



Brussels, **XXX**  
[...](2023) **XXX** draft

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on establishing a framework of measures for strengthening Europe's clean energy technologies manufacturing ecosystem (Net Zero Industry Act)**

Proposal for a

## REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

### establishing a framework of measures for strengthening Europe's net zero technology products manufacturing ecosystem (Net Zero Industry Act)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 114, 145 and 173(3) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,

Having regard to the opinion of the Committee of the Regions<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

*[It would seem that we have plenty of recitals for which we do not have a corresponding provision (i.e. merely political announcements or political exhortations, which do not have a place in recitals), and that we have plenty of provisions for which we do not have a recital.*

*Recitals should merely provide reasons for provisions to be adopted. Everything else should be moved to the explanatory memorandum or to press statements.]*

- (1) The Union has committed to the accelerated decarbonisation of its economy and ambitious deployment of low-carbon energy sources to achieve climate neutrality or net zero emissions (emissions after deduction of removals) by 2050. That objective is at the heart of the European Green Deal and in line with the Union's commitment to global climate action under the Paris Agreement. To reach the climate neutrality goal, Regulation (EU) 2021/1119 of the European Parliament and of the Council<sup>3</sup> set a binding Union climate target to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990. The proposed "Fit for 55" package aims to deliver on the Union's 2030 climate target and revise and update Union legislation in this respect.
- (2) To fulfil those commitments, the Union must accelerate its pace of transition to low-carbon energy, notably by increasing energy efficiency and the share of clean energies. The Union should at the same time expand its electricity grids both at transmission and distribution levels.

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<sup>1</sup> OJ C [...], [...], p. [...]

<sup>2</sup> OJ C [...], [...], p. [...]

<sup>3</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

- (3) Increased energy prices since the second half of 2021, exacerbated by the unjustified and unlawful military aggression by the Russian Federation against Ukraine, give a strong impetus to accelerate the implementation of the European Green Deal and reinforce the resilience of the Energy Union by speeding up the clean energy transition and ending any dependence on fossil fuels exported from the Russian Federation. The REPowerEU plan plays a key role in responding to the hardships and global energy market disruption caused by the invasion of Ukraine by the Russian Federation. That plan aims to accelerate the energy transition in the European Union, to reduce the Union's gas and electricity consumption and to boost investments in the deployment of energy efficient and low carbon solutions. That plan sets, *inter alia*, the targets to double solar photovoltaic capacity by 2025 and to install 600 GW of solar photovoltaic capacity by 2030, to double the rate of deployment of heat pumps, to produce 10 million tonnes of domestic renewable hydrogen by 2030; and to substantially increase production of biomethane. The plan also sets out that achieving the REPowerEU [goals][targets?] will require diversifying the supply of low carbon energy equipment and of critical raw materials, reducing sectoral dependencies, overcoming supply chain bottlenecks and expanding the Union's clean energy technology manufacturing capacity.
- (4) 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 to net zero translates into strong opportunities for the expansion of Union's net-zero industry, which notably includes solar, onshore and offshore wind, heat pumps, electrolysers, batteries, and technologies and their supply chains, 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, while creating jobs and growth.
- (5) The Union's decarbonisation objectives, security of energy supply, digitalisation of the energy system and electrification of demand require an enormous expansion of electricity grids in the European Union and are necessary both at transmission level, including HVDC systems to connect offshore renewable energies, and at distribution level, with smart electricity grids enabling demand side response from consumers and the uptake of renewables. Connecting the net-zero technologies to the network of the European Union require the substantial expansion of manufacturing capabilities for electricity grids in areas, including HVDC submarine and onshore cable manufacturing, offshore and onshore substations and transformers.
- (6) Point on CCUS to be added.
- (7) The Union has helped build a global economic system based on open trade, pushed for respecting and advancing social and environmental sustainability standards, and is still committed to those values. At the same time, certain of the Union's major trading partners have embraced policies of significant economic support for their companies, including those operating in the net zero industry. Those trading partners include the United States through their Inflation Reduction Act, Japan's Green Transformation programme, the Production Linked Incentive scheme in India that encourages manufacturing of solar photovoltaic panels [?] and of batteries, and the People's Republic of China which aims at exceeding relevant

objectives set out in its latest Five-Year-Plan. Several measures deployed as part of those industrial programmes for green technology manufacturing, dragging investments in relevant supply chains away from the European Union.

- (8) The Union is heavily dependent, or at risk of becoming so, on concentrated imports for certain net zero technologies and their components. For solar photovoltaic technologies and their components, the Union is to a large extent dependent on imports from the People's Republic of China, which exceed 90% of products in certain upstream segments of the value chain, including ingots and wafers. Even in the heat pump and wind technologies, where the market position of the European Union is better, the Union's competitiveness is deteriorating. Furthermore, amongst the designs of nuclear reactors for projects under construction or consideration in the Union and globally, only one comes from within the Union.
- (9) Increasing the manufacturing capacity of net-zero technologies in the European Union will also help the Union increase its export capacity and thus contribute to the transition towards net-zero energy sources globally. At the same time, net-zero technology products will contribute to the Union's resilience and security of supply of clean energy. Given the Union's dependence on sources of energy, a secure supply of clean energy is a vital prerequisite for economic development and for public order and [national] security.
- (10) 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 net zero industrial base and making the European Union more investment and innovation friendly. The Union needs to enable the development of manufacturing capacity within the Union faster, simpler and in a more predictable way.
- (11) Member States should submit draft updated 2021-2030 national energy and climate plans (NECPs) in June 2023. As emphasised in the Commission's Guidance adopted on 15 November 2022, those updated plans should describe Member States' objectives and policies to facilitate within their territory the scale-up of manufacturing commercially available energy efficient and low-carbon technologies, equipment and components . Those plans should also describe Member States' objectives and policies to achieve such scale-up through diversification efforts in third countries.
- (12) The Green Deal Industrial Plan sets out a comprehensive approach to support a clean energy technology scale up based on four pillars. The first pillar aims at creating a regulatory environment that simplifies and fast-tracks permissions for new net-zero technology manufacturing and assembly sites and facilitates the scaling up of the net zero industry of the European Union. The second pillar of the plan is to boost investment in and financing of clean-tech production. That includes a temporary adaptation of State aid rules to speed up and simplify funding, while ensuring that undue competition distortions are minimised, and the creation of a European Sovereignty Fund in the context of the review of the multiannual financial framework (to provide resources for upstream research, innovation and strategic industrial projects. The third pillar relates to developing the skills needed to make the transition happen and increase the number of skilled workers in the clean energy technology sector. The fourth pillar focuses on trade and the diversification of the supply chain of critical raw materials. That includes

creating a critical raw materials club, working with like-minded partners to collectively strengthen supply chains and diversifying away from single suppliers.

- (13) Security of energy supply is of vital importance for the Union's competitiveness and for ensuring public order and [national] security. To secure its energy supply, while also living up to its ambitions on climate neutrality, the Union must develop and maintain an industrial basis for the provision of clean technology solutions. To support that goal, and to avoid potential disruptions and shortages in the supply of clean technologies that would delay the Union's carbon reduction efforts or put at risk the security of supply of energy, contracting authorities and contracting entities should duly consider the security of supply of the net-zero technologies when awarding contracts for net-zero technology products through public procurement.
- (14) To enable the industry [of the Union?] to adapt its production in time, contracting authorities and contracting entities should inform the market in advance of their estimated procurement needs for net-zero technology products.
- (15) As indicated in the Green Deal Industrial Plan for a Net-Zero Age Communication<sup>4</sup>, published on 1 February 2023, the Union's industry's market shares are under strong pressure, due to subsidies in third countries which undermine a level playing field. That pressure calls for an extension and acceleration of access to funding for the net-zero industry.
- (16) Sufficient access to finance is key for ensuring the Union's strategic independence and for establishing a solid manufacturing base for clean technology and its supply chains across the Union. A number of Union funding programmes are available to fund such investments, including clean technology manufacturing projects. In particular, thanks to the Temporary Crisis and Transition Framework (TCTF), those programmes may benefit from further flexibility to finance certain projects.
- (16) At the same time, the majority of investments necessary to reach the Green Deal targets could come from private capital<sup>5</sup> attracted by the growth potential of the net-zero ecosystem. In addition to public finance, the sustainable finance agenda (and blended finance) play a crucial role in scaling up investments into the Net Zero Technologies, while guaranteeing the competitiveness of the sector.
- (17) It is necessary that net-zero technology manufacturing projects are set-up or expanded as quickly as possible, while keeping the administrative burden to a minimum. For that reason, permit-granting processes of the Member States for such projects should be streamlined, but should at the same time ensure that net-zero technologies manufacturing projects are safe, secure, environmentally performant, and comply with environmental, social and safety requirements. Union environmental legislation sets common conditions for the process and content of national permit-granting processes, thereby ensuring a high level of environmental protection. It is therefore necessary to grant projects that comply with that Union environmental legislation the status of Net-Zero Resilience Project. That status

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<sup>4</sup> Communication of 1 February 2023 from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, A Green Deal Industrial Plan for the Net-Zero Age (COM/2023/62 final).

