

July 2023

UFE's reply to the consultation of the European Commission on the [proposal for a Net Zero Industry Act \(NZIA\)](#)

UFE, the association representing the French Electricity industry, welcomes the European Commission's Net Zero Industry Act and fully supports the EU's political willingness to reindustrialise the European industry and equip it for the energy transition. It sends positive signals to the industry, aiming at scaling up the manufacturing of clean technologies in the EU by 2030. It is a step toward protecting the competitiveness of the EU's industrial base and improving the EU's energy resilience.

UFE believes that this proposal is a unique opportunity to replenish and develop the value chains of strategic sectors necessary for the energy transition, as well as the associated jobs to enable the decarbonisation of our economy. In particular, UFE welcomes the objective to implement streamlined administrative procedures and deadlines, supported by the establishment of one-stop shops and a net-zero Europe platform. The regulatory sandbox approach could also accelerate the development of new technologies critical for the decarbonisation. Last but not least, UFE welcomes the emphasis on the security of supply, through the consideration of sustainability and resilience criteria in public procurements to facilitate access to markets for net zero strategic technologies.

However, the French Electricity industry questions the real impact of the NZIA, and its ability to provide an appropriate response to the U.S.'s new industrial "Inflation Reduction Act" (IRA). In this context, UFE would like to provide a set of recommendations so that the NZIA meets the needs of the industry sector more effectively.

Recommendations on the scope of the Regulation (Art. 2, 3.1, and Annex I)

UFE is supportive of the inclusion of a list of strategic net zero technologies which mainly includes renewable energy technologies, essential to the decarbonisation of our economy, that will stimulate their manufacturing rate. UFE also welcomes the consideration of grid and storage technologies into the list and would like to underline their driving role in delivering carbon-neutral electricity and ensuring security

of supply and thus making a key contribution to the decarbonisation of transport, buildings and industry.

UFE believes however that the scope of the Regulation is too limited and considers that all sectors essential to the energy transition should be included in the different lists of net zero technologies. UFE is therefore in favour of the expansion of the scope of the Regulation in two ways:

1. UFE considers that the proposal should overcome the technological approach and **support all value chains contributing to the decarbonisation of the economy, including final products used by downstream industries.** It is essential to support the use of technologies and not just their development and production. In particular, mobility industries manufacturing zero and low emission vehicles, as well as charging stations and software allowing their implementation, should be supported by the proposal.
2. **The Regulation should respect technology neutrality when aligned with the decarbonisation objective.** UFE calls thus for the **introduction of all low carbon technologies** in the strategic net zero technologies list. Renewable energy technologies are a game changer for the decarbonisation of the economy, and UFE strongly encourages their development, however they are not the only option to decarbonise. In particular, **nuclear** technologies should be considered as strategic and integrated more broadly to allow existing and future technologies to be recognised.

Last but not least, **UFE calls for a better recognition of grid infrastructures and the associated flexibilities,** given their critical importance for the industry and the level of investment required.

Recommendations on the streamlining of administrative procedures and permit-granting process (Art. 4, 5, 6, 7, 8, 12, and 13).

UFE highlights that efficient and streamlined permitting and administrative procedures are crucial in order to attract more investments in key technologies.

- As such, **UFE recommends to further decrease the maximum duration of permitting procedures,** regardless of the yearly manufacturing capacity of a project (expressed in GW). The permit-granting process for any net zero technology manufacturing project should thus **not exceed 12 months and 9 months** for any net zero strategic project.

Recommendations on the access to markets (Art. 19, 20, and 21)

UFE welcomes the consideration of the issue of security of supply, in particular through the introduction of resilience criteria to be considered in the auctions and public procurements to facilitate access to markets for net zero strategic technologies. However, **security of supply is not sufficiently guaranteed in the Regulation and could result in generating new dependencies**. Indeed, the acceleration of the manufacturing of net zero technologies could lead companies to increased external sourcing of strategic raw materials and as a result generate new dependencies on third countries, while further increasing the existing ones.

- **UFE calls therefore for completing the “resilience criteria” in art. 19 with local content production criteria to be considered in public procurements to channel purchases toward « made in Europe» products.** Past experiences have shown that non-price criteria in tenders play an important role in fulfilling other objectives of common interest in the decarbonisation of the industry, with in the first place the security of supply. Hence, other non-price criteria could be considered in order to improve the security of supply as well as the sustainability of our industry, as cybersecurity criteria, CSR practices criteria, life cycle and carbon criteria or yet minimum recycled material rate criteria.
- Furthermore, in order to make these non-price criteria more effective and significant in public procurements, **UFE urges the European Commission to modify State aid rules so that these criteria can represent up to 50% of the project scoring.** This measure would optimise the EU content of each net zero technology while ensuring the creation of many jobs.
- Finally, UFE believes that the Regulation should be more focused on securing raw materials supply to ensure the competitiveness of the European industry. **UFE asks therefore for the multiplication of industrial partnerships between Member States and third countries, and the possibility to conduct joint purchases of raw materials.** It would allow to limit our reliance on the wholesale market and diversify our supply, while specifically enabling to secure supply of concentrators for TSO and DSO and Linky radio transmitters (ERL) for suppliers.

Recommendations on financing (Art. 26)

The EU must provide financing instruments to support a competitive decarbonisation of its industries. The United States has put in place clear and simple mechanisms under the Inflation Reduction Act (IRA) to reduce operating costs and maximise GHG reduction. In comparison, the EU has opted for the adaptation

of its regulatory framework, leading to more administrative burdens and a multiplication of available funds. Even though, the Commission staff working document on investment needs assessment of the Net-Zero Industry Act¹ acknowledges that at least 16 billion euros of public investment will be required by 2030.

- UFE calls for a **better coordination of existing national and European funds** as well as the **establishment of an ambitious dedicated funding instrument**, that could be embodied by the upcoming **“European Sovereignty Fund”**, to be mobilised to fund the provisions of the Net Zero industry act and support its objectives.

Recommendations on skills and job creation (Art. 23, 24, and 25)

UFE **strongly believes that the industrial sector must be supported in its skills development and employment policies for a successful decarbonisation of its values chains**. DG Grow recognised itself that the EU will need 180. 000 skilled workers in the hydrogen sector and 66. 000 for PV panels by 2030.

- The development of Net Zero Industry Academies should be supplemented with **measures to support existing training structures in Member States** as well as to ensure that the **trainings are conducted by practitioners from companies**.

The Regulation should also contribute to **build a strong public-private partnership for an effective implementation**. As such, it is important for UFE to involve economic operator representatives and social partners in the Net Zero Europe Platform and Net Zero Industry Academies.

¹ https://single-market-economy.ec.europa.eu/system/files/2023-03/SWD_2023_68_F1_STAFF_WORKING_PAPER_EN_V4_P1_2629849.PDF