Net-Zero Industry Act trilogues – 4 column document

Eurelectric recommendations

January 2024

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:
- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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WG Industrial Competitiveness & Innovation
WG RES & Storage
Electrification and Sustainability Committee
Generation and Environment Committee

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KEY MESSAGES

- **Subject Matter (Art.1):** The Net-Zero Industry Act can strengthen the **EU's open strategic autonomy**, through a progressive, parallel reduction of value chains dependence and by maintaining the EU's competitive edge in established clean technologies. In this regard, we encourage negotiators to maintain **the focus on net-zero end-products** and **establish non-binding technology-specific benchmarks.**
- **Definitions (Art. 3a & 3b + Annex):** Eurelectric welcomes the inclusion of clean and renewable electricity generation technologies among in the lists of strategic net-zero technologies. We consider the Council's approach (2-lists in the body of the Regulation) to be particularly positive and call on policymakers to ensure **equal treatment of carbon-free sources of generation, like renewables, hydropower and nuclear, which have a technology readiness above eight**. Importantly, while we welcome the inclusion of grid technologies in the three proposals, we draw the attention to the need to give a more prominent role to distribution grid assets.
- We encourage negotiators to clearly mention in Article 19 that its content does not apply to auctions for renewables, to avoid confusion in the application of the various provisions of the Regulation.
- **Auctions for deployment of RES (Art. 20):**
    - Eurelectric welcomes the Council's approach towards maintaining the weight of sustainability and resilience criteria between 15 and 30 percent. However, we encourage negotiators to **consider these criteria separately** and not be cumulative, considering their different purposes and challenges. Moreover, as rightfully included in the Parliament's position, we encourage policymakers to **develop technology specific non-price criteria (NPC).** Lastly, for the detailed design of the tenders, Member States should be able to choose individually suitable measures from a catalogue of criteria predefined by the Commission. Devising no more than 3-5 measures and 1 objective per auction should be enabled to keep focus on the main qualitative issue in the target. This should be supported by **clear guidance** for bidders.
    - Retain and improve the **derogation from the obligatory application of NPC** in the event of disproportionate cost increases already included in the Commission's proposal. In this regard, Eurelectric encourages negotiators to: i. apply **different derogation triggers** per technology, ii. clarify the elements considered for the **calculation of cost differences**, as well as the application of this provision, iii. Consider higher and **dynamic levels for the derogation threshold**, that can be reviewed.
    - Eurelectric urges negotiators to retain the Parliaments provisions calling on Member States to **adjust both their overall budgets** allocated to RES auctions and the related maximum bid levels **to accommodate the implementation of NPC**. In addition, the final text must maintain the call to ensure that auctions **include an inflation indexation mechanism**, with the potential exclusion of negative bids.
- **Committee procedure (Art 34):** A major risk around the introduction of NPCs are lack of objectivity and transparency in the assessment. Where NPC are used, they should be objective, quantifiable and assessed by an experts' jury.
- **Entry into force (Art.38)** Eurelectric welcomes the progressive entry into force of the Regulation. In our view, the transition of national support mechanisms towards non-price criteria takes time. To allow authorities and project developers to prepare for the new requirements, the Regulation should include a transitional period of at least one year until the new requirements in Articles 19 and 20 become mandatory.
- Last but not least, we would like to share our concern with regards to a potential priori disconnection between the list of strategic technologies and the possible access to EU funding – resulting from a strict interpretation of article 3b paragraph 3. This might hinder the effectiveness of the legislative architecture provided by the NZIA by excluding sources of financing that might crucially support the scaling-up of the EU manufacturing capacity.