<sup>5</sup> See an assessment by DG FISMA of the investment needs for the green transition in spring 2020 in the context of the RRF, Section 3.2.3: [Identifying Europe's recovery needs \(europa.eu\)](#) [DG FISMA to provide reference]. *[We cannot refer to DG FISMA as such in a footnote of a legal act, i.e. this merely relates to the internal administrative organisation of the Commission.]*

should, however, be without prejudice to any applicable permitting conditions for the projects concerned, including those set out in Directive 2011/92/EU of the European Parliament and of the Council<sup>6</sup>, Council Directive 92/43/EEC<sup>7</sup>, Directive 2000/60/EC of the European Parliament and of the Council<sup>8</sup>, Directive 2004/35/EC of the European Parliament and of the Council<sup>9</sup>, and Directive 2010/75/EU of the European Parliament and of the Council<sup>10</sup>, [add birds?], and [add EWD]. At the same time, the unpredictability, complexity and, at times, excessive length of national permit-granting processes undermines the investment security needed for the effective development of net-zero technologies manufacturing projects. Therefore, in order to ensure and speed up their effective implementation, Member States should apply streamlined and predictable permitting procedures. In addition, Net-Zero Resilience Projects should be given priority status at national level to ensure rapid administrative treatment and urgent treatment in all judicial and dispute resolution procedures relating to them, without preventing competent authorities to streamline permitting for other net-zero technologies manufacturing projects that are not Net-Zero Resilience Projects.

- (18) Given their role in ensuring the Union's security of supply for net-zero technologies and their contribution to the Union's strategic autonomy and the green and digital transition, responsible permitting authorities should consider Net-Zero Resilience Projects to be in the public interest. Strategic Projects which have an adverse impact on the environment should be authorised where the responsible permitting authority considers, based on its case-by-case assessment, that the public interest served by the project should override those impacts, provided that all relevant conditions set out in Directive 2000/60/EC and Directive 92/43/EEC are met.
- (19) In order to reduce complexity and increase efficiency and transparency, project promoters of net-zero technologies manufacturing projects should be able to interact with a single national authority which is responsible for coordinating the entire permit granting process and issuing a comprehensive decision within the applicable time limit. To that end, Member States should designate a single national competent authority. Where needed in light of a Member State's internal organisation, the tasks of the national competent authority should be able to be delegated to a different authority, subject to the same conditions. To ensure the effective implementation of their responsibilities, Member States should provide their national competent authority, or any authority acting on their behalf, with sufficient personnel and resources.

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<sup>6</sup> Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1).

<sup>7</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

<sup>8</sup> Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

<sup>9</sup> Directive 2004/35/CE of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage (OJ L 143, 30.4.2004, p. 56).

<sup>10</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (recast) (OJ L 334, 17.12.2010, p. 17).

- (20) In order to ensure clarity about the permitting status of Net-Zero Resilience Projects and to limit the effectiveness of potential abusive litigation, while not undermining effective judicial review, Member States should ensure that any dispute concerning permit granting process are resolved in a timely manner. To that end, national competent authorities should ensure that applicants and project promoters have access to a simple dispute settlement procedure and that Net-Zero Resilience Projects are granted urgent treatment in all judicial and dispute resolution procedures relating to them.
- (21) In order to allow citizens and businesses to directly enjoy the benefits of the internal market without incurring an unnecessary additional administrative burden, Regulation (EU) 2018/1724 of the European Parliament and the Council<sup>11</sup>, which established the Single Digital Gateway, provides for general rules for the online provision of information, procedures and assistance services relevant for the functioning of the internal market. The information requirements and procedures covered by this Regulation should comply with the requirements of Regulation (EU) 2018/1724. In particular, it should be ensured that project promoters of a Net-Zero Resilience Project can access and complete any procedure related to the permit granting process fully online, in line with Article 6(1) and Annex II of Regulation (EU) 2018/1724.
- (22) Net-zero technology manufacturing projects undergo lengthy and complex permitting procedures of 2-7 years, depending on the Member State, technology and value chain segment. Considering the size of required investments - in particular for gigafactory-size projects which are needed to reach the expected economies of scale - inadequate permitting creates an additional and often detrimental barrier to increase clean tech production capacity in the European Union. In order to provide project promoters and other investors with the security and clarity needed to increase development of net-zero technologies manufacturing projects, Member States should ensure that the permit granting process related to such projects does not exceed pre-set time limits. For Net Zero Resilience Projects, the length of the permit granting process should not exceed twelve months for facilities with a yearly production output of more than 1 GW, and 9 months for those with a yearly production output of less than 1 GW. For all other net-zero technology manufacturing projects, the length of the permit granting process should not exceed eighteen months for facilities with a yearly production output of more than 1 GW, and twelve months for those with a yearly production output of less than 1 GW.
- (23) [environmental assessments – to be developed]
- (24) [Clean Tech Valleys – to be developed] *Member States may designate Clean Tech Valleys, areas that are particularly suitable to develop clean tech manufacturing projects, ... In the designation of Clean Tech Valleys, Member States shall avoid protected areas... Member States may designate Clean Tech Valleys specific for one or more types of clean tech manufacturing projects and should indicate the*

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<sup>11</sup> Regulation (EU) 2018/1724 of the European Parliament and of the Council of 2 October 2018 establishing a single digital gateway to provide access to information, to procedures and to assistance and problem-solving services and amending Regulation (EU) No 1024/2012 (OJ L 295, 21.11.2018, p. 1).

*type or types of projects that are suitable to be produced in each Clean Tech Valley.*

- (25) Hydrogen Valleys with industrial end-use applications play an important role in decarbonising the energy-intensive industries. REPowerEU set the objective of doubling the number of Hydrogen Valleys in the EU. In order to achieve this objective, Member States should accelerate permitting and consider regulatory sandboxes and prioritise access to funding. To strengthen the net zero resilience, Member States should ensure the interconnection of Hydrogen Valleys across Union borders.
- (26) Regulation [x amending Regulation] made available an additional EUR 20 billion of non-repayable support to Member States in order to promote energy efficiency and replace fossil fuels, amongst others through EU net-zero industry projects. As pointed out in the Commission Guidance on the REPowerEU chapters[footnote to be added], Member States are encouraged to include in the REPowerEU chapter of their recovery and resilience plans, in accordance with Regulation (EU) 2021/241, measures supporting investments in clean tech manufacturing and industrial innovation..
- (27) In hard-to-abate sectors, including energy-intensive industries, the number of commercially available and scalable net zero technologies is currently limited. For those net zero technologies already in use or in the early stages of development, major reductions in cost and improvements in performance will be needed. Therefore, investments in research and innovation both at Union and national level continue to be important. Together with joint and coordinated efforts across the Member States notably through the Strategic Energy Technology Plan, research and innovation activities increase the resilience of the Union's clean energy sector. Moreover, net zero technologies that are at demonstration or prototype stage today also make significant contributions in the long term to the achievement of net-zero industries in the Union. Half of the greenhouse gas emissions reductions expected by 2050 will require technologies that are not yet ready for the market, so research and innovation activities are a crucial component to increase the EU's technological sovereignty and global competitiveness.
- (28) Objectives and indicative targets for the manufacturing of key net-zero technology products in the European Union are put forward in order to help tackle import dependency and vulnerability concerns, and ensure Union climate and energy targets are met.
- (29) Since strengthening the industrial production of key net-zero technology products in the Union will not be possible without a sizeable skilled workforce, it is necessary to introduce measures to boost the availability of skills required for net-zero technology products in the Union. The objective is to mobilise all actors: Member States authorities, including at regional and local levels, education and training providers and industry to identify skills needs, develop education and training programmes and deploy these at large scale in a fast and operational manner. Net-Zero resilience projects and net-zero industry valleys have a key role to play in this regard. Member States and the Commission should ensure financial support including through the European Social Fund, Just Transition Fund, European Regional Development Funds and Single Market Programme.
- (30) Building on previous experiences, including the work on skills of the European Battery Alliance, Net Zero Industry Academies should develop and deploy

