



Council of the
European Union

150921/EU XXVII. GP
Eingelangt am 25/07/23

Brussels, 25 July 2023
(OR. en)

12167/23

Interinstitutional File:
2023/0081(COD)

COMPET 790
IND 415
MI 660
BETREG 16
DIGIT 151
ECOFIN 804
EDUC 325
ENER 456
ENV 888
POLCOM 174
RECH 363
CODEC 1441

COVER NOTE

From:	General Secretariat of the Council
To:	Delegations
No. Cion doc.:	7613/23 + ADD1
Subject:	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) <i>- Opinion of the European Committee of the Regions</i>

Delegations will find attached copy of the above-mentioned opinion.

This opinion is available in all language versions on the following website: [Opinion Factsheet](#)
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**European Committee
of the Regions**

ECON-VII/032

156th plenary session, 5-6 July 2023

OPINION





The Net-Zero Industry Act

THE EUROPEAN COMMITTEE OF THE REGIONS

- welcomes the proposal for a Net-Zero Industry Act to support the implementation of the Green Deal Industrial Plan for the Net-Zero Age, thereby reaffirming its strong commitment to achieving climate-neutrality by 2050;
- underlines that LRAs are often directly affected by the measures proposed in the Net-Zero Industry Act. Due to the competences of LRAs, many of the rules regarding enabling conditions for net-zero technology manufacturing, access to markets and enhancing skills for quality job creation give LRAs a vital role in the implementation of the Net-Zero Industry Act. Therefore, LRAs have to be considered as an integral part of the future success of net-zero technologies in Europe. They have to play an active role in the implementation process, which should be clearly recognised in the relevant articles of the regulation;
- stresses the need for a pragmatic approach that covers the whole supply and value chain when it comes to net-zero technologies. The producers of components and machinery for the production of final products of net-zero technologies are as decisive to achieving the objectives of the Green Deal Industrial Plan for the Net-Zero Age as the producers of the final product. To minimise the risk of supply chain disruptions the Net-Zero Industry Act should prioritise planned industrial facilities and the transformation (especially decarbonisation), extension or repurposing of existing facilities along the whole supply and value chain. Additional burdens or obstacles for investments deriving from other pieces of legislation have to be avoided;
- recalls that LRAs constitute a key level for securing acceptance of the EU's strategic objectives of net-zero technologies and of industrial projects among EU citizens, and stresses that involving LRAs early on in the formulation and development of strategic projects may facilitate their roll-out. Knowledge of opportunities and impacts in the territory mainly comes from LRAs. They are often key players in designing and implementing industrial policies and R&D policies and are prepared to support innovation in net-zero technology, for example by hosting regulatory sandboxes. Therefore, LRAs should be an integral part of the Net-Zero Europe Platform.

COR-2023-02189-00-01-AC-TRA (EN) 1/28

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Reference document

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)

COM(2023) 161 final

Opinion of the European Committee of the Regions – The Net-Zero Industry Act

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

COM (2023) 161 - Part 1

Recital 10

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>To achieve the 2030 objectives a particular focus is needed on some of the net-zero technologies, also in view their significant contribution towards the path to net zero by 2050. These technologies include solar photovoltaic and solar thermal technologies, onshore and offshore renewable technologies, battery/storage technologies, heat pumps and geothermal energy technologies, electrolyzers and fuel cells, sustainable biogas/biomethane, carbon capture and storage technologies and grid technologies. These technologies play a key role in the Union's open strategic autonomy, ensuring that citizens have access to clean, affordable, secure energy. Given their role, these technologies should benefit from even faster permitting procedures, obtain the status of the highest national significance possible under national law and benefit from additional support to crowd-in investments.</p>	<p>To achieve the 2030 objectives a particular focus is needed on some of the net-zero technologies, also in view their significant contribution towards the path to net zero by 2050. These technologies include solar photovoltaic and solar thermal technologies, onshore and offshore renewable technologies, battery/storage technologies, heat pumps and geothermal energy technologies, electrolyzers and fuel cells, sustainable biogas/biomethane, carbon capture and storage technologies and grid technologies. These technologies play a key role in the Union's open strategic autonomy, ensuring that citizens have access to clean, affordable, secure energy. Given their role, these technologies should benefit from even faster permitting procedures, <i>if they respect the "do no significant harm" principle</i>, obtain the status of the highest national significance possible under national law and benefit from additional support to crowd-in investments.</p>

