

POSITION PAPER ON ENVIRONMENTAL SUSTAINABILITY CRITERIA SET OUT IN THE NET ZERO INDUSTRY ACT (NZIA)

The electricity grid is the backbone of the European energy system. To achieve the European goal of net-zero emissions by 2045/50, the main task of transmission system operators (TSOs) is to put ambitious grid development plans into practice, by building an electricity grid fit for the future and capable to accommodate the rapidly growing share of renewable electricity.

The four German TSOs, or 4ÜNB, (50Hertz, Amprion, Tennet and TransnetBW) therefore welcome the Net-Zero Industry Act (NZIA), which will help to boost production capacities and cut red tape for net-zero grid technologies made in Europe. A robust transmission grid supply chain is thus key to the completion of the energy transition and to a resilient European energy system. Sustainable and reliable grid technologies are basic criteria for TSOs in procurement processes, as electrical assets are designed to last until the end of their planned life cycle (usually 40+ years). On 16 March 2023, the European Commission (EC) proposed a regulation (document 2023/0081 (COD)) for establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem. This proposal was accepted by the European Parliament and Council on 27 May 2024. However, by 30 March 2025, the Commission shall adopt an implementing act specifying minimum requirements on environmental sustainability for public procurement.

The 4ÜNB welcome the opportunity to provide their views on the implementing act on minimum requirements on environmental sustainability for public procurement procedures. This position paper authored by the 4ÜNB contains corresponding proposals in section 2.

01. EXECUTIVE SUMMARY

- 4ÜNB strongly support the EC's decision to boost the production of and investment in clean technologies in Europe with the Net Zero Industry Act (NZIA), as it ensures that the EU will not suffer from a lack of manufacturing capacities, or specialised skills.
- The definition of criteria for minimum requirements on environmental sustainability should support environmental sustainability while avoiding disproportionate increase in costs and delays in delivering the needed grid infrastructure. We therefore propose the criteria to be oriented towards harmonising existing definitions, contributing to the purpose of not further complicating public procurement.
- For Article 25 (4a), we propose using elements of the primal proposal of the EC from 16 March 2023. For Article 25 (4b), we propose applying the already established definitions of the Taxonomy Directive (EU) 2020/852.
- We ask the European Commission to share Best Practice Guidelines for implementing minimum requirements on sustainability in procurement which establish a uniform assessment basis/ basis for calculation to guarantee comparability of environmental sustainability across Member States.

02. PROPOSALS

Definitions for technical specifications (Article 25 (4a)) should follow the original proposal of the Commission

In its proposal of the NZIA on 16 March 2023, the Commission proposed contracting authorities and contracting entities consider various elements with an impact on the climate and the environment for public procurement. Therefore, contracting authorities or contracting entities should select criteria from a list of elements that are compatible with the five existing European Sustainability Reporting Standards (ESRS E1-E5), for instance:

- The ease and quality of recycling

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- The consumption of energy, water, and other resources in one or more life cycle stages of the product
- The carbon footprint of the product
- Amounts of waste generated
- Emissions to air, water, or soil released in one or more life cycle stages of the product.
- Expected lifetime of the product
- Environmental reserves
- Simple repair and/or replacement
- Technical reserves

We propose that minimum mandatory requirements regarding environmental sustainability orient towards the elements above when taking the form of technical specifications (Article 25 (4a)).

Definitions for contract performance clauses (Article 25 (4b)) should be oriented towards existing EU definitions

The Taxonomy Directive (EU) 2020/852 defines six environmental sustainability goals. These include:

- Substantial contribution to climate change adaptation
- Climate change mitigation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

We propose that minimum mandatory requirements regarding environmental sustainability orient towards these already established goals when taking the form of contract performance clauses (cf. Article 25 (4b)). Our proposal would assure that no additional criteria on environmental sustainability need to be defined, contributing to the purpose of not further complicating public procurement.

Commission to provide an overview of existing requirements for environmental sustainability in procurement

Article 25 mentions the option to apply additional sustainability criteria. As there are numerous laws, specifications and guidelines, both at EU and at country level, it is difficult for all parties involved to keep track of applicable rules. We therefore propose for the EC to provide an overview of all applicable minimum requirements regarding sustainability criteria in procurement. Without a predefined overview, each contractor must analyse the requirements individually, which harbours the risk of different interpretations and in turn causes delays in implementation. The EC should therefore ensure that industry stakeholders are sufficiently informed about existing minimum requirements on sustainability in procurement on the one hand, and upcoming or new requirements on the other hand. This should ideally occur within a short period of time.

Also, it would be beneficial to share Best Practice Guidelines for implementing the requirements on sustainability in procurement and which establish a uniform assessment basis/ basis for calculation to guarantee comparability of environmental sustainability across Member States. Therefore, the definition and calculation or composition of KPI mustn't leave room for interpretation. An example is the calculation of a product carbon footprint: as different calculation methods can be applied, there is no comparability among products. Adding a uniform procedure to the definition of requirements on sustainability is hence beneficial.