education and training content to upskill and reskill workers required for key net-zero technology value chains. That content should be developed and deployed with education and training providers in Member States, relevant member States authorities and social partners. Education and training providers should deliver the content produced by the academies adapted to sectoral and local industry needs. The Commission should support the establishment of the Academies and the initial production of the education and training content and its delivery inter alia through the Single Market Programme. Member States should support the continuous reskilling and upskilling offered via the academies and the relevant education and training providers in their territories including from the European Social Fund Plus, the Recovery and Resilience Facility, the European Regional Development Fund, the Just Transition Mechanism and the Technical Support Instrument. To ensure policy coherence with the objectives of this Act, the Net Zero Europe Platform should guide the work of the Academies, and provide oversight.

- (31) [Recital on governance TBC] At Union level, a Clean Tech Europe Platform should be established, composed of representatives of the Member States and chaired by the Commission. The Clean Tech Europe Platform should provide advice to and assist the Commission on specific questions, coordinate Member State action and facilitate the exchange of information on issues relating to this Regulation, especially with regard to the granting of the “Net-Zero Resilience Projects” label. The Clean Tech Europe Platform should convene to discuss challenges and bottlenecks to its targets, potentially meeting in different compositions of the high-level representatives, including representatives from clean technology industries. Where necessary, the Commission may further establish subgroups.
- (32) In order to maintain this Regulation fit for purpose [and any other objective?], the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (‘the Treaty’) should be delegated to the Commission in respect of updating the list of net-zero technologies in response of the latest technological developments [content and scope]. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Inter-institutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States’ experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (33) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission for [...] in order to reflect technological change and market developments, so that the objectives of the Initiative are achieved. Furthermore, implementing powers should be conferred on the Commission as regards [...]. Those powers should be exercised in accordance

with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>12</sup>.

- (34) [We need a recital providing reasons for the deferred application of certain provisions of this draft act (see the last Article).]
- (35) Since the objective of this Regulation cannot be sufficiently achieved by the Member States and can rather, by reason of the scale or effects of the action, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

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<sup>12</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

HAVE ADOPTED THIS REGULATION:

## **CHAPTER 1**

### **SUBJECT MATTER, SCOPE, DEFINITIONS AND OBJECTIVES**

#### *Article 1*

##### **Subject Matter**

This Regulation establishes a framework for scaling up the European manufacturing capacity of net-zero technologies that are commercially available, supporting the Union's 2030 decarbonisation target and ensuring the security of supply for net-zero technologies that are essential to address the Union's vulnerabilities in the energy sector.

#### *Article 2*

##### **Scope**

1. This Regulation applies to the net-zero technologies listed in the Annex , which have, according to the International Energy Agency, reached a technology readiness level of at least 8, except for Articles [sandboxes] , which apply to the net-zero technologies listed in the Annex that, according to the International Energy Agency, have reached a technology readiness level of between 5 and 7 .
2. This Regulation does not apply to raw materials, processed materials or components falling under the scope of Regulation (EU) .../... [add footnote with publication references of the Critical Raw Materials Regulation].
3. The Commission shall update that list by means of delegated acts adopted in accordance with Article 33, as soon as new technologies allow(?) it[, according to paragraph 2 of this Article]. [isn't it an essential element of the act (Art. 290 TFUE) ?]

#### *Article 3*

##### **Definitions**

For the purposes of this Regulation, the following definitions shall apply:

- (1) 'net-zero technologies' means energy system related technologies that guarantee low, zero or negative greenhouse gas emissions while operating and final technological products, components, machinery or assemblies installed in the Union that are commercially available, and that contribute to implementing or producing technologies achieving the objectives laid down in Article 4, with the exception of those falling under Article 1(2) . A component is taken to mean a smaller part of a net-zero technology that is manufactured and traded by a company starting from processed materials;
- (2) 'net-zero industry valley' means a specific area, on land, which has been designated by a Member State as particularly suitable for the construction or expansion of manufacturing facilities of the net-zero industry supply chain;
- (3) 'net-zero technology manufacturing project' is an industrial facility manufacturing net-zero technology products;
- (4) 'permit granting procedure' means a procedure covering all administrative permits necessary for planning, building, expanding and operating net-zero technology

manufacturing projects, including building, chemical and grid connection permits, as well as environmental assessments and authorisations where these are required[, and encompassing all permits and procedures from the acknowledgment of the validity of the application to the notification of the comprehensive decision on the outcome of the procedure by the responsible national competent authority];

- (5) ‘technology readiness level’ means a method of estimating the maturity of technologies according to the classification [system?] used by the International Energy Agency;
- (6) ‘a public procurement procedure’ means:
  - (a) any of the procedures referred to in by Directive 2014/24/EU of the European Parliament and of the Council<sup>13</sup> for the award of a public contract for the execution of works, the supply of products or the provision of services, or by Directive 2014/25/EU of the European Parliament and of the Council<sup>14</sup> for the award of a public contract for the execution of works, the supply of products or the provision of services for the pursuit of one of the activities referred to in Articles 8 to 14 of that Directive;
  - (b) a procedure for the award of a concession<sup>[con]</sup> as defined in Article 5, point (1), of Directive 2014/23/EU of the European Parliament and of the Council<sup>15</sup>;
  - (c) procedures for the award of the concessions referred to in Article 10(4), point (a), of Directive 2014/23/EU, and for the public contracts referred to in Article 9(1), point (a), of Directive 2014/24/EU and Article 20(1), point (a), of Directive 2014/25/EU;
- (7) ‘contracting authority’ means a contracting authority as defined in Article 2(1), point (1), of Directive 2014/24/EU;
- (8) ‘contracting entity’ means a contracting entity as defined in Article 4(1) of Directive 2014/25/EU;
- (9) ‘contract’, in the context of a public procurement procedure and unless otherwise specified, means a contract as defined in Article 1, point 2., of Directive 2009/81/EC of the European Parliament and of the Council<sup>16</sup>, a concession as defined in Article 5, point (1) of Directive 2014/23/EU, a public contract as defined in Article 2(1), point (5), of Directive 2014/24/EU, or a supply, works and service contract as defined in Article 2, point (1), of Directive 2014/25/EU;
- (10) ‘auction’ means a mechanism for competitive tendering procedures, involving or not State aid and not falling under the definition of ‘concessions’ in Article 5, point (1), of Directive 2014/23/EU;

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<sup>13</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

<sup>14</sup> Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

<sup>15</sup> Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1).

<sup>16</sup> Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC (OJ L 216, 20.8.2009, p. 76).