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EC Proposal	Parliament Position	Council Position	Eurelectric's preferred option
Article 1: Subject matter			
1. This Regulation establishes the framework of measures for innovating and scaling up the manufacturing capacity of net-zero technologies in the Union to support the Union's 2030 target of reducing net greenhouse gas emissions by at least 55 % relative to 1990 levels and the Union's 2050 climate neutrality target, as defined by Regulation (EU) 2021/1119, and to ensure the Union's access to a secure and sustainable supply of net-zero technologies needed to safeguard the resilience of the Union's energy system and to contribute to the creation of quality jobs.	This Regulation establishes the framework of measures ***to ensure a coordinated approach, throughout the Union, to the innovation*** and scaling up ***of*** the manufacturing capacity of net-zero technologies ***as well as of the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning*** in the Union to***:*** (a) support the Union's ***climate*** targets ***and climate neutrality objective*****,** as defined by Regulation (EU) 2021/1119***;*** (b) ***foster the Union's international industrial competitiveness in order to contribute to the creation of quality jobs;*** (c) ***improve*** the Union's access to a secure and sustainable supply of net-zero technologies***;*** (d) ***strengthen Union's open strategic autonomy;*** (e) ***safeguard the resilience of the corresponding Union's supply chains; and*** (f) ***achieve the decarbonisation of the Union's economy and society.***	The general objective of this Regulation is to improve the functioning of the internal market by establishing a framework to ensure the Union's access to a secure and sustainable supply of net-zero technologies, while contributing to achieving the Union's 2030 target of reducing net greenhouse gas emissions by at least 55% relative to 1990 levels and the Union's 2050 climate neutrality target.	**Eurelectric partially supports the Council and Parliament's approaches. Additional Eurelectric recommendations justified below** Eurelectric supports the approach to ensure to ensure a coordinated approach throughout the Union *(EP),* as well as the ambition to ensure (Council) and improve (EP) the Union's access to a secure and sustainable supply of net-zero technologies. Critically, the Net-Zero industry should strengthen the **Union's open strategic autonomy** (EP), while fostering industrial competitiveness and safeguarding the resilience of the corresponding supply chains. Considering the decarbonisation ambitions, we encourage policymakers to consider the role of this regulation is a joint delivery of <u>**energy**</u> (Eurelectric) and climate targets. In addition, NZIA should be, both an opportunity to i) develop a value chain in technologies where a heavy dependence on third countries has been identified and ii<u>**) to ensure that EU keeps its competitive advantage for clean technologies for which the European value chain is already strong**</u>.

2. to achieve the general objective referred to in paragraph 1, this Regulation contains measures with a view to ensuring: a. that by 2030, manufacturing capacity in the Union of the strategic net-zero technologies listed in the Annex approaches or reaches a benchmark of at least 40% of the Union's annual deployment needs for the corresponding technologies necessary to achieve the Union's 2030 climate and energy targets; b. the free movement of net zero technologies placed on the Single market.	2. To achieve the general objective referred to in paragraph 1, this Regulation contains measures with a view to ensuring: (a) ***the reduction of strategic dependencies*** in the Union of the strategic net-zero technologies ***as well as of the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning and that by 2030 reaches a manufacturing capacity corresponding to***: (i) ***at least 40 % of the Union's annual deployment needs for the corresponding technologies necessary to achieve the Union's climate and energy targets, based on the technological deployment planned across the Union according to the national energy and climate plans prepared and submitted by the Member States pursuant to Regulation (EU) 2018/1999; and*** (ii) ***at least 25 % of global demand for the corresponding technologies;*** (b) the ***guaranteed*** free movement of net zero technologies ***and related service*** placed on the ***internal*** market.	2. To contribute to achieving the general objective referred to in paragraph 1, this Regulation contains measures aimed at: (a) lowering the risk of supply disruptions related to net-zero technologies likely to distort competition and fragment the internal market, in particular by identifying and supporting the scale-up of the manufacturing capacity of net-zero technologies and their value chains; (b) encouraging demand for sustainable and resilient net-zero technologies through public procurement, auctioning and other forms of public interventions; (c) enhancing skills through the support of net-zero academies, thereby safeguarding and creating quality jobs; (d) supporting innovation through the creation of net-zero regulatory sandboxes; (e) improving the Union's ability to monitor and mitigate the supply risk related to net zero technologies. 2a. This Regulation also aims at establishing a Union market for CO2 storage services.	**Eurelectric supports Council (Art 1, paragraph 2 points a-e) and the Parliament (Art1, paragraph 2b) Commission (para2) & Council (art. 9) – application of benchmarks only to strategic net-zero technologies** Eurelectric encourages negotiators to maintain: 1. the **non-binding** nature of **benchmarks.** Such benchmarks should be technology-specific, considering the needs, specificities and different maturity of technologies/market. 2. a **focus on end-products** instead of components. By focusing on net-zero technologies (as in the COM proposal), indispensable components will see a pull-factor. On the contrary, a focus on components risks both creating a significant administrative burden, and diluting the value of the Regulation by giving strategic status to elements that are widely used outside net-zero technologies.

