Letter to Ambassadors on the Net-Zero Industry Act ahead of COREPER meeting on 6 October

The meaning of net-zero and how to get it right

Dear Ambassador,

During the meeting of COREPER I on 6 October you will have the opportunity to provide political guidance on several elements of the Net-Zero Industry Act (NZIA) Regulation, mainly on identifying the list of strategic net-zero technologies that will benefit from the support framework of the proposal. The NZIA is a key building block of a successful green industrial policy, and the nest for strengthening Europe's manufacturing ecosystem for clean technologies.

Following our joint statement in June 2023 to keep the NZIA focused on clean tech manufacturing, we would like to share our recommendations to ensure the delivery of a Regulation that is targeted and impactful.

We strongly welcome the work that has been put into the discussions so far, which have moved some of the key elements of the proposal forward. Our organisations represent the strategic net-zero technology manufacturers as proposed by the Commission[1], their value chains and civil society organisations. We are, however, deeply concerned by some of the recent developments, which if confirmed, will weaken the delivery of the EU's climate and energy action agenda. Our coalition therefore hope that you will consider the following key points while preparing for the meeting of COREPER I on 6 October.

Ensure the Net-Zero Industry Act brings home clean tech production

Our concern: In light of the recent discussions in the European Parliament (EP) on widening the scope of the Regulation to a broad range of technologies and scrapping the Annex and strategic focus for net-zero technologies, we are concerned that such a widening will contradict the NZIA objectives to ramp-up production of clean technologies. Based on the internal assessment from the Staff Working Document and using the International Energy Agency's perspectives for clean technologies, the European Commission has already identified in the NZIA Annex the solutions that are critical for ensuring Europe is not left behind the global clean tech race.

An NZIA that deprioritises recognised strategic clean technology industries and their supply chains will close the door for Europe's clean industrial strategy to grow markets inside-out, at a time when other geopolitical powers are cornering the market for clean tech. In short, scrapping the Annex sends a strong signal to divestment in clean technologies vital for the net-zero transition.

The opportunity: For this to happen, the focus of the NZIA should prioritise those globally recognised clean technologies to serve the domestic and global markets. Now is the time to build the increasingly strong economic case for clean energy and ensure the mass manufacturing of technologies for renewables, energy efficiency and the electrification of our economy. As mentioned by the EU Energy Commissioner Simson, electrification should be made easier, cheaper, and quicker, which must be supported by boosting our industrial capacity through the NZIA. Keeping in mind the latest Spanish Presidency text which safeguards the initial Annex, we urge you to maintain a coherent and focused Annex

---

[1] As proposed in the initial Commission's Annex. See below for the list of signatories.

to support clean tech manufacturing. COREPER is your opportunity to hear this call, echoed by other clean tech associations, leading think tanks and NGOs[2].

Link the NZIA to a coherent and existing framework that supports the Union's energy and climate objectives

While the Commission's initial proposal suggested updating the list out of its own initiative, the latest proposal in the EP suggests that the Commission would be responsible for making proposals using a Delegated Act based on the technologies listed by Member States in their National Energy and Climate Plans (NECPs).

The NECPs are important tools for Member States to i) take an integrated approach for the EU-27's climate and energy policies, and ii) reinforces the business case for clean tech investment in Europe.

Our concern: Linking the NZIA technologies to the NECPs is a good start yet remains a minimum requirement to allow for comparability, transparency and consistency, as a logical follow-up to the latest EU targets (n.b. REPowerEU, FF55). The NECPs are not enough for Member States to ensure a thorough examination of the needs for strategic net-zero manufacturing at local level, due to a lack of transparency and detailed data-based evidence in the NECPs drafting and implementation process[3]. While the consultation process with key energy and climate stakeholders is often opaque and missing, the NECPs remain an important planning tool and should go hand in hand with other instruments and the Union's principles enshrined into existing legislation, including application of the Energy Efficiency First principle.

Besides, there is also a risk that NECPs do not sufficiently focus on NZIA technologies. Despite being recognised priorities, the strategic net-zero technologies our associations represent are not consistently referenced in the latest draft updates of some of the NECPs that have been submitted to the Commission, despite the Commission's guidance[4] which is geared towards clean tech manufacturing. In short, this means that the NECPs may not suffice both in a 2030 and 2050 perspective from a clean tech manufacturing point of view.

The opportunity: Our recommendations are to ensure that the NZIA is linked to other planning tools in addition to the NECP. Better alignment between the NECPs and the Network Development Plans[5] should be clearly referenced in the NZIA, to ensure that Member States base their planning using both tools on the most up to date targets[6]. During COREPER, we call you to ask for a clear reference regarding the above recommendations. The European Parliament has recognised to this day the need to link a coherent framework such as the NECPs, and we believe it is in everyone's interest to ensure that Member States

---

[2] *See Cleantech for Europe's open letter of 19 June 2023:* ''Delivering a NZIA that is strategic, targeted and impactful''
[3] *Issues include lack of regularly updated information and detailed estimations. See Justice and Environment's* report *on 'Findings from the first year of the NECP implementation process'*
[4] *The Commission's guidance for Member States on the updated NECPs (2021-2030) advises EU countries to ''integrate the manufacturing scale-up and diversified production capacity of clean energy and low carbon technology value chains in national objectives and policies and measures as regards competitiveness.''*
[5] *Network Development Plans (NDPs) are major planning tools which outline how National Grid Operators expect to develop their network and infrastructure over a five-to-ten-year period. At pan-European level, the European representation of electricity distribution and transmission draw up Ten-Year Network Development Plans (TYNDPs) based on these NDPs and in line with Directive (EU) 2019/944 and Regulation (EU) 2019/943.*
[6] *As* highlighted by currENT, *with Europe rapidly increasing its ambition in many areas, NDPs and NECPs both are sometimes based on outdated targets and as a result do not refer to the latest, most energy efficiency and effective technology in line with achieving the relevant targets.*

can draft their long-term strategies in line with the Union's targets, and the global and European dimension of clean tech manufacturing.

Signatories represent associations of leading strategic net-zero manufacturers and civil society organisations:

T&D Europe, currENT, SolarPower Europe, E.DSO, Europacable, European Heat Pump Association, the European Association for Storage of Energy, Flow Batteries Europe, the European Smart Energy Solution Providers, Renewable Hydrogen Coalition, Transport & Environment