- (11) 'off-taker [of net-zero technologies(?)]' means an undertaking that has entered into a contract with a project promoter to procure net-zero technology products;

#### *Article 4*

### **Manufacturing capacity objectives within the Union**

1. To achieve the objectives referred to in Article 1, (1), all of **the following objectives shall be achieved by 2030:**

- (a) the net-zero technology manufacturing capacity in the Union is sufficient to meet at least 40% of the Union's annual deployment needs for the corresponding technology necessary to reach the REPowerEU and Green deal objectives,
- (b) the following specific indicative targets for strategic net-zero technology products:
  - (i) the solar PV manufacturing capacity within the Union is able to meet at least 40% of the solar PV annual deployment needs within the Union;
  - (ii) the wind turbine manufacturing capacity in the Union is able to meet at least 85% of the wind annual deployment needs within the Union;
  - (iii) the heat pump manufacturing capacity within the Union is able to meet at least 60% of the heat pump annual deployment needs within the Union;
  - (iv) the battery manufacturing capacity within the Union is able to meet at least 85% of the battery annual demand within the Union.
  - (v) the electrolyser manufacturing capacity within the Union is able to meet at least 50% of the renewable and fossil-free hydrogen annual deployment needs within the Union.

2. Where the Commission concludes that the Union does not achieve or risks not achieving the overall targets set out in paragraph 1, points (a) and (b), it shall propose without delay additional measures aimed at covering the identified gaps.

## **CHAPTER II.**

### **FACILITATING INVESTMENTS**

#### **Section I.**

#### **Net Zero Resilience Projects**

#### *Article 5*

#### **Net Zero Resilience Projects**

1. A Net Zero Resilience Project is a net zero technology manufacturing project located in the Union that contributes to the realisation of the objectives set out in Article 1(1) and that meets either the criteria laid down in point (a) or the criteria laid down in point (b) of this paragraph :

- (a) the zero technology manufacturing project contributes to the technological and industrial resilience of the Union's strategic net-zero [technology] [products?] industry supply chain by doing any of the following:

- (i) adding production capacity in the Union for net-zero technology components or machinery that are a significant factor in the performance or cost of production of the final product;(ii) by increasing the manufacturing capacity of a component or part in the net-zero technology value chain for which the EU depends on third countries with which the EU has no free trade agreement or for which the EU depends on **one single third country that supplies more than 80% of the products to the EU**;
  - (b) the zero technology manufacturing project contributes to the competitiveness of the Union's net-zero industry supply chain and has positive spill-over effects on the Union's strategic net-zero [technology?] industry supply chain or downstream sectors, beyond the project promoter and the Member States concerned, in accordance with any of the following:
    - (i) by contributing to the Union's market share for net-zero technology products where the Union has a global market share above [x] %;
    - (ii) by contributing to fostering the employment and promoting the development of core skills [reference to large scale partnership on skills] required for the production of the net-zero technology value chain;
    - (iii) by playing a key role in the local/regional development of the net-zero industry value chain;
    - (iv) by developing core activities based on Union patents;
    - (v) by exploiting the marketability of innovative solutions;
    - (vi) by contributing to relative greenhouse gas emissions avoidance of at least [x%];
    - (vii) by [...] ....off-take agreement for at least [x%] of the production.
2. The Commission is empowered to adopt delegated acts in accordance with Article 33 to amend the criteria listed in paragraph 1 of this Article.

#### *Article 6*

#### **Application and recognition**

1. Any undertaking or any consortium of undertakings (“the applicant”) may submit an application to the Commission to recognise its planned project as a Net Zero Resilience Project.
2. The application referred to in paragraph 1 shall contain:
  - (a) relevant evidence related to fulfilment of the criteria for Net Zero Resilience Projects laid down in Article 5(1);
  - (b) a business plan evaluating the financial viability of the Net Zero Resilience Project, including information on any planned public support
3. The Commission shall, in consultation with the Net-Zero Industry Platform referred to in Article 30, assess the application through a fair and transparent process. The Commission shall process the application [and adopt its decision in a timely manner].
4. Applications of projects located in Net Zero Industry Valleys shall be assessed as priority. The Commission shall process such applications and adopt its decision no later than [3] months after the submission of the application.

5. The Commission shall notify the applicant without delay of the result of its assessment under paragraph 4.

6. The Commission shall notify the Net Zero Industry Platform in any of the following cases:

- (a) where it finds that a Net Zero Resilience Project has undergone substantial changes;
- (b) where it finds that a Net Zero Resilience Project no longer fulfils the criteria set out in Article 5(1);
- (c) where it finds that the recognition of the Net Zero Resilience Project was based on an application containing incorrect information.

After having heard the Platform and project promoter, the Commission may repeal the decision granting a project the status of Net Zero Resilience Project.

7. Projects which are no longer recognised as Net Zero Resilience Project shall lose all rights connected to that status under this Regulation.

## **Section 2**

### **Permit-granting procedure**

#### *Article 7*

##### **Duration of the permit-granting procedure**

1. The permit-granting procedure for Net Zero Resilience Projects shall not exceed any of the following time limits:

- (a) [12 months] for the construction or expansion of Net Zero Resilience Projects, with a yearly production output of more than 1 GW;
- (b) [9 months] for the construction or expansion of Net Zero Resilience Projects with a yearly production output of less than 1 GW.

2. The permit-granting process for net-zero technology manufacturing projects shall not exceed any of the following time limits:

- (a) [18 months] for the construction or expansion of net-zero technology manufacturing projects, with a yearly production output of more than 1 GW;
- (b) [12 months] for the construction or expansion of net-zero technology manufacturing projects with a yearly production output of less than 1 GW.

3. For technologies [*CCS, nuclear, grids, ... that do not produce on GW basis*] the upper limits of paragraph (1) and (2) shall apply.

4. If a national competent authority does not issue a decision within the time limits referred to in paragraphs 1 to 3, the application for permit-granting shall be deemed to have been approved, except where the specific project is subject to an environmental impact assessment pursuant to Council Directive 92/43/EEC, or Directive 2000/60/EC, Directive 2008/98/EC of the European Parliament and of the Council<sup>17</sup>, Directive 2009/147/EC of the

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<sup>17</sup> Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

European Parliament and of the Council<sup>18</sup>, Directive 2010/75/EU, 2011/92/EU or Directive 2012/18/EU of the European Parliament and of the Council<sup>19</sup> and the assessments concerned have not yet been carried out, or likely to have significant effects on safety, including nuclear safety where applicable, the environment in another Member State or where a Member State likely to be significantly affected so request the assessment of transboundary environmental effects. All resulting decisions shall be publicly available.

5. In exceptional cases, and except for projects located inside Net-Zero Industry Valleys, where the nature, complexity, location or size of the proposed project so require, competent authorities may extend the time limits referred to in paragraph 1 by a maximum of [1 month] and the time limits referred to in paragraph 2 by a maximum of [2 month], before their expiry and on a case-by-case basis. In that event, competent authorities shall inform the project promoter of the reasons for the extension and of the date when the comprehensive decision [referred to in Article 8?] is expected in writing.

6. No later than fourteen days for Net Zero Resilience Projects and one month for net-zero technology manufacturing projects, following the receipt of the application, competent authorities shall validate the application or, if the project promoter has not sent all the information required to process an application, request the project promoter to submit a complete application within fourteen days from that request. The permit-granting procedure shall be deemed to start at the date in which the national competent authority has acknowledged that the application is complete.

#### *Article 8*

#### **Priority status of Net-Zero Resilience Projects**

1. Project promoters and all authorities that, under national law, are competent to issue various permits and authorisations related to the planning, design and construction of immovable assets, including energy infrastructure, shall ensure that those processes are treated in the most rapid way possible in accordance with Union and national law.

2. Net Zero Resilience Projects shall be granted the status of the highest national significance possible, where such a status exists in national law, and be treated accordingly in the permit-granting processes, including those relating to environmental assessments and if national law so provides, to spatial planning.

3. The security of supply of the technologies, components, sub-components and equipment manufacturing identified as being Net Zero Resilience Projects may be considered an imperative reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), point (c), of Directive 92/43/EEC and of overriding public interest within the meaning of Article 4(7) of Directive 2000/60/EC. Therefore, Net Zero Resilience Projects may be considered of overriding public interest, provided that the remaining other conditions set out in these provisions are fulfilled.