		Art 9 a Benchmark The Commission and Member States shall support Strategic Projects in accordance with this Section in order to ensure that by 2030, manufacturing capacity in the Union of the strategic net zero technologies listed in Article 3b, approaches or reaches a benchmark of at least 40% of the Union's annual deployment needs for the corresponding technologies necessary to achieve the Union's 2030 climate and energy targets.	
3. Where, based on the report referred to in Article 35, the Commission concludes that the Union is likely not to achieve the objectives set out in paragraph 1, it shall assess the feasibility and proportionality of proposing measures or exercising its powers at Union level in order to ensure the achievement of those objectives.	3. Where, based on the report referred to in Article 35, the Commission concludes that the Union is likely not to achieve the objectives set out in ***paragraphs*** 1 ***and 2***, it shall assess the feasibility and proportionality of proposing measures or exercising its powers at Union level in order to ensure the achievement of those objectives. ***In particular, the Commission shall assess the possibility of establishing including by means of delegated acts in accordance with Article 33, supplementing this Regulation, more granular targets for key technologies and components in order to ensure the achievement of those objectives. The Commission shall consult the Net-Zero Europe Platform to determine which measures or powers to apply.***	Deleted	**Eurelectric supports the EP reference to granularity, but encourages maintain non-binding benchmarks** Eurelectric welcomes the Parliament's additions to the article, in particular the inclusion of "**granularity**" for key technologies. However, we would encourage granular benchmarks instead of targets, and a focus on "strategic net-zero technologies", as presented by Council in article 3b. This would ensure prioritisation of technologies and a proper monitoring of the evolution of value chains.

Article 2: Scope			
This Regulation applies to net-zero technologies, except for Articles 26 and 27 of this Regulation, which apply to innovative net-zero technologies. Raw materials processed materials or components falling under the scope of Regulation (EU) …/… [add footnote with publication references of the Critical Raw Materials Regulation] shall be excluded from the scope of this Regulation.	***With the exception of Articles 26 and 27 of this Regulation, which apply to net-zero innovative technologies, this*** Regulation applies to net-zero technologies, ***as listed in Article 3a(1), well as to the components, materials and machinery along the supply chains of those technologies that are indispensable for their production and functioning***. Raw materials processed materials ***and*** components falling under the scope of Regulation (EU) …/… [add footnote with publication references of the Critical Raw Materials Regulation] ***and under the scope of Regulation (EU) 2023/1781*** shall be excluded from the scope of this Regulation.	This Regulation applies to net-zero technologies, except for Articles 26 and 27 of this Regulation, which apply only to innovative net-zero technologies and other innovative technologies with potential to enable the transition to a climate neutral, clean economy and reduce strategic dependencies. Critical raw materials falling under the scope of Regulation (EU) …/… [add footnote with publication references of the Critical Raw Materials Regulation] shall be excluded from the scope of this Regulation. In cases of integrated production facilities that cover production of materials falling both under the scope of the [Critical Raw Materials Act] and this Regulation, it shall be the facilities' final product that determines which Regulation applies.	**Eurelectric support the Commission and Council's approach** Eurelectric considers that scope of the regulation should be "net-zero technologies", as formulated in the Commissions' proposal and further clarified by Council with the reference to "final product". Such approach would support the increase of the EU's resilience, by triggering the creation of local manufacturing capacities for downstream components.
Article 3: Definitions			
a) 'net-zero technologies' means renewable energy technologies; electricity and heat storage technologies; heat pumps; grid technologies; renewable fuels of non-biological origin technologies; sustainable alternative fuels technologies; electrolysers and fuel cells; advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle,	'net-zero technologies' means ***the technologies listed in Article 3a(1);***	'net-zero technologies' means all technologies identified under Article 3a, which are final products, specific components or specific machinery primarily used for the production of those products, and which have reached a technology readiness level of at least 8; (aa)'strategic net-zero technology' means all technologies identified under	**Eurelectric support the Commission and council definition of net-zero technologies Council** Eurelectric encourages policymakers to maintain the reference to technology maturity level of at least 8. This will allow the prioritisation of sectors that significantly contribute to decarbonisation endeavours. However, going forward, possibly a more specific

