

## TransnetBW Position Paper on the European Commission's Proposal for a Net Zero Industry Act (NZIA)

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.

TransnetBW welcomes the opportunity to provide its views on several of the proposals.

### Executive summary

- / **TransnetBW strongly supports the European Commission's decision to boost the production of and investment in clean technologies in Europe** with the Net Zero Industry Act (NZIA). The core of the legislative proposal is accelerated permit-granting for the construction of manufacturing facilities for net-zero technologies. TransnetBW hence welcomes the NZIA, as it may **positively impact existing bottlenecks in supply chains, and therefore accelerate grid expansion across Europe and equally in Germany and Baden-Wuerttemberg.**
- / In the NZIA, TransnetBW sees an opportunity to accelerate the **development and market availability of natural insulating gases for the use in switchgear as an alternative to sulfur hexafluoride (SF<sub>6</sub>)**. To achieve this, the scope of the regulation must be extended to these technologies, by **removing the technology readiness level (TRL) from the definition of net-zero technologies**. This will ensure that natural insulating gases also benefit from accelerated permit-granting procedures for their manufacturing facilities.
- / Co-legislators should address the fact that timelines on grid connection are often driven by availability in related grid infrastructure at the specific location. **The NZIA must therefore reference to existing EU law in order to ensure consistency within EU law regarding grid connection permitting.**
- / The sustainability and resilience criteria in public procurement rules (Art. 19) should be further specified to guarantee an efficient and uniform implementation across member states. Also, the NZIA should allocate more weight to circularity criteria as a way to further promote sustainable manufacturing.

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## Accelerate the development of natural insulating gases (SF<sub>6</sub> alternatives) by removing the TRL from the definition of net-zero technologies (Art. 3 (1))

The technology readiness level (TRL) rates the current development status of a new technology on a scale of 1-9 and serves as an assessment basis for further funding and development programs. Net-zero technologies are key technologies that make a significant contribution to decarbonization. They are listed in Article 3 (1) and include grid technologies with a TRL of "at least 8" (EC's proposal). The manufacturing facilities of these technologies benefit from accelerated permit-granting procedures.

A TRL of 8 indicates a product whose functionality has been proven in the field of application. This means that the development phase is almost complete, and a market launch is imminent. In addition to financial resources, the availability of manufacturing capacities for further development plays a key role. In particular, increased capacities for manufacturing must be kept available at an early stage. Removing the TRL from the definition of net-zero technologies will create an incentive to promote and accelerate the development of technologies irrespective their current TRL, therefore including climate-friendly insulating gases (SF<sub>6</sub> alternatives). Accelerated permit-granting procedures for manufacturing facilities should therefore apply to all net-zero technologies, and not be tied to the TRL.

In the past, TransnetBW had already advocated a seamless transition from the (climate-harming) insulating gas SF<sub>6</sub> to the use of natural insulating gases. Alternatives to SF<sub>6</sub> which are assigned to the PFAS group of substances (per- and polyfluorinated alkyl compounds) should not be used.

Currently, there are no market-ready alternatives to SF<sub>6</sub> based on natural gases for all extra high voltage applications. The possibility to accelerate permit-granting procedures for manufacturing facilities of all net-zero technologies could have a positive effect on the availability of these important grid technologies.

TransnetBW therefore proposes the following amendment for Article 3:

EC's proposal on NZIA	Amendment proposal	Justification
<p>Art. 3 (1) a</p> <p>'net-zero technologies' means renewable energy technologies<sup>1</sup>; electricity and heat storage technologies; heat pumps; grid technologies; renewable fuels of non-biological origin technologies; sustainable alternative fuels technologies<sup>2</sup>; electrolysers and fuel cells; advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle, small modular reactors, and related best-in-class fuels; carbon capture, utilisation, and storage technologies; and energy-system related energy efficiency technologies. They refer</p>	<p>Art. 3 (1) a</p> <p>'net-zero technologies' means <b>any technology the application of which contributes to climate change mitigation within the meaning Article 10(1) of Regulation (EU) 2020/852 of the European Parliament and of the Council.</b></p>	<p>Remove TRL requirement to accelerate permit-granting process for manufacturing facilities of all important net-zero technologies.</p>

<sup>1</sup> 'renewable energy' means 'renewable energy' as defined in 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. Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52023PC0161&from=EN#footnote66>.

