

1. Definition of Net-zero technologies

(6) The net-zero transformation is already causing huge industrial, economic, and geopolitical shifts across the globe, which will become ever more pronounced as the world advances in its decarbonisation efforts. The road **towards a climate neutral, resource-efficient and net zero economy** (GR 136) translates into strong opportunities for the expansion of Union's net-zero industry, making use of the strength of the Single Market, by promoting investment in **net-zero** technologies and their supply chains. These are the technologies **needed to deliver the objectives of the National Energy and Climate Plans**, (SD, GR) **contributing to the resilience and competitiveness of European industry**, allowing for the decarbonisation of our economic sectors, from energy supply to transport, buildings, and industry. A strong net zero industry within the European Union can help significantly in reaching the Union's climate and energy targets effectively, as well as in supporting other Green Deal objectives, **such as creating quality jobs and sustainable growth, [by creating an industrial base geared towards export as well as domestic supply (AM 8).]**

Article 3

Definitions

1. For the purpose of this Regulation, the following definitions shall apply:

- (a) 'net-zero technologies' means **all technologies identified under paragraph 1 of Article 3a**

Article 3a new

Net-zero technologies (new)

1) **The net-zero technologies within the scope of this Act are:**

- a) Renewable Energy Technologies¹**
- b) Nuclear Fission and Fusion Energy Technologies, including Nuclear Fuel Cycle Technologies (RE 1528)**
- c) Energy Storage Technologies**
- d) Carbon dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O) Removal, Capture, Transport, Injection (EPP), Storage and Utilization Technologies (RE 1528)**
- e) Hydrogen Transport Infrastructure Technologies (EPP 943)**
- f) Electrolyser and Fuels Cell Technologies**
- g) Electric, Hydrogen (H₂), Sustainable Alternative Fuels², and Wind Propulsion Technologies for Transportation (RE 1528)**
- h) Electric Charging Technologies for Transportation (RE 1528)**

¹ 'renewable energy' means 'renewable energy' as defined in Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources

² 'sustainable alternative fuels' means fuels covered by the Proposal for a Regulation of the European Parliament and of the Council on ensuring a level playing field for sustainable air transport, COM/2021/561 final and by the Proposal for a Regulation of the European Parliament and Council on the use of renewable and low-carbon fuels in maritime transport COM/2021/562 final as well as fuels covered by Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.

- i) Hydrogen (H₂), Sustainable Alternative Fuels³, Biomethane (CH₄) Refueling Infrastructure Technologies (RE 1528)*
 - j) Heat Pump Technologies (RE 1528)*
 - k) Energy Efficiency Technologies*
 - l) Grid and Thermal Energy Distribution Technologies (EC proposal)*
 - m) Energy Management Technologies (RE 1528)*
 - n) High-Efficiency Industrial Process and Electrification Technologies for Energy and Carbon Intensive Industries (RE 1528)*
 - o) Biomaterials Production Technologies, including Bio-Based Chemical Production Technologies (RE 1528, EPP)*
 - p) Recycling Technologies (RE 1528)*
- 2) Within 6 months after the deadline for the notification of new National Energy and Climate Plans [add reference to Governance of Energy Union], as set out in Article 3(1) of [Energy Union Governance Regulation], as well as within 6 months after the deadline for the update of the National Energy and Climate Plans, as set out in Article 14(2) of [Energy Union Governance Regulation] the Commission shall propose a delegated act to this Regulation in order to ensure that paragraph 1 of this Article reflects the technology needs stemming from the National Energy and Climate Plans .**

³ ‘sustainable alternative fuels’ means fuels covered by the Proposal for a Regulation of the European Parliament and of the Council on ensuring a level playing field for sustainable air transport, COM/2021/561 final and by the Proposal for a Regulation of the European Parliament and Council on the use of renewable and low-carbon fuels in maritime transport COM/2021/562 final as well as fuels covered by Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.

2. Scope

discussed under the point on competitiveness since Article 2 is also relevant there.