small modular reactors, and related best-in-class fuels; carbon capture, utilisation, and storage technologies; and energy-system related energy efficiency technologies. They refer to the final products, specific components and specific machinery primarily used for the production of those products. They shall have reached a technology readiness level of at least 8.		paragraph 1 of Article 3b, which are final products, specific components or specific machinery primarily used for the production of those products, and which have reached a technology readiness level of at least 8.	methodology on the establishment of the TRL might be needed.
(j) ‘technology readiness level’ means a method of estimating the maturity of technologies, according to the classification used by the International Energy Agency;	deleted	‘technology readiness level’ means a method of estimating the maturity of technologies, according to the classification used by the International Energy Agency;	**Eurelectric supports the Commission and Council’s approach** Eurelectric considers that maintaining the reference to technology readiness level allows for prioritisation of technologies that have proven their ability to deliver and help the EU achieve its ambitions.
	ea) ***‘net-zero industry valley’ or ‘Valley’ means a specific land area which has been designated by a Member State for the purpose of promoting the construction or expansion of manufacturing facilities in the net-zero industry supply chain;***		**European Parliament** The introduction of net-zero valleys could play a positive role in delivering the overall objectives. When designing such Valleys or clusters, it would be important to ensure from the onset their access to clean and renewable electricity as well as the necessary grid connection.
Article 20: Auctions to deploy renewable energy sources			
1.Without prejudice to Article 4 of Directive (EU) 2018/2001 and Articles 107 and 108 the Treaty, and to the Union’s international commitments	1. Without prejudice to Article 4 of Directive (EU) 2018/2001 ***of the European Parliament and of the Council TFEU, and*** Union’s international	1.When designing auctions for the deployment of energy from renewable sources, and where technologies listed as a strategic net-zero technologies	**Eurelectric is supportive of the Council’s approach and makes additional suggestions**

including the GPA and other international agreements by which the Union is bound, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall assess the sustainability and resilience contribution as referred to in Article 19(2) of this Regulation when designing the criteria used for ranking bids in the framework of auctions, the aim of which is to support the production or consumption of energy from renewable sources as defined in Article 2, point (1) of Directive (EU) 2018/2001.	commitments including the GPA and other international agreements by which the Union is bound, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall assess the sustainability and resilience contribution as referred to in Article 19(2) ***and (2a)*** of this Regulation when designing the criteria used for ranking bids in the framework of auctions, the aim of which is to support the production or consumption of energy from renewable sources as defined in Article 2, point (1) of Directive (EU) 2018/2001. ***This shall not preclude those entities from using other non-price criteria.***	under this Regulation are allowed to participate, Member States shall include: (a) pre-qualification criteria related to responsible business conduct, cybersecurity and data security and ability to deliver the project fully and on time; (b) pre-qualification criteria different than those referred to in point (a) or award criteria to assess the auction's sustainability and resilience contribution as referred to in paragraph 1a. This is without prejudice to Article 4 of Directive (EU) 2018/2001 and Articles 107 and 108 the Treaty, and to the Union's international obligations. 1a. The auctions' sustainability and resilience contribution shall be based on the criterion set in point (a) and on at least one of the criteria laid down in points (b) to (d) which shall be objective, transparent and non-discriminatory: (a) contribution to resilience, taking into account the proportion of the strategic net-zero technologies or the specific components primarily used for the production of those products that originate from a third country accounting for more than 50% of the supply of that specific strategic net-zero technology within the Union;	Eurelectric encourages policymakers to provide early, clear, pragmatic criteria: (i) swiftly deliver an implementing act to maximise harmonisation; (ii) consider technology-specific prequalification criteria/minimum standards; (iii) organise a transparent assessment and accountability; **1. Consider technology-specific differences** Renewable energy technologies differ significantly in their characteristics, especially concerning supply chains, cost structures, impacts on land use and other societal objectives. Therefore, non-price criteria need to be designed to meet the technology-specific characteristics and challenges of the respective technologies (e.g., solar vs wind or even onshore vs offshore). **2. Consider sustainability and resilience separately** The sustainability and resilience principles serve different purposes and bring different challenges; therefore they should be considered separately and not be cumulative. In addition, the introduction of non-price criteria, while promoting sustainability and resilience, should not steer competition away from the primary goal of RES auctions,

		For the purpose of point (a), the country of origin shall be determined in accordance with Regulation (EU) No 952/2013 of the European Parliament and of the Council; (b) environmental sustainability going beyond the minimum requirements in applicable legislation; (c) contribution to innovation by providing entirely new solutions or improving comparable state-of-the-art solutions; (d) contribution to the energy system integration. This shall not preclude Member States from using additional non-price criteria beyond those listed in this paragraph 1a. The Commission will adopt an implementing act further specifying the pre-qualification and award criteria. This implementing act shall be adopted within 9 months after the entry into force of this Regulation in accordance with the examination procedure referred to in Article 34(3).	which is to facilitate the efficient build-up of renewables capacities.
The sustainability and resilience contribution shall be given a weight between 15% and 30% of the award criteria, without prejudice of the possibility to give a higher weighting to the criteria in Article 19(2), points (a) and (b), where applicable under Union legislation, and of any limit for non-price criteria set under State aid rules.	2. The sustainability and resilience contribution shall be given a weight between ***35***% and ***50***% of the award criteria, ***taking into account both the sustainability and the resilience contribution in a balanced way***, without prejudice ***to*** the possibility to give a higher weighting to the criteria in Article 19(2), points (a) and (b), w here applicable under Union legislation, and of any limit for non-price criteria set	2. When applied as award criteria, Member States shall give to each of the criteria to assess the auction's sustainability and resilience contribution a minimum weight of 5% and a combined weight between 15% and 30% of the award criteria. This is without prejudice of the possibility to give a higher weighting to the criteria referred to in paragraph 1a, points (b), (c) and (d), in accordance with any limit	**Eurelectric supports the Council and Commission references to the weight of NPC and the Parliament's reference to technology specificity** While technology-specificity is essential, measures should be taken to avoid the risks of turning criteria into extremely complex bureaucratic requirements. Focusing on only 1

