

Joint Statement

Our recommendations on the proposal for a Net-Zero Industry Act

On 16 March, the European Commission [published](#) a proposal for Regulation on a Net-Zero Industry Act (NZIA), a key tenant of the Green Deal Industrial Plan. While we welcome the push to increase the Union's competitiveness by moving forward the clean energy transition, we would like to share the following recommendations:

1. **Ensuring all enabling technologies from transmission to distribution are represented as 'grid technologies' under the strategic net-zero technologies**
2. **Reaching the Union's annual deployment needs for grid technologies can only be achieved with future-planning investments**
3. **Clarify how the Act will enable investment to meet the EU's ambitious target of manufacturing grid technologies domestically**

Detailed recommendations

1. **Ensuring all enabling technologies from transmission to distribution are represented as 'grid technologies' under the strategic net-zero technologies**

We welcome the inclusion of grid technologies in the list of strategic net-zero technologies. Such an inclusion recognises the vital role of electricity grids and infrastructures in achieving the Green Deal objectives.

With a lack of definition on 'grid technologies' beyond examples cited in Recital 8, we expect 'grid technologies' to cover a **wide range of technologies at the electricity transmission and distribution-level**.

As a reminder, grid technologies are essential to enable the enormous reinforcement and expansion of the European **physical infrastructure** both at transmission and distribution level which is needed for the energy transition to become a reality. They also play a key role in enabling a better grid management, including congestion management, especially as the electrification of key sectors is progressing. Innovation in grid technology feeds into the Union's 2030 decarbonisation targets and 2050 climate neutrality target, covering all segments of a widespread and robust smart grid that includes low, medium, high and extra high voltage alternate current (AC) and direct current (DC) underground and subsea cables, optical fibre cables, onshore and offshore substations, power transformers, superconducting transmission, DC grid, microgrid, large-grid operation control, and other key technologies.

With the proposal focuses on investment in net-zero technology manufacturing, **digital technologies** should also not be forgotten. Developing a reliable, flexible, and smart power system will require the manufacturing of the necessary hardware and the development of specific software.

It is worth reminding that what makes a grid smart is the ability to predict events and outcomes and respond accordingly, even automatically in some cases. To this end, digital technologies such as network

digital twins can be used to simulate power outage scenarios and help utilities plan for certain situations and/or inevitabilities.

2. Reaching the Union's annual deployment needs for grid technologies can only be achieved with future-planning investments

Article 15(2)(a) of the NZIA provides 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”.

Whereas manufacturers will need additional time to assess the indicative target for the Union's deployment needs, to ensure that the planning is successful, we call for:

- A clarification on **how the proposed measures could realistically help achieve** the indicative target, while not slowing down the green transition and ensuring investment certainty
- This clarification should be detailed in a **long-term plan which includes forecasting on the number of electricity grid technologies** needed to achieve the target necessary to secure the Union's 2030 climate and energy targets
- While we welcome Art.30 on alignment with NECPs, this planning should also consider the other planning tools for electricity distribution and transmission, such as **the Ten-Year Network Development Plans (TYNDPs) and national network development plans**.

Such an assessment on manufacturing capacities and volume forecasting on key electricity grid technologies, such as underground and subsea cables as well as switchgears and transformers, will help provide an optimal number of grid technologies needed to achieve the ambitious objective, solving the trade-off between cost-efficiency and resilience across Member States.

3. Clarify how the Act will enable investment to meet the EU's ambitious target of manufacturing grid technologies domestically

The proposal sets out measures to promote net-zero- technologies manufacturing, with a focus on projects which could benefit from access to funding within the eight strategic net-zero technologies, including grid technologies.

While we welcome the streamlined administrative and shorter permit granting under Art. 13, and the financial support and additional administrative support for strategic technologies under Art.14, the Act does not assess whether these conditions would be sufficient to meet EU's ambitious target of manufacturing clean tech domestically.

In terms of financing, the Commission has released a separate assessment¹ which finds that that ‘the current EU budget has insufficient possibilities for supporting the objectives of the Net-Zero Industry Act and for ensuring a level-playing field between Member States, relative to the identified public investment needs’.

If we wish to avoid risking slowing expansion, reinforcement and modernisation of the grids and smart grids, we need additional incentives in particular for financing grid expansion in Europe. **Access to the Temporary Crisis and Transition Framework (TCTF) for state aid does not specifically refer to grid technologies** despite proposing to address the productive investment gap in ‘strategic equipment necessary for the net-zero transition’.

We urge a **consistent application of what is considered ‘strategic net-zero technologies’** across the NZIA and the TCTF to facilitate access to finance through legal certainty. We also need a dedicated financial framework for grid technologies manufacturing and grid development operating across Europe, from private to public investment with specific state aid schemes.

Furthermore, access to a secure, diversified, affordable and sustainable supply of critical raw materials is vital for European manufacturers to deliver. The recently published **Critical Raw Materials Act** proposal fails to reflect the needs of grid technologies manufacturers: We deplore the absence of aluminium – which is critical for a wide range of applications necessary for the green transition and an indispensable component of Europe’s strategic industrial ecosystems – from the current text. Therefore, we call on European Institutions to fill this gap.

In addition, we strongly support the following Commission’s proposals as vital incentives for promoting a competitive industry across Europe:

- **Considering increased sustainability and resilience criteria for strategic net-zero technologies, including grid technologies, in procurement processes and auctions**
- **Setting-up Net-Zero Industry Academies to promote and provide training and education on net-zero technologies**
- **Enabling industrial alliances to collaborate with the advisory body the Net-Zero Europe Platform**
- **Mandating the Commission to monitor supply chains and anticipate and prevent shortages for manufacturing net-zero technologies**

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ⁱ Commission Staff Working Document, [Investment needs assessment and funding availabilities to strengthen EU's Net-Zero technology manufacturing capacity](#), 23 March 2023