Where the opinion of the Commission is required in accordance with Directive 92/43/EEC, the Commission and the national competent authority referred to in Article 10 shall ensure

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<sup>18</sup> Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

<sup>19</sup> Directive 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of major-accident hazards involving dangerous substances, amending and subsequently repealing Council Directive 96/82/EC (OJ L 197, 24.7.2012, p. 1).

that the decision with regard to the overriding public interest of a project is taken within the time limits set in Article 7.

4. All dispute resolution procedures, litigation, appeals and judicial remedies related to Net Zero Resilience Projects in front of any national courts, tribunals, panels, including mediation or arbitration, where they exist in national law, shall be treated as urgent, if and to the extent to which national law provides for such urgency procedures. Project promoters of Net Zero Resilience Projects shall participate in such urgency procedure, where applicable.

#### Article 9

### One-Stop Shops

1. By [3 months after the date of entry into force of this Regulation], each Member State shall designate one national competent authority which shall be responsible for facilitating and coordinating the permit-granting process for net-zero technology manufacturing projects.

2. The national competent authority referred to in paragraph 1 shall be the sole point of contact for the project promoter in the procedure leading to a comprehensive decision for a given net-zero technology manufacturing project and shall coordinate the submission of all relevant documents and information.

3. The responsibilities of the national competent authority referred to in paragraph 1 or the tasks related to it may be delegated to, or carried out by, another authority, for any given net-zero technology manufacturing project, provided that:

- (a) the national competent authority notifies the project promoter of that delegation;
- (b) a single authority is responsible for each net-zero technology manufacturing project;
- (c) the authority referred to in point (b) (?) coordinates the submission of all relevant documents and information.

4. The national competent authority shall be listed under the Single Digital Gateway as set up under Regulation (EU) 2018/1724 of the European Parliament and the Council.

*[D.G.: Paragraph 5, as originally drafted, belongs in Article 31, which details structure of the Net-Zero Europe Platform, and we suggest moving its provisions to that Article. In particular, Article 31(5) thereof lists a number of sub-groups to be created within the Platform. Shouldn't therefore the 'working group' be one the sub-groups to be created? It is preferable instead to insert, at the end of this Article, a paragraph on guidance and best practices on the implementation of this Chapter to be provided by the (subgroup of the) Net-Zero Europe Platform. See suggested wording below.]*

5. Applicants shall be allowed to submit relevant documents in electronic form. By [OP 12 months after the date of entry into force of this Regulation] Member States shall ensure that the entire permit-granting process is carried out electronically.

6. The national competent authority shall take into consideration in the permit-granting process any valid studies conducted, and permits or authorisations issued for a given net-zero technology manufacturing project, before the project entered the permit granting process in accordance with this Article, and shall not require duplicate studies and permits or authorisations, unless otherwise required under Union law.

7. The national competent authority shall ensure that applicants have easy access to simple procedures for the settlement of disputes concerning the permit-granting process and the

issuance of permits to construct or expand strategic net-zero technology manufacturing projects, including, where applicable, alternative dispute resolution mechanisms.

8. Member States shall ensure that the national competent authority responsible for the entire permit-granting procedures, including all procedural steps, has a sufficient number of qualified staff and sufficient financial, technical and technological resources necessary for the effective performance of its functions related to the implementation of its tasks under this Regulation.

9. Member States(?) shall take into account the guidelines for the implementation of this Section and the recommendations on the best practices to ensure the speeding up of the permit-granting procedure provided for in this Section drawn up by the sub-group referred to in Article 31(6), point (d).

### *Article 10*

#### **Environmental assessments and authorisations**

1. Where an environmental impact assessment must be carried out in accordance with Articles 5 to 9 of Directive 2011/92/EU, the project promoter concerned shall request an opinion on the scope and level of detail of the information to be included in the environmental impact assessment report under Article 5(1) of that Directive.

Competent authorities shall ensure that the opinion referred to in the first subparagraph is issued as soon as possible and within a period of time not exceeding 30 days from the date on which the project promoter submitted its request.

2. Where the obligation to assess the effects on the environment arises simultaneously from Directive 2011/92/EU, Directive 92/43/EEC, Directive 2009/147/EC, Directive 2000/60/EC, Directive 2001/42/EC, Directive 2008/98/EC, Directive 2010/75/EU or Directive 2012/18/EU, competent authorities shall provide for a coordinated or joint procedure that complies with the requirements of that Union legislation.

Competent authorities shall coordinate the various individual assessments of the environmental impact of a particular project required by the Union legislation concerned.

Competent authorities shall also provide for a single assessment of the environmental impact of a particular project required by the Union legislation concerned.

3. Competent authorities shall ensure that the authorities that, under national law, are competent to issue permits and authorisations related to the planning, design and construction of immovable assets, including energy infrastructure, issue the reasoned conclusion referred to in Article 1(2), point (g)(iv), of Directive 2011/92/EU on the environmental impact assessment within three months of receiving all necessary information gathered pursuant to Articles 5, 6 and 7 of that Directive and completing the consultations referred to in Articles 6 and 7 of that Directive.

4. The timeframes for consulting the public concerned on the environmental report referred to in Article 5(1) of Directive 2011/92/EU shall not be longer than 30 days in the case of net-zero technology manufacturing projects.

5. For projects subject to prior authorisation under Directive 2000/60/EC, before a comprehensive decision is issued, national competent authorities shall obtain evidence of compliance with the conditions set out in Article 4(7) of that Directive. Following the issuance of the comprehensive decision, Member States shall ensure compliance with the conditions set up in the decision.

## *Article 11*

### **Planning**

1. When preparing plans, including zoning, spatial plans and land use plans, national, regional and local authorities shall, where appropriate, include in those plans provisions for the development of net-zero technology manufacturing projects.
2. Where plans including provisions for the development of net-zero technology manufacturing projects are subject to an assessment pursuant to Directive 2001/42/EC and subject to an assessment pursuant to Article 6 of Directive 92/43/EEC, those assessments shall be combined. Where relevant, that combined assessment shall also address the impact on potentially affected water bodies and verify whether the plan potentially prevent a water body from achieving good status or good potential or cause deterioration of status or of potential referred to in Article 4 of Directive 2000/60/EC.

## *Article 12*

### **Applicability of UNECE conventions**

1. The provisions set out in this Section are without prejudice to the obligations under Articles 6 and 7 of the United Nations Economic Commission for Europe (UNECE) Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters, signed at Aarhus on 25 June 1998, and under the UNECE Convention on environmental impact assessment in a transboundary context, signed at Espoo on 25 February 1991.
2. All decisions adopted pursuant to this Section shall be made publicly available.

## **Section 3**

### **Net-Zero Industry Valleys**

## *Article 13*

### **Setting up of Net-Zero Industry Valleys**

1. By [4 months after the entry into force], Member States may identify the land areas dedicated to Net-Zero Industry Valleys.
2. When identifying areas for setting up the Net-Zero Industry Valleys, Member States shall take into account:
  - (a) the need to favour multiple uses of the areas identified to ensure the expansion, re-industrialisation or creation of European industrial clusters;
  - (b) the availability of relevant transportation and network infrastructure, storage and other flexibility tools or the potential to create such infrastructure and storage;
  - (c) the just transition and its objectives, particularly coal regions in transition;
  - (d) any planned or already existing project pipeline and plan;
  - (e) the potential to organise education and training provisions for the availability of skills in net-zero technology products;
  - (f) the need for the areas to present particularities which do not lead to expected significant environmental impacts of the construction or expansion of a specific type or types of net-zero technology products manufacturing projects;

- (g) For the purposes of diminishing the environmental impact of the construction or expansion of a specific type or types of strategic net-zero technology products manufacturing project, Member States shall set appropriate rules for their establishing, in particular taking into account the need to:
- (i) give priority to artificial and built surfaces, industrial sites, brownfield sites, and, where appropriate, greenfield sites not usable for agriculture;
  - (ii) consider areas subject to restoration measures according to the National Restoration Plans prepared under the Regulation on nature restoration<sup>20</sup>.
3. Before adopting a plan or plans designating Net-Zero Industry Valleys, Member States shall carry out an environmental assessment in accordance with Directive 2001/42/EC, and where applicable, the assessment referred to in Article 6(3) of Directive 92/43/EEC.
4. Member States shall make any decision designating a Net-Zero Industry Valley public and shall review such decision periodically, and at least in the context of the update of the national energy and climate plans referred to in Article 14 of Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>21</sup>.