	under State aid rules. ***When selecting, designing and implementing the concrete non-price criteria as part of the sustainability and resilience contribution, technology-specific characteristics shall be taken into account and effectively addressed.***	for non-price criteria set under State aid rules.	criterion (especially for award criteria) in an auction should be possible.
3.The Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law shall not be obliged to apply the considerations relating to the sustainability and resilience contribution of net-zero technologies where their application would oblige those entities to acquire equipment having disproportionate costs, or technical characteristics different from those of existing equipment, resulting in incompatibility, technical difficulties in operation and maintenance. Cost differences above 10% may be presumed by contracting authorities and contracting entities to be disproportionate.	3. The Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law shall not be obliged to apply the considerations relating to the sustainability and resilience contribution of net-zero technologies where their application would oblige those entities to acquire equipment having disproportionate costs. Cost differences above 10% may be presumed by contracting authorities and contracting entities to be disproportionate ***when the costs of the support offered by the public sector for the project would be more than 15% higher, compared to a procedure without the sustainability and resilience contributions. This paragraph shall be without prejudice to the prerogative of contracting authorities to formulate technical specifications in accordance with Article 42 of Directive 2014/24 in order to ensure the application of this paragraph does not lead to the procurement of incompatible***	3 Member States shall not be obliged to apply the considerations relating to the prequalification and award criteria defined in paragraph 1 where their application would result in disproportionate costs. Estimated cost differences above 15%, based on objective and verifiable data, may be presumed by Member States to be disproportionate. 4. Paragraphs 1 to 3 shall apply to at least 20% of the volume auctioned per year per Member State. Upon entry into force of the implementing act as referred to in paragraph 5, paragraphs 1 to 3 shall apply to the volume auctioned per year per Member State as defined in the implementing act referred to in paragraph 5. 5. By 31 December 2027 and every two years thereafter, the Commission shall a adopt an implementing act to determine the shares of the volume auctioned per year per Member State to which paragraphs 1 to 3 shall apply, and to reduce the threshold of the estimated cost differences referred to	**Eurelectric supports the** • **Council's approach: Cost differences, para 3-7** • **Parliament's mandate: adjustment of overall budgets, indexation** **1. On cost differences** Technologies from third countries often are considered significantly more cost efficient than comparable technologies produced in the EU. To strike a good balance between avoiding excessive price increases and an unsustainable race-to-the bottom, the derogation from the obligatory application of non-price criteria in the event of anticipated disproportionate cost increases must be retained and improved. **Eurelectric encourages negotiators to:** i. Apply **different derogation triggers** per technology. ii. **Clarify how the cost difference** is to be concretely determined (an EU-level definition of "cost difference" would be important to avoid different interpretations and subsequent fragmentation at the MS level (what is

