



# ***VIK-Feedback on the EU Net-Zero Industry Act (NZIA)***

28.04.2023

*The German association of industrial energy consumers (VIK e.V.) welcomes the opportunity to provide feedback on the Proposal for a Regulation of the European Parliament and the Council on establishing measures for strengthening net-zero technology products manufacturing ecosystem in the EU (COM (2023)161 final).*

## ***The proposed list of strategic net-zero technologies***

VIK appreciates the Commission's efforts in supporting strategic technologies which will be necessary for decarbonisation. The proposal focuses primarily on "net-zero technologies manufacturing" (Art. 1 and 2). It fails, in our view, to recognize that other industrial sectors especially energy-intensive ones, for example chemicals, aluminium and steel, provide essential primary products and raw materials for the manufacturing of the addressed "strategic" climate-neutral technologies. It is also important to include CCU-technologies into the scope because for some sectors it is a suitable decarbonisation option.

**Energy-intensive sectors and the related value chains play a fundamental role in the European industrial structure: the maintaining of their competitiveness is crucial to enable net-zero technologies development, manufacturing, deployment and utilisation. Due to the urgent energy security and raw materials dependency reasons, it is crucially important to maintain the existing industry processes in Europe and establish open-minded approach for a transformation.**

In this sense, the proposed definition of "net-zero technologies" should be broadened and not only focus on the production of low-carbon energy technologies but also on their deployment in industrial production processes,

Author: Adelia Rathmann

Der VIK ist registrierter Interessenvertreter  
Lobbyregister des Bundes: [R002055](#)  
EU-Transparenzregister: [540746447804-05](#)

VIK-Verband der Industriellen Energie- und Kraftwirtschaft e.V.

Leipziger Platz 10 | 10117 Berlin

T: +49 30 212492-0

Vorsitzender des Vorstands: Gilles Le Van

Hauptgeschäftsführer: Christian Seyfert

Registergericht Amtsgericht Charlottenburg:

Registernummer 95 VR38556

UST-ID: DE 119 824 770

[info@vik.de](mailto:info@vik.de) | [www.vik.de](http://www.vik.de)

including basic material production: for example, steel, aluminium, production of necessary secondary energies, chemical recycling, and circular economy in general. Additionally, it is essential to reduce the risks connected with problematic dependencies on raw and primary materials from the third countries (for example, to avoid situations similar to natural gas supply shortages last year in Europe).

It is important to consider the whole value chains when fostering the sustainable transformation: for example, silicon compounds are essential when fostering PV technologies. In this context, also the origin of raw materials (including their mining&processing) needs to be tracked alongside sustainability regulations.

Furthermore, an application of climate-neutral technologies and production processes are often associated with higher operating costs. This aspect is not addressed properly in the regulation. Therefore, the plan should incorporate support for industry transformation, including already existing instruments (Innovation Fund incl. CCfDs as well as specific electricity price for all industries). Primary industries as well as upstream value chains should also be mentioned as "intermediate industrial products" or "direct upstream industrial process".

**Moreover, an application and deployment of net-zero technologies leads to a strong increase in energy (especially electricity) consumption for several industrial processes: therefore, NZIA should consider as a key priority the production competitiveness of EU companies with a focus on the availability of affordable and cost-competitive low carbon energy for industrial consumers. An important precondition for meeting the objectives of the NZIA is an introduction of the industry electricity price (Industriestrompreis).**

### ***Proposed benchmark of the annual deployment needs***

It is not clear enough, how the proposed annual deployment needs of 40 % will be determined and measured. The focus of the benchmark is inappropriate, as it does not address Europe's biggest challenge towards 2030: the competitiveness of its existing industry in general, while addressing the energy transition.

The impact of the benchmark on the Union's manufacturing capacity is also questionable. On the one hand, it might give industries easier and faster access to net-zero technologies. On the other hand, this push for European net-zero

technology manufacturing might make the transition for the industry in general more expensive.

### ***Low-carbon Markets and Green Leakage***

With the NZIA, the EU-Commission is trying to address the risks of Green Investment Leakage. However, the proposed measures are not sufficient.