Amendment 2

COM (2023) 161 - Part 1

Recital 13

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p><i>The</i> development of carbon capture and storage solutions for industry is confronted with a coordination failure. On the one hand, despite the growing CO2 price incentive provided by the EU Emissions Trading System, for industry to invest into capturing CO2 emissions making such investments economically viable, they face a significant risk of not being able to access a permitted geological storage site. On the other</p>	<p><i>Carbon capture and storage (CCS) solutions hold a great potential in mitigating greenhouse gas emissions, as long as they are quantifiable and additional, deliver a long-term storage solution, and respect sustainability principles. However, the</i> development of carbon capture and storage solutions for industry is confronted with a coordination failure, <i>resulting in a current lack of scalability</i>. On the one hand,</p>

<p>hand, investors into first CO₂ storage sites face upfront costs to identify develop and appraise them even before they can apply for a regulatory storage permit. Transparency about potential CO₂ storage capacity in terms of the geological suitability of relevant areas and existing geological data, in particular from the exploration of hydrocarbon production sites, can support market operators to plan their investments. Member State should make such data publicly available and report regularly in a forward-looking perspective about progress in developing CO₂ storage sites and the corresponding needs for injection and storage capacities above, in order to collectively reach the Union-wide target for CO₂ injection capacity.</p>	<p>despite the growing CO₂ price incentive provided by the EU Emissions Trading System, for industry to invest into capturing CO₂ emissions making such investments economically viable, they face a significant risk of not being able to access a permitted geological storage site. On the other hand, investors into first CO₂ storage sites face upfront costs to identify develop and appraise them even before they can apply for a regulatory storage permit. Transparency about potential CO₂ storage capacity in terms of the geological suitability of relevant areas and existing geological data, in particular from the exploration of <i>former</i> hydrocarbon production sites, can support market operators to plan their investments. <i>The option of carbon storage to the end of enhanced oil recovery should be excluded here.</i> Member State should make such data publicly available and report regularly in a forward-looking perspective about progress in developing CO₂ storage sites and the corresponding needs for injection and storage capacities above, in order to collectively reach the Union-wide target for CO₂ injection capacity.</p>
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Amendment 3

COM (2023) 161 - Part 1

Recital 14

<i>Text proposed by the European Commission</i>	<i>Cor amendment</i>
<p>A key bottleneck for carbon capture investments that are today increasingly economically viable is the availability of operating CO₂ storage sites in Europe, which underpin the incentives from Directive 2003/87/EC. To scale up the technology and expand its leading manufacturing capacities, the EU needs to develop a forward-looking supply of permanent geological CO₂ storage sites permitted in accordance with Directive 2009/31/EU[1]. By defining a Union target of 50 million tonnes of annual operational CO₂ injection capacity by 2030, in line with the expected capacities needed in 2030, the relevant sectors can coordinate their</p>	<p>A key bottleneck for carbon capture investments that are today increasingly economically viable is the availability of operating CO₂ storage sites in Europe, which underpin the incentives from Directive 2003/87/EC. To scale up the technology and expand its leading manufacturing capacities, the EU needs to develop a forward-looking supply of permanent geological CO₂ storage sites permitted in accordance with Directive 2009/31/EU[1]. By defining a Union target of 50 million tonnes of annual operational CO₂ injection capacity by 2030, in line with the expected capacities needed in 2030, the relevant sectors can coordinate their</p>

investments towards a European Net-Zero CO₂ transport and storage value chain that industries can use to decarbonise their operations. This initial deployment will also support further CO₂ storage in a 2050 perspective. According to the Commission's estimates, the Union could need to capture up to 550 million tonnes of CO₂ annually by 2050 to meet the net zero objective[2], including for carbon removals. Such a first industrial-scale storage capacity will de-risk investments into the capturing of CO₂ emissions as important tool to reach climate neutrality. When this regulation is incorporated into the EEA Agreement, the Union target of 50 million tonnes of annual operational CO₂ injection capacity by 2030 will be adjusted accordingly.