	equipment requiring unreasonably high costs to ensure the compatibility with the existing equipment. ***Member States may adjust their overall budgets allocated to renewable energy auctions as well as the related maximum bid levels in order to accommodate the implementation of non-price criteria.*** ***Member States shall ensure that auctions include an inflation indexation mechanism. Negative bids shall, where appropriate, be excluded from auctions.*** 3a. ***Authorities shall apply the following prequalification conditions for auctions under this Article:*** (a) ***no more than 50% of the net-zero technology part of the tender, measured in financial value of the equipment as determined in accordance with Regulation (EU) No 952/2013, shall originate from third countries which are not signatories of the GPA;*** (b) ***all equipment supplied under the net-zero technology part of the tender shall be certified in terms of cyber security insofar as a European or national cyber security certification framework exists for the equipment;*** (c) ***economic operators supplying the net-zero technology part of the tender***	in paragraph 3. The determination of the share of the volume auctioned shall be based on a comprehensive assessment on the application of resilience and sustainability criteria for renewable energy auctions and their effect on the accelerated deployment of renewable energy technologies. The implementing act referred to in subparagraph 1 shall ensure adequate appropriate time for implementation, ensuring at least 12 months after the entry into force of the implementing act, in order to adjust national law and auctions design. 6. For calculating the volumes auctioned per year per Member State the following auctions may be excluded: (a) auctions for a specific technology where all auctions have been undersubscribed in the previous 2 years; (b) auctions for installations with a maximum project size of 10 MW. 7. To facilitate implementation for all Member States, in particular for those with low volume of auctions, Member States that have not launched more than 2 auctions per year during the last 2 years, may compute the share of auctions to which the non-price criteria apply over the period of 2 years.	actually included: total project CAPEX, individual component or equipment items, … etc) iii. In the event the derogation is triggered, **clarify how it would be implemented**: the practical implementation and application of the derogation needs also clarification. If applied when designing tender rules, no business case is even available to evaluate against. If applied at the stage of bid ranking, non-application might lead to negative impacts for business cases and nontransparent ranking of bids. Guidelines or secondary legislation would help with an effective implementation. iv. **Consider dynamic levels for the derogation threshold**: Situations where the additional costs exceed by more than 10% the costs of non-EU projects will be frequent. For this reason, after a cost-benefit assessment, the threshold may be adjusted and regularly reviewed over time. **2. Adjustment of budgets, indexation** Where non-price criteria are implemented and added costs occur, the overall auction budget volumes need to be increased by the Member States, so that the same amount of new renewable energy capacity buildout can still be supported. This approach would allow for the seamless expansion of

	shall not be subject to an IPI measure as defined in the Regulation (EU) 2022/1031, in particular Articles 6 and 8 thereof. ***Where the application of those prequalification conditions in an auction results in no suitable bids, the contracting authority may restart the auction without the application of the prequalification conditions of points (a) and (c).***		renewables in parallel with fostering growth of the European renewables supply chain. In addition, recent developments in the supply chain have underscored the importance of indexing of bid caps must ensure that any cost increases in supported projects are reflected in increased compensation to avoid suspension of projects. **Therefore, Eurelectric urges policymakers to include in the final text the EP amendments with regards to the adjustment of overall budgets and the indexation.** Council calls on the EC to prepare de implementing acts starting 2027 – on the total volume auctioned in MS. But gives 12 months for their entry into force, which might create delays and uncertainty about bidding & application of the article. To provide stakeholders with certainty and visibility in the application of the non-price criteria, it would be preferable to have already in the text of the Regulation a reference to a detailed planning of the timeline and extent of the revision. An implementing act containing a revision mechanism could be envisaged to adapt the already set target to the reality of the market.

	Article 20a ***Commission guidance*** 1. ***By ... [6 months from the date of entry into force of this Regulation], the Commission shall provide clear guidance on the concrete implementation on Article 19 in combination with Article 20, by providing:*** (a) ***a catalogue of concrete and technology-specific potential non-price criteria for renewable energy auctions, which shall differentiate between non-price criteria suitable for competitive bidding processes and non-price criteria suitable as prequalification requirements in renewable energy auctions;*** (b) ***a methodology on how to assess a tender's contribution to environmental and social sustainability and resilience referred to in Article 19(2), points (a) and (d);*** (c) ***a methodology on how to assess the cost differences referred to in Article 20(3).*** 2. ***The Commission shall evaluate the contribution of non-price criteria of this Regulation aiming to provide an incentive for the innovation required for achieving the Union's 2030 and 2050 energy and climate targets and report to the European Parliament by ... [two years after the date of entry into force of this Regulation]. If necessary, the Commission shall***		**Eurelectric supports the European Parliament's mandate and suggests further considerations.** The expected secondary legislation should maximise an EU-wide harmonisation of application and assessment of the criteria, which shall factor in the following: • The introduction of non-price criteria, while promoting sustainability and resilience, should not steer competition away from the primary goal of RES auctions, which is to facilitate the efficient build-up of renewables capacities. Any measure that increases the costs for consumers due to inefficiencies must be avoided. This includes inefficient bundling of products and reduced competitive pressure. • Penalties for non-compliance must be included. • For the detailed design of the tenders, Member states should be able to choose individually suitable measures from a catalogue of criteria predefined by the EU Commission. • A major risk around the introduction of NPCs are lack of objectivity and transparency in the assessment. Where non-price criteria are used, they should be objective, quantifiable and assessed by an experts' jury. • No more than 3-5 measures and 1 objective per auction. The same auction should not lose focus of the main