3. Strategic Projects

(10) To achieve the 2030 objectives a particular focus is needed on the net-zero **strategic projects**, also in view of their significant contribution towards the path to net zero by 2050. These **projects** play a key role in the Union's open strategic autonomy, ensuring that citizens have access to clean, affordable, secure energy. Given their role, these **projects** should benefit from even faster permitting procedures, obtain the status of the highest national significance possible under national law and benefit from additional support to crowd-in investments. **To be recognised as strategic project, the project promoter must comply with applicable obligations in the fields of social and labour law established by EU or national law. (SD 772)**

Article 10 **Selection criteria**

1. Member States shall recognise as net-zero strategic projects net-zero technology manufacturing projects corresponding to a technology listed in the Annex and located in the Union that contributes to the realisation of the objectives set out in Article 1 of this Regulation as well as meets at least one of the following criteria:

(a) the project contributes to the technological and industrial resilience of the Union (RE 779)

...

(b) the project contributes to competitiveness and quality job creation in the Union

...

(c) the project contributes to reaching the [Union's climate and energy objectives]

....

Commented [VS1]: More detailed criteria for each of these three points to be specified later on.

4. Net-Zero Industry Valleys

(8a) Clustering industrial activity directed towards industrial symbiosis can minimise the environmental impact of the activities as well as providing efficiency gains for industry. As such, clustering can contribute substantially to achieving the objectives of this Regulation. This Regulation promotes in this regard the development of Net-Zero Industry Valleys (Valleys). Those Valleys shall be limited in geographical and technology scope in order to promote industrial symbiosis. (AM 10) Valleys will be designated by Member States and each designation will be accompanied by a Plan with concrete national measures to increase the attractiveness of the Valley as a location for manufacturing activities. (AM 65) Valleys shall in particular be used as a tool for re-industrialisation of regions, especially for coal regions in transition. (SD written input)

Article 10a - Net-Zero Industry Valleys

1. In order to fulfil the objectives of this Regulation, each Member State may designate geographical areas as Net-Zero Industry Valleys ('Valleys'). (AM 64)

Commented [VS2]: Depending on REGI Opinion, some input from REGI could be considered to be included on the role of regions.

5. Competitiveness

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 114, **as well as 173 with regards to Chapter VI of this Regulation, (AM 1)** thereof,

(21) The manufacturing of net-zero technologies depends on complex and globally interlinked value chains. (AM 23) In order to maintain competitiveness and reduce current strategic import dependencies in key net-zero technology products and their supply chains, while avoiding the formation of new ones, the Union needs to continue strengthening its industrial base and become more competitive and innovation friendly. The Union needs to enable the development of manufacturing capacity faster, simpler and in a more predictable way **by reducing regulatory and administrative burden for industrial activities within its territory and levelling the playing field with international competitors. In particular, the Union should, by 2030, achieve a 20% reduction of the general regulatory burden on industry, a 40% reduction of the regulatory burden for placing a new product on the internal market, and a 40% reduction of the administrative burden for startups and small and medium-sized enterprises (SD 236, AM 94)**

(21a) Considering the importance of innovation for achieving sustainable growth and going through the twin transitions, it is of utmost importance that the Union puts in place a future-proof and innovation-friendly regulatory environment. The more use of the innovation principle when preparing and negotiating legislation is needed to achieve this.

(21b) The reduction of the regulatory and administrative burdens as well as having a suitable regulatory framework is particularly important for SMEs. Therefore, the European Commission must appoint an SME Envoy as an adviser to its President. The SME Envoy might have a mandate to ensure that the interests of small and medium enterprises are sufficiently reflected the Union's policies and legal acts. Every new Commission might appoint an SME Envoy within 6 months after being appointed. (AM 97)

(21c) The Transition Pathways that are being developed following the Updated EU Industry Strategy of 2021, will have to be updated to reflect the objectives of this Act and will identify enablers as well as bottlenecks for the transition and global competitiveness of European industry. (AM 23)

Article 2 - Scope

1. This Regulation applies to net-zero technologies as well as **components, materials and machinery along their supply chains (RE 468)** which **are indispensable for the production and functioning of (RE 470, EPP 471)** the net-zero technologies, **except for Chapter VI, Section I [which applies to net-zero innovative technologies] and Chapter VI, Section II which applies to all economic activities in the Union (AM 43).** Raw materials, processed materials or components falling under the scope of Regulation (EU) .../... [add footnote with publication references of the Critical Raw Materials Regulation] **or under the scope of Regulation (EU) .../... [Chips Act] (EPP 43)** shall be excluded from the scope of this Regulation.