[1] Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (Text with EEA relevance), (OJ L 140, 5.6.2009, p. 114).

[2] In depth analysis in support of the Commission Communication (2018/773) A Clean Planet for all. A European long-term strategic vision for a prosperous, modern, competitive and climate neutral economy.

investments towards a European Net-Zero CO₂ transport and storage value chain that industries can use to decarbonise their operations *where GHG emissions are unavoidable and without prejudice to the binding GHG emission reduction targets*. This initial deployment will also support further CO₂ storage in a 2050 perspective. According to the Commission's estimates, the Union could need to capture up to 550 million tonnes of CO₂ annually by 2050 to meet the net zero objective[2], including for carbon removals. Such a first industrial-scale storage capacity will de-risk investments into the capturing of CO₂ emissions as *an* important *additional* tool to reach climate neutrality. When this regulation is incorporated into the EEA Agreement, the Union target of 50 million tonnes of annual operational CO₂ injection capacity by 2030 will be adjusted accordingly.

[1] Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (Text with EEA relevance), (OJ L 140, 5.6.2009, p. 114).

[2] In depth analysis in support of the Commission Communication (2018/773) A Clean Planet for all. A European long-term strategic vision for a prosperous, modern, competitive and climate neutral economy.

Amendment 4
COM (2023) 161 - Part 1
Recital 35

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Households and final consumers are an essential part of the Union's demand for net-zero technologies final products and public support schemes to incentivize the purchase of such product by households, in particular for	Households and final consumers are an essential part of the Union's demand for net-zero technologies final products and public support schemes to incentivize the purchase of such product by households, in particular for

<p>vulnerable low- and lower middle-class income households and consumers, are important tools to accelerate the green transition. Under the solar rooftop initiative announced in the EU solar strategy[1], Member States should for instance set-up national programmes to support the massive deployment of rooftop solar energy. In the REPowerEU plan, the Commission called Member States to make full use of supporting measures which encourage switching to heat pumps. Such support schemes set up nationally by Member States or locally by local or regional authorities should also contribute to improving the sustainability and resilience of the EU net-zero technologies. Public authorities should for instance provide higher financial compensation to beneficiaries for the purchase of net-zero technology final products that will make a higher contribution to resilience in the Union. Public authorities should ensure that their schemes are open, transparent and non-discriminatory, so that they contribute to increase demand for net-zero technology products in the Union. Public authorities should also limit the additional financial compensation for such products so as not to slow down the deployment of the net-zero technologies in the Union. To increase the efficiency of such schemes Member States should ensure that information is easily accessible both for consumers and for net-zero technology manufacturers on a free website. The use by public authorities of the sustainability and resilience contribution in schemes targeted at consumers or households should be without prejudice to State aid rules and to WTO rules on Subsidies.</p> <p>[1] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: EU Solar Energy Strategy, COM(2022) 221 final, 18.05.2022.</p>	<p>vulnerable low- and lower middle-class income households and consumers, are important tools to accelerate the green <i>and just</i> transition. Under the solar rooftop initiative announced in the EU solar strategy[1], Member States should for instance set-up national programmes to support the massive deployment of rooftop solar energy. In the REPowerEU plan, the Commission called Member States to make full use of supporting measures which encourage switching to heat pumps, <i>taking into account the particular need of vulnerable households</i>. Such support schemes set up nationally by Member States or locally by local or regional authorities should also contribute to improving the sustainability and resilience of the EU net-zero technologies. Public authorities should for instance provide higher financial compensation to beneficiaries for the purchase of net-zero technology final products that will make a higher contribution to resilience in the Union. Public authorities should ensure that their schemes are open, transparent and non-discriminatory, so that they contribute to increase demand for net-zero technology products in the Union. Public authorities should also limit the additional financial compensation for such products so as not to slow down the deployment of the net-zero technologies in the Union. To increase the efficiency of such schemes Member States should ensure that information is easily accessible both for consumers and for net-zero technology manufacturers on a free website. The use by public authorities of the sustainability and resilience contribution in schemes targeted at consumers or households should be without prejudice to State aid rules and to WTO rules on Subsidies.</p> <p>[1] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: EU Solar Energy Strategy, COM(2022) 221 final, 18.05.2022.</p>
Reason	
Importance of support for vulnerable households should be underlined.	