	modify the contribution of non-price criteria in order to foster manufacturing in the Union, ensuring high environmental and sustainability standards, developing value chains across the Union and increasing the competitiveness of Union businesses at global level.		qualitative issue in the target (cf. sustainability + ecology + innovation). • This should be supported by clear guidance for bidders.
Article 22 : Coordination of access to markets initiatives			
2. The Commission shall make available and regularly update a list of each of the net-zero technology final products listed in the Annex, broken down by the share of Union supply originating in different third countries in the last year for which data is available.	2. The Commission shall make available and regularly update a list of ***all*** of the net-zero technology final products listed in ***Article 3***, broken down by the share of Union supply originating in different third countries in the last year for which data is available. ***The Commission and the Net-Zero Europe Platform shall consult industrial stakeholders' associations and industrial players to this end.***	2. For the assessment of the contribution to resilience, the Commission shall adopt an implementing act providing for a list of each of the strategic net-zero technology final products and their main components. The implementing act shall be adopted in accordance with the examination procedure as referred to Article 34(3)	**Commission, Parliament and Council** Eurelectric supports the Commission's proposal to make available data and regularly update the list of net-zero final products. For simplified process Eurelectric recommends higher degree of granularity in particular for strategic net-zero technologies, and maintain monitoring for the other net-zero technologies. In addition, Eurelectric welcomes and supports the EP provision requiring consultations with industrial players;
Article 34 : Committee procedure			
The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.	The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.	The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011. For matters related to Article 20 the Commission shall be assisted by the Energy Union Committee established by Article 44 of Regulation (EU) 2018/1999	**Eurelectric** urges negotiators to provide early, clear and pragmatic criteria, that enable a transparent assessment and accountability. A major risk around the introduction of NPCs is the lack of objectivity and transparency in the assessment. Where **non-price criteria are used, they should**

			be objective, quantifiable and assessed by an experts' jury. Once the auction results are announced it is important that there is transparency of how bidders were scored; what commitments have been made and how they will be held accountable for delivery at different milestones.
Article 38 : Entry into force			
This Regulation shall enter into force on…[the day following that of its publication in the Official Journal of the European Union]. It shall apply from [date of entry into force]. Until [2 years following the date of application of this Regulation], Article 19 (2), point (a), (b) and (c) shall apply only to contracts concluded by central purchasing bodies as defined in Article 2 (1), point (16), of Directive 2014/24/EU and Article 2 (1), point (12), of Directive 2014/25/EU and for contracts of a value equal to or higher than EUR 25 million. This Regulation shall be binding in its entirety and directly applicable in all Member States	This Regulation shall enter into force on…[the day following that of its publication in the *Official Journal of the European Union*]. It shall apply from [date of entry into force]. Until [2 years following the date of application of this Regulation], Article 19 (2), points (a), (b) and (c) shall apply only to contracts concluded by central purchasing bodies as defined in Article 2 (1), point (16), of Directive 2014/24/EU and Article 2 (1), point (12), of Directive 2014/25/EU and for contracts of a value equal to or higher than EUR 25 million.	This Regulation shall enter into force on…[the day following that of its publication in the Official Journal of the European Union]. It shall apply from [date of entry into force]. Until [2 years following the date of application of this Regulation], Article 19(1) shall apply only to contracts concluded by central purchasing bodies as defined in Article 2 (1), point (16), of Directive 2014/24/EU and Article 2 (1), point (12), of Directive 2014/25/EU and for contracts of a value equal to or higher than EUR 25 million. Articles 20 and 21 shall apply from [24 months after the date of application of this Regulation]. This Regulation shall be binding in its entirety and directly applicable in all Member States.	**Eurelectric supports the Council's** Eurelectric welcomes the progressive entry into force of the Regulation, in particular the provision that allows for the application of articles 20 and 21, 24 months after the date of the application. In our view, the transition of national support mechanisms towards non-price criteria takes time. To allow authorities and project developers to prepare for the new requirements, the Regulation should include a transitional period of at least one year until the new requirements in Articles 19 and 20 become mandatory. Also, retroactive application shall not apply on the schemes being currently discussed.

