Strategic net-zero value chains – the missing block of a successful EU Net-Zero Industry Act (NZIA).

The EU's ability to produce home-grown, competitive clean energy technologies is essential to achieve our climate targets, strengthen the EU's energy security, and guarantee a cost-efficient transition for industries and consumers. The EU is already home of several flagship net-zero technologies and solutions, several of them represented within ENZA such as production and use of hydrogen, solar thermal, geothermal, CCS, and sustainable biogas and biomethane.

Members of the European Net Zero Alliance would like to bring the following elements to the attention of the European Parliament:

1) The Net Zero Industry Act should **simultaneously aim at reshoring the manufacturing of strategic net-zero technologies, but also focus on preserving and growing net-zero industries with a strong European footprint already**.

The Commission proposes to ensure that at least 40% of EU annual deployment needs for strategic net-zero technologies by 2030 is manufactured in the EU. While the target drives the reshoring of critical components mainly produced outside of the EU, it is not a binding target. Therefore, effective implementation should be ensured for key technologies such as electrolysers and fuel cells.

Furthermore, the NZIA does not address the challenges and growth opportunities for the technologies, processes, and components already largely manufactured in the EU such as cogeneration, bioenergy, and solar thermal, where the European industry dominates the EU market. As the market expands in line with EU climate targets, these sectors must grow accordingly to maintain their leadership in Europe and competitiveness outside of the EU.

2) The **NZIA should address the specific needs of both SMEs and larger industries**, which are instrumental in driving the manufacturing and deployment of net-zero technologies;
in particular, SMEs are at the heart of the European economy and their role should be strongly recognised and supported by the NZIA, for example by allowing them to set up net-zero strategic projects.

3) **Carbon capture and utilisation should be integrated in the list of strategic net-zero technologies** alongside CCS and supporting rapid scale up of CCUS infrastructure.

CCU represents an array of technologies, some of which are already commercially available be it in Europe or globally. CCU technologies and related final products will be a substantial outlet for CO2 captured from all sources, including biomass and biogas. They will displace fossil resources and lower GHG emissions by using an alternative carbon feedstock to produce fuels, chemicals and materials.

On top of this, carbon removals, such as BECCS (bioenergy with carbon capture and storage) must be explicitly mentioned in the text. By enforcing an EU market for BECCS, many of these innovative projects would be quickly realised and would contribute to achieving negative emissions on a large scale.

4) **The list of strategic net-zero technologies should be complemented with the concept of strategic net-zero value chains and referring to a wider range of European clean energy industries, including all carbon-neutral dispatchable and renewable solutions**;

ENZA promotes a multi-technology approach to drive a reliable and cost-effective decarbonisation and cater to the needs of different industries and sectors. It is important to take an open, inclusive, and pragmatic approach that considers **whole sectors and value chains**, while maintaining the focus on renewable technologies and enabling technologies, such as district heating and thermal energy storage. This approach will enable the scaling-up of all decarbonisation options needed to achieve carbon neutrality by 2050.

For example, **transport, heating and cooling networks as well as storage infrastructures** should be taken into consideration as they are central to ensuring system integration and decarbonisation. In the same line, RFNBOs technologies such as compressors and H_2 tanks, which are crucial across the hydrogen ecosystem, and HRS which ensure the link between H_2 production and mobility uses, should be considered as strategic technologies.

The NZIA should include **all technologies for use of hydrogen and hydrogen-based synthetic fuels** as well as other alternative fuels including sustainable liquid fuels. This spectrum of fuels comprises e.g. renewable and low carbon hydrogen, bio-/e-methane, renewable and low carbon ammonia and methanol.

This **multi-technology approach is particularly relevant to addressing the skills gap for the green transition** and the NZIA should promote multi-technology Skills Academies that encourage synergies between technologies.

5) **A harmonized and streamlined approach to permitting including planning requirements, one stop shops, and time limits is needed for both manufacturing projects as well as the deployment of net-zero technologies in industry, cities, SMEs and end users' levels**;

To make a more significant contribution to manufacturing capacity of clean technologies shorter permitting periods for net zero and strategic projects should extend beyond the NZIA technologies lists to cover full value chains. Simplified permitting procedures should apply throughout the value chain, including for industrial end-users to facilitate the adoption of net-zero technologies, through the definition of a minimum set of requirements to be respected by Member states and removing burdensome requirements and red tape, as well as enabling infrastructure, such as district heating and thermal energy storage.

6) **The NZIA should streamline funding procedures across EU instruments**, to support the deployment of net-zero technologies.

The transition to a net-zero economy will require **substantial investments** in renewable, efficient energy, and low-carbon technologies, and infrastructure. The current proposal highlights the need for financing coordination but should include concrete measures to **streamline EU funds and instruments** dedicated to support the deployment of net-zero technologies. In this respect NZIA could mobilise the Next Generation loans at Member State level and the non-allocated EU funds, set up dedicated budget line within the new Sovereign Fund and strengthen the ETS-Innovation Fund.

Finally, it would be necessary to ensure consistency between the NZIA and the recently updated state aid framework, by reviewing the Temporary Crisis and Transition Framework (TCTF) to allow state aid for the manufacturing of NZIA technologies and developing a similar funding opportunity under GBER/CEEAG after the end of the TCTF.

About ENZA: The European Net Zero Alliance (ENZA), is a coalition of 22 European associations, representing a myriad of economic and industrial sectors – from manufacturing to energy infrastructure, building and construction, mobility, and agriculture – and different energy vectors – namely liquid and gaseous fuels, heat and cold, as well as electricity. The alliance was born from the commitment to deliver climate neutrality by 2050 based on a multi-energy approach combining sectors and energy vectors for a cost-efficient, speedy decarbonisation.