#### *Article 14*

#### **Fostering investments in Net-Zero Industry Valleys**

1. Member States shall ensure that permit-granting processes are accelerated and where possible fast-tracked, taking into account Articles 8 to 13 and Article 15. When located inside Net-Zero Industry Valleys, all the deadlines set out in Article 7(?) (1) and (2) are shortened by 6 months.
2. In Net-Zero Industry Valleys, net-zero technology manufacturing projects may be [considered as approved in the permit-granting procedure via pre-authorisation when] considered of overriding public interest, provided that the conditions set out in Union law are fulfilled.
3. Member States and the public authorities responsible for Net-Zero Industry Valleys shall design and implement all of the following economic and administrative support schemes:
- (a) to ensure the fast administrative set-up of the Net-Zero Industry Valley;
  - (b) to develop the necessary infrastructure in the Net Zero Industry Valley;
  - (c) to support private investments in the Net-Zero Industry Valley;
  - (d) to ensure the adequate reskilling and upskilling of the local workforce.
4. Member States and public authorities responsible for Net Zero Industry Valley shall endeavour to ensure that projects located in the Valley are compliant with the Do No

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<sup>20</sup> COM(2022) 304 final

<sup>21</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

Significant Harm principle within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>22</sup>.

5. By way of derogation from paragraph 3, the principle of ‘do no significant harm’ within the meaning of Article 17 of Regulation (EU) 2020/852 shall not apply to investments in Net Zero Industry Valley when either of the following applies

- (a) those investments are Net-Zero Resilience Projects within the meaning of Article 6;
- (b) the Member State or the public authority responsible for the Net Zero Industry Valley has undertaken satisfactory efforts to limit the potential harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, **where feasible**, and to mitigate the harm notably through other measures.

6. Public investments aimed at setting up Net-Zero Industry Valleys, at equipping Net-Zero Industry Valleys with appropriate infrastructure, converting brownfield sites and developing the adequacy of the local skills pool may benefit from increased co-financing rates by up to [10%] under the European Fund for Regional Development, the Just Transition Fund and the European Social Fund Plus for Net Zero Industry Valleys located in less developed and transition regions or in Just Transition territories.

#### *Article 15*

#### **Net Zero Technologies regulatory sandboxes**

1. Net Zero Technologies regulatory sandboxes established by one or more Member States or the national competent authorities shall provide a controlled environment that facilitates the development, testing and validation of innovative net-zero technologies for a limited time before their placement on the market or putting into service pursuant to a specific plan. This shall take place under the direct supervision and guidance of the competent authorities with a view to ensuring compliance with the requirements of this Regulation and other Union and Member States’ legislation supervised within the regulatory sandbox.

2. The Net Zero Technologies regulatory sandboxes shall not affect the supervisory and corrective powers of the competent authorities. Any significant risks to health, safety or the environment identified during the development and testing of such systems shall result in immediate mitigation and, failing that, in the suspension of the development and testing process until such mitigation takes place.

3. Member States’ competent authorities that have established Net Zero Technologies regulatory sandboxes shall coordinate their activities and cooperate within the framework of the Net Zero [Europe?] Platform, with the objectives of sharing relevant information and harmonising as much as possible their regulatory setup. They shall report annually to the Net Zero [Europe?] Platform and the Commission on the results of the implementation of those schemes, including good practices, lessons learnt and recommendations on their setup and, where relevant, on the application of this Regulation and other Union legislation supervised within the regulatory sandbox.

4. The Commission shall take into consideration the reports [and information shared through the network ]when assessing potential innovative technologies and their possible inclusion in the scope of this [Regulation][Article?].

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<sup>22</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

## Article 16

### Application procedure for Net Zero Technologies regulatory sandboxes

1. **Companies** wishing to enter a regulatory sandbox shall submit an application to the national competent authority indicating all of the following:
  - (a) the relevant provision of Union or national law that is impeding the implementation of the innovative net zero technology and from which exemption is sought under this Regulation and, where relevant, other Union and Member States legislation applicable to the activities and products falling within the regulatory sandbox;
  - (b) the relevant justification for the exemption from the relevant provision of Union or national law, including the reasons why the innovative technologies or new concepts are incompatible with that provision;
  - (c) the environmental implications of the innovative technology or **new concept** and the measures taken in order to ensure at least an equivalent level of safety and environmental protection to that provided by the requirements in respect of which an exemption is sought;
  - (d) the mitigating measures put in place;
  - (e) the required time-frame for the duration of the sandbox.
2. By way of derogation from paragraph 1, point (a), the decision to exempt a technology from the application of relevant Union legislation shall be subject to a positive opinion delivered by the Commission. Tacit approval can be presumed where the Commission does not reply within 20 days [from][to?] a request submitted by the national competent authority to which the application is addressed.
3. The duration of the sandbox may be extended by up to one year if necessary to achieve the objectives established by the competent authority.
4. Member States shall ensure that to the extent that the innovative net-zero technologies or innovative industrial implementation of existing net-zero technologies are subject to specific provisions in national or Union legislation applicable to the technologies falling within the regulatory sandbox, the activities carried out by **providers** are exempted from the application of those provisions for a limited time period .
5. **Participants** in the Net Zero Technologies regulatory sandbox shall remain liable under applicable Union and Member States' liability legislation for any harm inflicted on third parties as a result of the testing taking place in the regulatory sandbox.

## Article 17

### Innovation in the Net Zero Technologies regulatory sandbox

In the Net Zero Technologies regulatory sandbox, the development, testing and validation of innovative net-zero technologies or innovative industrial implementation of existing [net-zero?] technologies shall comply with the following conditions:

- (a) the innovative net-zero technology reaches a technology readiness level of between 5 and 8 according to the classification [system?] used by the International Energy Agency;
- (b) the implementation of the innovative technology is impeded[?] by a provision of Union or national law, from which a derogation on the basis of research and innovation is not allowed under such law;

- (c) the innovative technologies shall be developed for safeguarding substantial public interest in one or more of the following areas:
  - (i) a [substantive][substantial?] reduction in greenhouse gas emissions;
  - (ii) substantial gains in efficiency and efficacy of production processes or final product;
  - (iii) a high level of protection for and improvement in the quality of the environment;
- (d) effective monitoring mechanisms are in place to identify any high risks to public health, or workers safety that may arise during the testing taking place in the regulatory sandbox as well as response mechanisms to promptly mitigate those risks and, where necessary, stop the testing activities;
- (e) any deviation from the ‘do no significant harm’ principle within the meaning of Article 17 of Regulation (EU) 2020/852 fulfils the conditions set out in Article 15(4) of this Regulation;
- (f) any technology to be tested in the context of the regulatory sandbox is in a [functionally separate, isolated and] protected environment under the control of the participants and that only authorised persons have access to the linked information;
- (g) a complete and detailed description of the process and rationale behind the training, testing and validation of the innovative technology is kept together with the testing results as part of the technical documentation;
- (h) a short summary of the innovative net zero technologies project developed in the regulatory sandbox, its objectives and expected results published on the website of the competent authorities.

#### *Article 18*

#### ***Measures for small-scale providers and users***

1. Member States shall undertake the following actions:
  - (a) provide small-scale providers and start-ups with priority access to the Net-Zero Technologies regulatory sandboxes to the extent that they fulfil the eligibility conditions as set out in Articles 16(?) and 17(?);
  - (b) organise specific awareness-raising activities about the application of this Regulation tailored to the needs of small-scale providers and users;
  - (c) where appropriate, establish a dedicated channel for communication with small-scale providers and user and other innovators to provide guidance and respond to queries about the implementation of this Regulation.
2. Member States shall take into account the specific interests and needs of the small-scale providers and provide the adequate support to innovate.