Chapter VI - Innovation **and Competitiveness (AM 88)**

Section I – Innovation (AM 89)

Section II - Competitiveness (AM 93)

Article 26b - Innovation Principle (AM 95)

Commented [VS3]: Final text dependent on outcome exchange with Legal Service on Innovation Principle.

Commented [VS4]: Final text dependent on outcome exchange with Legal Service on Innovation Principle.

1. The Union shall create a regulatory environment for the internal market which enables innovation by applying the Innovation Principle during its legislative procedures as well as in the preparation of new or amended legislation.

6. Financing

(x) To achieve the objectives of this Regulation, a dedicated source of public funding is necessary to support the projects under this Regulation. This funding should ensure that companies across the Union have access to the needed funding, regardless of the fiscal capacities of the MS in which the project will be developed. The 2021-2027 MFF as agreed in 2020 does not provide for this. The Strategic Technologies for Europe Platform 'STEP' partly addresses the needed support for projects under this Regulation. While the STEP relies on the reprogramming and reinforcement of existing programmes for supporting strategic investments, it is also an important element for testing the feasibility and preparation of new interventions as a step towards a European Sovereignty Fund. The evaluation of STEP in 2025 will assess the relevance of the actions undertaken and serve as basis for assessing the need for an upscaling of the support towards strategic sectors.

Commented [VSS]: Text from recital 11 of the STEP proposal.

(41a) Multiple sources of financing should be made fully available such as unused amounts of the Recovery and Resilience Facility, dedicated support from the EU Innovation Fund, dedicated financing schemes from the European Investment Bank, and utilisation to the greatest extent possible, of all existing MFF funds that have not been utilised yet. More investments from the private sector should be stimulated through dedicated state guarantees, especially when it comes to industrial investments in net-zero technology manufacturing projects, including net-zero strategic projects. (SD 939)

(44) InvestEU is the EU flagship programme to boost investment, especially the green and digital transition, by providing financing and technical assistance, for instance through blending mechanisms. Such approach contributes to crowd in additional public and private capital. In addition, Member States are encouraged to contribute to the InvestEU Member State compartment to support financial products available to net-zero technology manufacturing, without prejudice to applicable State aid rules.

(45) Member States can provide support from cohesion policy programmes in line with applicable rules under Regulation (EU) 2021/1060 of the European Parliament and of the Council to encourage the take up of net-zero strategic **projects as well as net-zero technology manufacturing (EPP 26)** projects in **all regions, especially in** less developed regions, transition regions and Just Transition Funds territories (SD 315, 316), through investment packages of infrastructure, productive investment in innovation, manufacturing capacity in SMEs, services, training and upskilling measure, including support to capacity building of the public authorities and promoters. The applicable co-financing rates set in programmes may be up to 85% for less developed regions and up to 60% or 70% for transition regions depending on the fund concerned and the status of the region but Member States may exceed these ceilings at the level of the project concerned, where feasible under State aid rules. The Technical Support Instrument can help Member States and regions in preparing net-zero growth strategies, improve the business environment, reducing red tape and accelerating permitting. Member States should be encouraged to promote the sustainability of [net-zero **technology manufacturing (EPP 26)** projects] by embedding these investments in European value chains, building notably on interregional and cross border cooperation networks. **These kinds of**

measures should particularly be considered with regards to Net-Zero Industry Valleys. (EPP 26)

(46) The Innovation Fund also provides a very promising and cost efficient avenue to support the scaling up of manufacturing and deployment of *clean* (RE 324) hydrogen and other net zero technologies in Europe, thus reinforcing Europe's sovereignty in key technologies for climate action and energy security.

Article 14. Net-Zero Finance

1c. Member States shall allocate at least 25% of national revenues stemming from Emission Trading Scheme allowances annually to pursue the objectives of this Act. (AM 71, SD 939)

2. Strategic projects under this Regulation shall be eligible for funding in accordance with article XX of STEP [Regulation XXX/XXX(COD)]

Commented [VS6]: In principle agreed in order to have a concrete proposal for dedicated funding, but subject to exchanges with the ENVI Committee.

Commented [VS7]: This should be accompanied by a mirror clause in the STEP Regulation.