<sup>2</sup> 'sustainable alternative fuels' means fuels covered by the Proposal for a Regulation of the European Parliament and of the Council on ensuring a level playing field for sustainable air transport, COM/2021/561 final and by the Proposal for a Regulation of the European Parliament and Council on the use of renewable and low-carbon fuels in maritime transport COM/2021/562 final. Source: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52023PC0161&from=EN#footnote67>.

to the final products, specific components and specific machinery primarily used for the production of those products. They shall have reached a technology readiness level of at least 8.

## Permit-granting procedures (Art. 6 and 13) should be consistent with existing EU law

Article 6 regulates the duration of the permit-granting process for manufacturing facilities of net-zero technologies. The permit-granting process also includes grid connection permits (according to Art. 3 f). However, it must be ensured that the conditions for grid connection are also met at the planned location, because if an expansion or reinforcement of the grid is necessary for the connection of the manufacturing facility, a separate permit may be required. Obtaining this separate permit entails the risk that TSOs will not be able to meet the deadlines specified in Article 6.

Article 13 regulates the duration of the permit-granting process for manufacturing facilities of strategic net-zero technologies. To ensure consistency within EU law, an explicit reference to the revised Renewable Energy Directive should be made in Articles 6 and 13.

TransnetBW therefore proposes the following amendments for Articles 6 and 13:

EC's proposal on NZIA	Amendment proposal	Justification
Art. 6 (10)  does not exist	Art. 6 (10) [NEW]  <b>10. The duration of the permit-granting process shall not include the time for the administrative stages necessary for significant upgrades and expansions of the grid required to ensuring grid stability, grid reliability, and grid safety.</b>	To ensure consistency within EU law, an explicit reference to the revised Renewable Energy Directive Art. 16 (9) should be made.
Art. 13 (5)  does not exist	Art. 13 (5) [NEW]  <b>10. The duration of the permit-granting process shall not include the time for the administrative stages necessary for significant upgrades and expansions of the grid required to ensuring grid stability, grid reliability, and grid safety.</b>	To ensure consistency within EU law, an explicit reference to the revised Renewable Energy Directive Art. 16 (9) should be made.

The wording of the proposed amendments mirrors existing EU law, such as Article 16 (9) revised Renewable Energy Directive (proposal) and the Emergency Regulation (Permit-Granting) establishing a framework for accelerated expansion of the use of renewable energy (EU) 2022/2577.

## Sustainability and resilience criteria in public procurement rules (Art. 19) should further be specified

The four cumulative criteria identified in Article 19 (2) (a-d) are too vague and should further be specified. To achieve homogeneous implementation across Member States regarding environmental sustainability, existing EU law, e.g., *Ecodesign Sustainable Products Regulation* (ESPR), should be referenced.

The NZIA along with the Critical Raw Materials Act proposals should allocate more weight to circularity criteria as a way to further promote sustainable manufacturing. Given the high decommissioning rates that will follow the next decade, creating and strengthening recycling and processing specialized industrial bases for grid components, grid technologies, and grid assets is key for enhancing a sustainable supply of critical and strategic raw materials.

European network operators, which are subject to European public procurement law, should have the same opportunities as other international customers when competing for supplies. Current European procurement law is designed for a market in which network operators encounter many technology providers competing for contracts. But in fact, for several network technologies, there is competition among network operators to find suppliers who can deliver on time. Therefore, co-legislators should consider simplifying EU tendering law for these cases. For example, the following options could be considered: Member States should have the possibility to significantly increase the threshold values for obligatory European-wide public tendering for high-voltage grid equipment, a restricted tendering procedure should allow the contracting authority to only invite a limited number of companies, and “re-ordering” of standardized products or services should be simplified.

## About TransnetBW

TransnetBW is a certified electricity transmission system operator (TSO), operating the transmission grid in the German state of Baden-Württemberg. Through this grid, we ensure that electricity is supplied to the region, Germany and throughout Europe with interconnections to control areas within Germany as well as to Austria, France and Switzerland. TransnetBW is a member TSO of, among others, the European Network of Transmission System Operators ([ENTSO-E](#)) and the [Renewables Grid Initiative](#) (RGI).

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