### **Section 4**

### **Mobilising public and private investments**

#### *Article 19*

#### **Facilitating access to finance**

1. The Commission and the Member States shall facilitate access to finance for Net-zero Resilience Projects for all of the following activities:

- (a) accelerating investment, including leveraging funding from both public and private sectors;
- (b) providing and coordinating support to Net zero resilience projects facing difficulties in accessing finance.

2. Through the Net Zero Industry Platform, the Commission and the Member States shall identify financial needs and bottlenecks and potential best practices, notably based on regular exchanges with the relevant industrial alliances, including the Alliances on batteries, on solar panels, and the Electrolyser Partnership.

3. Net Zero(?) Resilience Projects shall be considered to contribute to the security of supply of strategic raw materials in the Union and therefore to be in the public interest.

4. In order to reach security of supply in the Union, Member States may provide financial support to Net Zero Resilience Projects. Such support shall be designed to address remaining financing gaps for Net Zero Resilience Projects and may include:

- (a) guarantees to decrease borrowing costs and reduce risk at an early stage of project development;
- (b) measures aimed at de-risking agreements with off-takers, including supporting off-takers established in the Union to sign off-take agreements with Net-Zero Resilience Projects.

5. Member States shall allocate at least [XX%] of national revenues stemming from Emission Trading Scheme allowances until [2030] to pursue the objectives of this Act and to ensure that the targets set out in Article 3 are met.

#### *Article 20*

### **Coordination of financing**

The Net Zero Industry Platform may, at the request of the Net-Zero Resilience Project promoter, discuss and make a recommendation on how the financing of each Net Resilience Project can be completed, taking into account the funding already secured and considering all of the following:

- (a) additional private sources of financing;
- (b) instruments of own resources of national promotional banks and institutions, the European development financial institutions, the European Investment Bank Group or other international financial institutions including the European Bank for Reconstruction and Development;
- (c) Member State instruments and programmes, including support referred to in Article [15](#);
- (d) relevant instruments and programmes under Union funding, including funding under the Global Gateway initiative for Strategic Projects in third countries.

#### *Article 21*

### **Mobilising the Innovation Fund**

The Commission shall set up an Innovation Fund EU auction platform for the organisation of Innovation Fund auctions to allocate grants to Net Zero industry projects.

## *Article 22*

### **Mobilising InvestEU**

1. In addition to the regular use of the InvestEU fund in support of financing and investments in clean technologies, the Commission shall encourage the setting-up of targeted investment platforms and shall cooperate with implementing partners under the InvestEU EU compartment with the aim of establishing blending facilities, with resources from the Innovation Fund, for the support of investments in the EU net zero industry supply chain,. Such investment platforms and blending facilities shall finance net zero technology manufacturing projects, in particular Net-Zero Resilience Projects, and projects awarded a Net-Zero Seal of Resilience as set out in Article 23.
2. The Member States are encouraged to make use of the Member State compartment under InvestEU to support net zero technology manufacturing projects, in particular Net-Zero Resilience Projects, and projects awarded a Net-Zero Seal of Resilience as set out in Article 23.

## *Article 23*

### **Net-Zero Seal of Resilience**

1. The Commission shall award a Net-Zero Seal of Resilience to projects submitted to a call for proposals of the Innovation Fund dedicated to net-zero technology supply chains as defined in Article XX which exceeded all of the evaluation thresholds set out in the call, but could not be funded due to lack of available funding for that call for proposals.
2. Projects awarded a Net Zero seal of resilience shall be considered as Net Zero Resilience projects, and shall benefit from all conditions and rights attributed to Net Zero Resilience Projects under this Regulation, even if they do not meet the conditions set out in Article 6.

## **CHAPTER 3 ACCESS TO MARKETS**

## *Article 24*

### **Net-zero contribution in public procurement procedures**

1. Contracting authorities or contracting entities shall base the award of contracts for the purchase or the use of net-zero technology in a public procurement procedure on the most economically advantageous tender, which shall include the best price-quality ratio based at least on the net-zero-contribution of the tender, in compliance with relevant international law.
2. The tender's net-zero contribution shall be based on criteria linked to the tender's contribution to the security of supply, and, subject to Article 36, its environmental impact.
3. The security of supply shall depend on all of the following conditions:
  - (a) the proportion of the products originating in third countries, as determined in accordance with Regulation (EU) No 952/2013 of the European Parliament and of the Council<sup>23</sup> and taking into account the need to diversify supply sources;

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<sup>23</sup> Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

- (b) the introduction by third countries of a restrictive or distortive measure on net-zero technology or its technical and open interoperability;
  - (c) the availability of essential spare parts for the functioning of the net-zero technology subject to the tender according to point (a) of this paragraph;
  - (d) a commitment by the tenderer that possible changes in its supply chain during the execution of the contract will not affect adversely the execution of the contract;
  - (e) certification or documentation demonstrating that the organisation of the tenderer's supply chain will allow it to comply with the security of supply requirement.
4. The tender's contribution to security of supply can be given a weighting of between 15 and 40 % of the award criteria.

#### *Article 25*

##### **Auctions to deploy renewable energy sources**

1. Without prejudice to Article 4 of Directive (EU) 2018/2001 of the European Parliament and of the Council<sup>24</sup>, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law shall use the net-zero-contribution of projects as referred to in Article 24(2) in the award criteria when conducting auctions the aim of which is to support the production or consumption of energy from renewable sources as defined in Article 2, point (1) of Directive (EU) 2018/2001.
2. In designing the criteria used for ranking bids in the procedures referred to in paragraph 1, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall use the criteria specified in Article 24 for [15%] to [40%] of the weighing of the selection criteria.

#### *Article 26*

##### **Other forms of public intervention**

1. When setting support schemes benefitting households or consumers that require the purchase of net-zero industry products, Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law, shall aim at reaching a net-zero-contribution as referred to in Article 24(2).
2. Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law may also apply paragraph 1 to public support schemes they set up under any form for public and private companies.

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<sup>24</sup> 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 (recast) (OJ L 328, 21.12.2018, p. 82).

## CHAPTER 4

### ACCESS TO A SKILLED WORKFORCE

#### *Article 27*

##### ***European Net Zero Industry Academies***

The Commission shall support the establishment of Net Zero Industry Academies, including through the provision of seed-funding, to:

- (a) develop learning programmes and content for training and education on developing, producing, installing, commissioning, operating, maintaining and recycling clean technology products and components;
- (b) offer trainings and training materials assisting training providers and Member States in developing and deploying their own education and training capabilities;
- (c) design, develop and deploy micro-credentials to enhance availability of skills and facilitate mobility of the workforce;
- (d) enhance knowledge sharing amongst Member States and their competent authorities involved in the licensing and permitting of net zero technologies aiming to speed up their implementation.

#### *Article 28*

##### ***Net-Zero Europe Platform on skills***

The Net-Zero Europe Platform shall support the availability and deployment of skills in strategic net-zero technology products through the following tasks:

- (a) assess, continuously monitor and forecast the demand and supply of a workforce with the skill set needed in the Net-Zero industry, and the availability and uptake of corresponding education and training opportunities, and set out targets and indicators for those purposes;
- (b) make proposals for the setting up of Net-Zero Academies and their operation, monitor their activity, foster synergies, and provide oversight throughout their lifecycle;
- (c) mobilise stakeholders, including industry and education/training institutions for the roll-out of learning programs developed by the Net-Zero Industry Academies;
- (d) develop a common set of knowledge, skills and competences for key professions in the Net-Zero industry to facilitate the mobility for persons taking up those professions;
- (e) submit suggestions for common training frameworks as referred to in Article 49a(3) of Directive 2005/36/EC of the European Parliament and of the Council<sup>25</sup>;
- (f) facilitate closer coordination and the exchange of best practices between Member States to enhance the availability of skills in the Net-Zero industry, including by contributing to Union and Member States policies to attract new talents, both from the Union and from third countries.