The NZIA do not also address carbon leakage risks which have rapidly increased for energy-intensive sectors due to the recent revision EU-ETS Directive and CBAM-rules, as well as new conditionality principles prescribed by the revised EU-ETS and Energy Efficiency Directives. Lack of the carbon leakage protection will lead to the production relocation to third countries which have lower environmental and technical standards.

One of the measures to prevent such risks: the planned acceleration of permits and simplification of administrative applications as well as an improvement of the EU State Aid Rules should apply to the entire industry and not just to the production of net-zero technologies. In the final stage, it is the industry which must modify its facilities and use these technologies.

Art.19 on public procurement procedures may be a good basis for establishing of so-called green leading markets<sup>1</sup> if the scope will be broadened to transformative industry projects. By doing so, it is essential to consider the whole value chains for net-zero technologies and focus on the development of the relevant infrastructure.

### ***Financing aspects and government support for low-carbon technologies in other countries***

VIK supports the intentions of the EU-Commission on better governance of the existing funds and agrees on the principle that priority should be given to simplifying and accelerating the processes necessary for the effective use of these funds and their transposition into operational projects; the EU should reduce regulatory barriers by making application procedures more transparent, unbureaucratic and less time-consuming.

As funding programs will be implemented by member states, it is essential to provide enough financial resources. Whether the NZIA leads to success depends

---

<sup>1</sup> Grüne Leitmärkte

on how the member states implement the proposals. However, it is important to avoid additional taxes for affected industries while providing a level playing field in the access to the European funding. The budget of the Innovation Fund and competitive bidding schemes should be considerably increased, and new EU funds (such as Sovereignty fund) should be made available.

Energy-intensive industries currently need more funding for decarbonisation: in this sense, energy-intensive sectors should not be disadvantaged when they apply to funding aimed to decarbonisation projects. For example, medium-sized companies in the field of waste processing and recycling (including chemical recycling) have limited access to funding for investments in sustainable technologies.

When it comes to implementing the EU Hydrogen Bank, the idea of a national “top up” of the auctions’ budget should be vigorously pursued. The financial resources available to the EU are far from sufficient to accelerate the hydrogen ramp-up noticeably.

VIK finds the scope and impact capacity of NZIA as too narrow and points to already existing disadvantages for industry compared to other countries which plan high-volume funding measures for low-carbon technologies (for example, with the USA). Since the US IRA is designed as a tax-based system, the operational processing and tax return are simple and fast; therefore, quick investments will be easily generated. The European approaches to expedited permitting and funding are helpful, but do not reach far enough and do not shrink the huge attractiveness gap for new investments in net-zero technologies and in upstream and downstream industrial processes.

**Therefore, the EU should give a strong answer to the current initiatives on low-carbon technology subsidising which take place in developed countries, considering the future implications for European manufacturers which will occur on the emerging global low-carbon markets. In this sense, VIK will appreciate if the EU-Commission will consider an option to promote tax incentives and benefits for member-states within the Green Deal Industrial Plan and NZIA.**

## Other aspects

- Net Zero Manufacturing and Strategic Projects should not be prioritised over energy-intensive industry when purchasing electricity from renewable sources: in this regard, the future tenders should be transparent and non-discriminatory.
- It should be allowed for industry representatives (including technology users) to participate in the proposed "Net-Zero Europe Platform" to clarify needs and to prevent disadvantageous developments.
- We support the ambition to double the number of Hydrogen Valleys: it is important to locate them close to industrial clusters. However, the concept should be broadened to other transformation technologies ("industrial transformation valleys"). It is also important to consider new energy dependency risks which could occur due to the planned uptake of hydrogen imports in Europe. Additionally, the hydrogen deployment is not a pillar for all industry sectors to decarbonise their processes, as for example in case of aluminium industry.

*VIK is the association of industrial energy consumers in Germany. For more than 70 years VIK represents in his role as an industry-wide association the interests of companies from e.g., aluminium, chemicals, glass, paper, steel and cement. VIK advises its members on all energy and energy-related environmental issues.*