

Net-Zero Industry Act

Context

The European Commission has issued the [Net Zero Industry Act](#) proposal, which is a regulation aiming to increase EU manufacturing of net-zero technologies, such as renewable energy generation and energy storage. These will be crucial to meet the EU's goals under the Green Deal.

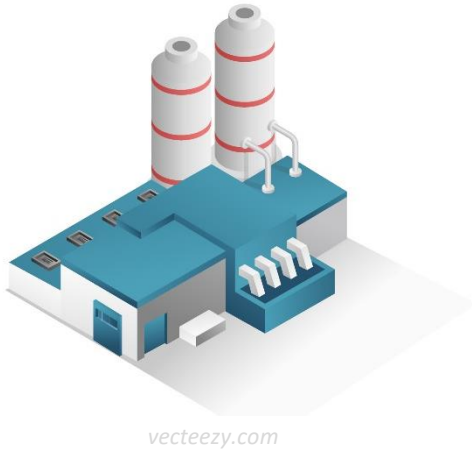
The Act includes a headline benchmark of sourcing at least 40% of EU net-zero technology needs through local production. Some of the most notable measures are faster permitting for net-zero technology manufacturing projects, and the introduction of sustainability criteria in the award of public procurement for clean technologies.

Faster Permitting for Net-Zero Manufacturing Projects

The regulation has provided a definitive list of technologies for which EU manufacturing capacity will be increased:

- Renewable energy tech
- Electricity and heat storage tech
- Heat pumps
- Grid tech
- Renewable fuels of non-biological origin tech
- Sustainable alternative fuels tech
- Electrolysers and fuel cells

- Advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle, small modular reactors, and related best-in-class fuels
- Carbon capture, utilisation, and storage tech
- Energy-system related energy efficiency tech



These refer to final products, specific components or specific machinery primarily used to produce those products. This technology has at least achieved a technological readiness level 8.

Member states will be obliged to designate a single national authority to perform the function of a one-stop-shop to facilitate the permit-granting process for net-zero manufacturing projects and shall act as the sole point of contact for applicants (project promoters). The authority shall also ensure to

avoid duplicating information through, for instance, taking into consideration any valid studies undertaken before the permit application was submitted.

A centralised online platform will collect all information relating to the permit granting process, financing services, funding support at national or EU level, and business support services.

The regulation also establishes maximum periods within which permits shall be granted:

- 12 months for the construction of net-zero technology manufacturing projects with a yearly manufacturing capacity of less than 1 GW
- 18 months for the construction of net-zero technology manufacturing projects, with a yearly manufacturing capacity of more than 1 GW

The above periods are halved in case of expansion of existing manufacturing projects. For those technologies for which the output is not measured in GW, an 18-month maximum period shall apply. These figures may be extended in certain exceptional cases (e.g., health & safety concerns).

Manufacturing capacity means the total amount of output capacity of the net-zero technologies produced in a manufacturing project, or of the final product in case of intermediary inputs.

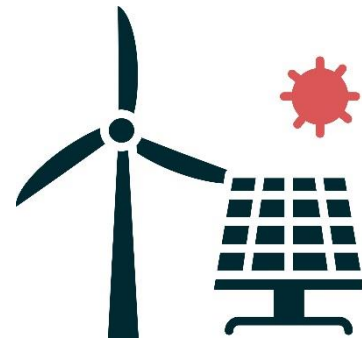
In cases where an environmental assessment report is required, the competent authority shall within 30 days of a request being made, provide the project promoters with information relating to the scope and detail of the assessment to be conducted. The authority is then obliged to provide an opinion on submitted reports within 3 months, allowing for a public consultation window of no more than 45 days.

Strategic Net-Zero Manufacturing Projects

Shorter time periods to approve permits have been afforded for net-zero manufacturing projects which are considered 'strategic', due to their contribution towards the security of supply of strategic net-zero technologies.

The regulation has provided a definitive list of strategic net-zero technologies:

- Solar photovoltaic and solar thermal technologies
- Onshore wind and offshore renewable technologies
- Battery/storage technologies
- Heat pumps and geothermal energy technologies
- Electrolysers and fuel cells
- Sustainable biogas/biomethane technologies
- Carbon Capture and storage (CCS) technologies
- Grid technology



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The regulation establishes maximum periods within which permits for strategic projects shall be granted:

- a) 9 months for the construction of net-zero strategic projects with a yearly manufacturing capacity of less than 1 GW
- b) 12 months for the construction of net-zero strategic projects, with a yearly manufacturing capacity of more than 1 GW
- c) 18 months for all necessary permits to operate a storage site

The above periods are halved in case of expansion of existing manufacturing projects. For those technologies for which the output is not measured in GW, an 18-month maximum period shall apply.

Projects will need to fulfil the following criteria to be considered strategic.

1. Contributes towards the EU's energy resilience by reducing dependency on third country imports
2. Has a positive impact on the EU's net-zero industry supply chain and downstream actors, contributing to growth and job creation

Project promoters will need to provide justifications in relation to the above criteria when submitting their application. The European Commission and national governments shall also assist project promoters in the access to finance and funding support.

Sustainable Public Procurement

Contracting authorities or contracting entities shall base the award of contracts for net-zero technology in a public procurement procedure on the best price-quality ratio, including sustainability and resilience (diversifying supply) contributions in this assessment. Such contributions should be based on the following criteria:

- environmental sustainability going beyond the minimum requirements in applicable legislation
- the impact and the quality of the implementation plan including risk management measures, in cases of innovative solutions
- the tender's contribution to the energy system integration (where applicable)
- the tender's contribution to resilience, taking into account the proportion of the products originating from a single source of supply, where such source already accounts for 65% or more of EU supply

However, such criteria will not apply in cases of disproportionate costs (above 10%), or technical characteristics different from those of existing equipment, resulting in incompatibility, or technical difficulties in operation and maintenance.

Other Aspects

The proposed regulation also contains further provisions concerning aspects such as CSS and obligations placed on oil and gas producers, skills development, and EU governance structures.

The full text of the Commission proposal may be accessed [here](#).

For questions or more detailed information please contact Head of Brussels Operations & EU Affairs Manager Daniel Debono and Manager – EU Policy (Sustainability) Gabriel Cassar on infobrussels@mbb.org.mt

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