

Brussels, 30.06.2023

The Polish Electricity Association's position on the proposal for a Regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net-Zero Industry Act)

The Polish Electricity Association (PKEE) draws attention that NZIA does not address challenges for energy-intensive industries beyond increasing CO₂ storage capacity and may also cause an excessive burden on the economies of countries. If it is wrongly designed, it will become an obstacle and not a help in real investment activities.

The list of strategic technologies in the Annex of the proposed Regulation fails to include modern nuclear energy technologies (including Small Modular Reactors – SMRs), which will be crucial in supplying carbon-free, dispatchable energy. PKEE appreciates the partial recognition of SMRs in Art.3.1 concerning a definition of net-zero technologies, but we believe that SMRs, along with other modern nuclear technologies should be perceived as a strategic neutral technology under the proposed NZIA. Therefore PKEE calls on the co-legislators to widen the list of strategic technologies accordingly.

PKEE also believes that CCU technology should be also recognised as a strategic technology along with CCS and added to the Annex. Furthermore, NZIA should also focus on the development of carbon transport infrastructure, which is crucial for successful CCS/CCU expansion. The list of strategic net zero technologies should also recognise the role of other prospective technologies like hydrogen combustion technologies (other than fuel cells), small hydrogen gas turbines, and the technologies of combustion of ammonia and other e-fuels. Moreover, PKEE would also bring to the attention that the challenges related to hydrogen development include the lack of production capacities but are not limited to this issue only. Therefore, the Regulation should also recognize the strategic role of long-term hydrogen storage.

Furthermore, the NZIA should give greater priority to heat storage technologies, which are currently labelled as net-zero technologies, but not as strategic net-zero technologies. Such facilities, along with the power storage facilities could improve energy efficiency and reduce overall consumption.



PKEE

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Moreover, we would also like to bring attention to Art.6 and Art. 13 concerning the duration of the permit-granting process. We support NZIA's measures for speeding up procedures for granting of permits but we have concerns in terms of the ambiguity of the proposed provisions. **In general, we support lifting the burden of the permits but we acknowledge the risk associated with connection to the grid (in particular at the distribution level). There are several technical issues linked to a grid connection and appropriate time for these decisions must be ensured. Therefore we call on the co-legislators to provide more clarification regarding the applicability of the proposed provisions.**

Additionally, we would like to draw the co-legislators attention to the need to clarify the definition of net-zero technologies given in Art. 3.1 of the proposed Regulation. At this point it is unclear for our industry what can be covered under "advanced technologies" and we urge the co-legislators to be more specific in this regard.

PKEE also welcomes the EC's proposal to recognise net-zero technology manufacturing projects located in the EU that benefit from the ETS Innovation Fund or are parts of Important Projects of Common European Interest, European Hydrogen Valleys, or of the Hydrogen Bank as net-zero strategic projects. This approach ties in with the environmental objectives of the EU, particularly those set out in the EU Hydrogen Strategy.

We also believe the EC should refrain from opening the discussion on using of ETS revenues in this legislation (recital 41). The EC's proposal correctly recognizes the challenge related to financing. While it is desirable to leave the initiative to the member states and give them flexibility in terms of financing, the reference to ETS revenues is unnecessary and might lead to more uncertainties and initiate a lengthy dispute about the redistribution of national revenues from ETS.