Annex / Ariclet 3a (EP)/ Article 3b (Council)			
a. Solar photovoltaic and solar thermal technologies b. Onshore wind and offshore renewable technologies c. Battery/storage technologies d. Heat pumps and geothermal energy technologies e. Electrolysers and fuel cells f. Sustainable biogas/biomethane technologies g. Carbon Capture and storage (CCS) technologies h. Grid technologies	***The net-zero technologies within the scope of this Regulation shall be:*** (a) ***technologies used for production of energy from renewable sources as defined in Directive (EU) 2018/2001;*** (b) ***nuclear fission and fusion energy technologies, including nuclear fuel cycle technologies;*** (c) ***energy storage technologies;*** (d) ***carbon dioxide (CO_2), methane (CH4), and nitrous oxide (N2O), removal, capture, transport, injection (EPP), storage and utilisation technologies;*** (e) ***hydrogen (H2) transport infrastructure technologies;*** (f) ***electrolyser and fuel cell technologies;*** (g) ***electric, hydrogen (H2), sustainable alternative fuels as defined in Regulation (EU) .../... [OJ to include reference to Sustainable maritime fuels |Regulation 2021/0210(COD)], and wind propulsion technologies for transportation;*** (h) ***electric charging technologies for transportation;*** (i) ***hydrogen (H2), sustainable alternative fuels as defined in Regulation (EU) .../...(OJ to include reference to ... [ReFuel Aviation 2021/0205(COD)], biomethane (CH4) production and refuelling infrastructure technologies;*** (j) ***heat pump technologies;***	The net-zero technologies within the scope of this Regulation are: a) renewable energy technologies; b) electricity and heat storage; c) heat pumps; d) electricity grid technologies e) renewable fuels of non-biological origin technologies; f) sustainable alternative fuels technologies; g) hydrogen technologies, including electrolysers and fuel cells; i) nuclear technologies; j)CO2 transport and carbon capture, utilisation, and storage technologies; k) energy-system related energy efficiency technologies; l) biotech climate and energy solutions, including biobased feedstock solutions; p) transformative industrial technologies for decarbonisation not covered under the previous categories. **List of strategic net-zero technologies (3b)** 1. The list of strategic net-zero technologies within the scope of this Act are: a) solar photovoltaic, solar thermal electric and solar thermal technologies; b) onshore wind and offshore renewable technologies; c) battery and storage technologies; d) heat pumps and geothermal energy technologies;	**Eurelectric supports the Council's approach and makes additional suggestions** Eurelectric supports the Council's approach, namely the inclusion of the list of strategic net-zero technologies in the body of the regulation (art 3b). In addition, Eurelectric welcomes the prioritisation of technologies via the technology readiness level (above 8). Moreover, Eurelectric is supportive of the equal treatment of clean and renewable technologies (EP, Council), considering the need for firm and flexible capacities to balance the growing shares of variable sources in the mix. Such equal treatment implies the inclusion of the hydropower industry among the list of strategic net-zero technologies. Importantly, while we welcome the inclusion of grid technologies in the three proposals, we draw the attention to the need to give a more prominent role to distribution grid assets. Last but not least, we would like to share our concern with regards to a potential priori disconnection between the list of strategic technologies and the possible access to EU funding – resulting from a strict interpretation of article 3b par. 3. This might hinder the effectiveness of the legislative

	(k) ***energy efficiency technologies;*** (l) ***thermal energy distribution and electric grid technologies;*** (m) ***energy management technologies;*** (n) ***high-efficiency industrial process and electrification technologies for energy and carbon intensive industries;*** (o) ***biomaterials production technologies, including bio-based chemical production technologies;*** (p) ***recycling technologies.*** 2. ***Within six months of the deadline for notification of each national energy and climate plans pursuant to Article 3(1) of Regulation (EU) 2018/1999 and within six months of the deadline for the submission of each update of the updated national energy and climate plans pursuant to Article 14(2) of that Regulation, the Commission shall assess the list of net-zero technologies set out in paragraph 1 of this Article and may propose delegated acts, in accordance with Article 33 of this Regulation, amending that list in order to ensure that it reflects the technology needs stemming from the Member States' national energy and climate plans.***	e) hydrogen technologies including, electrolysers and fuel cells; f) sustainable biogas and biomethane technologies; g) carbon capture and storage (CCS) technologies; h) electricity grid technologies; i) nuclear fission energy technologies, including nuclear fuel cycle technologies; j) sustainable alternative fuels technologies. 2. The list in paragraph 1 shall not affect is without prejudice to a Member State's right to determine its choice between different energy sources and the general structure of its energy supply. 3. The list in paragraph 1 is without prejudice to the allocation of Union funding, in particular on eligibility or award criteria, as adopted in accordance with the appropriate procedures, or on Union support through the European Investment Bank.	architecture provided by the NZIA by excluding sources of financing that might crucially support the scaling-up of the EU manufacturing capacity.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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