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<sup>25</sup> Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications (OJ L 255, 30.9.2005, p. 22).

## CHAPTER 4

### MONITORING

#### *Article 29*

#### **Monitoring of supply chains and alerting**

1. The Commission shall monitor the technology developments, market trends and competitiveness of the EU strategic net-zero technologies , and the progress with respect to the manufacturing capacity objectives referred to in Article 4.
2. The Commission shall assess the impact of this Regulation on the net-zero industry technologies and the Union’s competitiveness.
3. The Commission shall publish the results of that monitoring and related recommendations [as per points 1 and 2] on an annual basis as part of the Annual Reports on Competitiveness of Clean Energy Technologies, pursuant to Article 35(2), point (m) of Regulation (EU) 2018/1999.
4. The Commission will work with Member States to step up market surveillance of product-specific requirements to ensure that only products that are compliant with Union legislation are placed on the market, ensuring a level playing field both internally and globally.

## CHAPTER 6

### GOVERNANCE

#### *Article 30*

#### **Establishment and tasks of the Net-Zero Europe Platform**

1. The Net-Zero Europe Platform ( ‘the Platform’) is established.
2. The Platform shall perform the tasks set out in this Regulation.
3. The Platform shall provide the Commission with advice and assistance pursuant to this Regulation, taking into account Member States’ National Energy and Climate Plans under Regulation (EU) 2018/1999 ], in particular by:
  - (a) coordinating and monitoring Member States’ action to meet the investment and manufacturing targets for the respective net-zero technology sectors, pursuant to Title I, Chapter III;
  - (b) providing advice to the assessment of applications for “Net-Zero Resilience Projects” based on procedures and criteria pursuant to Title II, Chapter I of this Regulation;
  - (c) fostering cross-country contacts between undertakings active in net-zero sectors within the European Union by establishing an investment-hub, bringing together clean technology manufacturers and off-takers;
  - (d) support the availability and enhancing of skills in strategic net-zero technology products, pursuant to **Title IV** of this Regulation;
  - (e) monitoring the supply chains of strategic net-zero technology products in view of attaining the objective of energy independence within the European Union, pursuant to Title V of this Regulation;

(f) providing advice regarding the consistent application of this Regulation.

4. Member States shall take into consideration Regulation [NZIA] when preparing their national energy and climate plans and their updates, submitted pursuant to Articles 3, 9, and 14 of Regulation (EU) 2018/1999, in particular as regards the dimension “research, innovation and competitiveness” of the Energy Union, and in the submission of their biennial progress reports in accordance with Article 17.

### *Article 31*

#### **Structure and functioning of the Net-Zero Europe Platform**

1. The Platform shall be composed of representatives of the Member States and of the Commission. It shall be chaired by a representative of the Commission.

2. Each Member State shall appoint a high-level representative to the Platform. Where relevant as regards the function and expertise, a Member State may have more than one representative in relation to different tasks related to the work of the Platform. Each member of the Platform shall have an alternate.

3. On a proposal by and in agreement with the Commission, the Platform shall adopt its rules of procedure by a simple majority of its members.

4. The Platform shall meet at regular intervals to ensure the effective performance of its tasks specified in this Regulation. The intervals shall be specified by the Commission. Where necessary, the Platform shall meet at the reasoned request of the Commission.

5. The Commission shall assist the Platform by means of an executive secretariat that provides technical and logistic support.

6. The Platform may establish standing or temporary cross-sectoral sub-groups dealing with specific questions and tasks. The platform shall establish standing sub-groups on:

- (a) the facilitation of investments and incentivising demand for net-zero industries to perform the tasks set out under Title II and Title III;
- (b) the skills necessary to perform the tasks set out under [Title IV, Article 24].
- (c) the monitoring of the performance of the tasks set out under Title I and Title V;
- (d) the drawing up of the guidelines and recommendations referred to in Article 9(9).

7. The sub-group referred to in paragraph 6, point (d) shall consist of representatives appointed by the national competent authorities, who may call on the assistance of experts or advisers. Its chairman shall be a representative of the Commission. It shall draw up its own rules of procedure.

8. The Platform shall invite representatives of the European Parliament to attend its meetings, including of the standing or temporary sub-groups referred to in paragraph 6, [as observers].

9. Where appropriate, the Commission may invite experts and other third parties to Platform and sub-group meetings or to provide written contributions. That shall include representatives of the net-zero industry, organisations representing the interests of the net-zero industry, representatives of existing and potentially established Industrial Alliances and partnerships for net-zero industries at Union level.

10. The Platform shall take the necessary measures to ensure the safe handling and processing of confidential information.

11. The Platform shall use its best endeavours to reach consensus. Decisions taken by the Platform shall be legally non-binding recommendations.
12. The Platform shall coordinate and cooperate with existing industrial alliances.

## **CHAPTER 7**

### **FINAL PROVISIONS**

#### *Article 32*

#### **Delegation of power**

1. The Commission is empowered to adopt delegated acts in accordance with Article 2(3) to update the list of strategic net-zero technology products set out in the Annex following the development of new technologies.
2. To ensure that the criteria listed in Article 6(2) are in line with technological developments and latest trends in the competitiveness of net-zero industry, the Commission will update them via a Delegated Act.
3. The Annual Report on the Competitiveness of Clean Energy Technologies, pursuant to Article 35 (m) of Regulation (EU) 2018/1999, will provide the analyses and recommendations to steer and guide the updates referred to in points 1 and 2 above.

#### *Article 33*

#### **Exercise of the delegation**

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article 32 shall be conferred on the Commission for a period of five years from [date of application]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.
3. The delegation of power referred to in Article 32 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article 32 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

#### *Article 34*

#### **Committee procedure**

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.
3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.
4. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 4 thereof, shall apply.

#### *Article 35*

#### **Review**

1. By [4 years after the date of application of this Regulation], the Commission shall evaluate this Regulation and report to the European Parliament, the Council and the European Economic and Social Committee.
2. The evaluation shall assess whether the aim of this Regulation of supporting the manufacturing of net-zero technology products in the Union has been achieved and assess the impact of this Regulation on business users, especially SMEs, and end users.
3. The evaluation shall establish whether it is required to prolong the validity of this Regulation or to modify rules, including on permitting and targets, to support the manufacturing of net-zero technology products in the Union.
4. Where appropriate, the report submitted under paragraph 1 of this Article to the European Parliament and to the Council shall be accompanied by a legislative proposal to prolong the validity of this Regulation or to amend this Regulation to simplify the permitting(?) provisions and to support the manufacturing of net-zero technology products in the Union.
5. The competent authorities of Member States shall provide to the Commission any relevant information they have that the Commission may draw up the report referred to in paragraph 1.

#### *Article 36*

#### **Entry into force and application**

This Regulation shall enter into force on the [...] day following that of its publication in the *Official Journal of the European Union*.

It shall apply from [xx if different from date of entry into force]. Article [provision on procurement – environmental criteria], however, shall apply as of [2 years after the date of application of this Regulation] for contracts concluded by contracting authorities or contracting entities that are not central purchasing bodies as defined in Article 2, point (12), of Directive 2014/25/EU or for contracts the value of which is lower than ..... [...].

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*  
[...]

*For the Council*  
*The President*  
[...]

## ANNEX : STRATEGIC NET-ZERO TECHNOLOGIES

1.	Solar Photovoltaic and solar thermal technologies
2.	Onshore and offshore wind technologies <sup>26</sup>
3.	Battery technologies
4.	Heat Pumps [and geothermal energy]
5.	Renewable hydrogen technologies
6.	Biomethane technologies
7.	Nuclear technologies (fission)
8.	CCUS
9.	Grid technologies

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<sup>26</sup> Including offshore foundations, HVDC cables and substations, and installation vessels for commissioning of offshore wind farms

