fund, the Just Transition Fund - with maximum co-financing rates for dedicated priorities to support the STEP objectives of 100%”. Managing authorities may apply (at their own discretion) a high co-funding rate to support net-zero value chains in their territory.

The TCTF, adopted in 2023, allows Member States to provide support to ensure that strategic investments in net-zero technologies take place in Europe. The TCTF allows temporarily (until 31<sup>st</sup> December 2025) flexibility for such support in section 2.8 of the TCTF, which covers productive investments in certain essential clean technologies, their key components and critical raw materials. This allows Member States to provide quick support based on schemes or, to match in individual cases public support available in other third countries to avoid that such investments are diverted away from Europe.

***3. Do you have experiences and best practices to share on applying non-price criteria in public procurement, auctions or ‘other subsidy schemes’? How could the implementation of the relevant NZIA provisions be facilitated?***

The NZIA supports the demand for net-zero technology products by introducing an obligation to use non-price criteria in public procurement, in auctions for renewable energies and in subsidy schemes to support the acquisition of net-zero final products. Non-price criteria feature environmental sustainability, resilience, and further aspects like e.g. cybersecurity or energy system integration. The Net-Zero Europe Platform will play a role in implementing those provisions, e.g. through sharing best practices.

While some authorities already have ample experience in applying non-price criteria, the obligation to do so is novel. Co-legislators assigned the Commission with developing Implementing Acts to facilitate the application of the non-price criteria. Any experiences and best practices in your Member States are a valuable input to improve the broad implementation of the new NZIA non-price criteria.