Amendment 5
COM (2023) 161 - Part 1
Recital 51

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>Given their role in ensuring the Union's security of supply for net-zero technologies, and their contribution to the Union's open strategic autonomy and the green and digital transition, responsible permitting authorities should consider Net-Zero Strategic Projects to be in the public interest. Based on its case-by-case assessment, a responsible permitting authority may conclude that the public interest served by the project overrides the public interests related to nature and environmental protection and that consequently the project may be authorised, provided that all relevant conditions set out in Directive 2000/60/EC, Directive 92/43/EEC and Directive 2009/147/EC[1] are met.</p> <p>[1] 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. 7–25).</p>	<p>Given their role in ensuring the Union's security of supply for net-zero technologies, and their contribution to the Union's open strategic autonomy and the green and digital transition, responsible permitting authorities should consider Net-Zero Strategic Projects to be in the public interest. Based on its case-by-case assessment and a public consultation, a responsible permitting authority may conclude that the public interest served by the project overrides the public interests related to nature and environmental protection and that consequently the project may be authorised, provided that all relevant conditions set out in Directive 2000/60/EC, Directive 92/43/EEC and Directive 2009/147/EC[1] are met. It is paramount that the "do no significant harm" principle and the Aarhus convention are upheld.</p> <p>[1] 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. 7–25).</p>

Amendment 6
COM (2023) 161 - Part 1
Recital 57

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The environmental assessments and authorisations required under Union law, including in relation to water, air, ecosystems, habitats, biodiversity and birds, are an integral part of the permit granting procedure for a net zero technologies manufacturing project and an essential safeguard to ensure negative environmental impacts are prevented or minimised. However, to ensure that permit granting procedures for net zero technologies manufacturing projects are predictable and</p>	<p>The environmental assessments and authorisations required under Union law, including in relation to water, air, ecosystems, habitats, biodiversity and birds, are an integral part of the permit granting procedure for a net-zero technologies manufacturing project and an essential safeguard to ensure negative environmental impacts are prevented or minimised. Natura 2000 shall be excluded from project-permitting. To ensure that permit granting procedures for net-zero technologies</p>

timely, any potential to streamline the required assessments and authorisations while not lowering the level of environmental protection should be realised. In that regard, it should be ensured that the necessary assessments are bundled to prevent unnecessary overlap and it should be ensured that project promoters and responsible authorities explicitly agree on the scope of the bundled assessment before the assessment is carried out to prevent unnecessary follow-up.	manufacturing projects are predictable and timely, any potential to streamline the required assessments and authorisations while not lowering the level of environmental protection should be realised. In that regard, it should be ensured that the necessary assessments are bundled to prevent unnecessary overlap and it should be ensured that project promoters and responsible authorities explicitly agree on the scope of the bundled assessment before the assessment is carried out to prevent unnecessary follow-up.
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Amendment 7

COM (2023) 161 - Part 1

Recital 64

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The scaling up of European net-zero technology industries requires significant additional skilled workers which implies important investment needs in re-skilling and upskilling, including in the field of vocational education and training. <i>This</i> should contribute to the creation of quality jobs in line with the targets for employment and training of the European Pillar of Social Rights. The energy transition will require a significant increase in the number of skilled workers in a range of sectors, including renewable energy and energy storage, and has a great potential for quality job creation. The skill needs for the fuel cell hydrogen sub-sector in manufacturing alone are estimated at 180.000 trained workers, technicians and engineers by the year 2030, according to the Commission's European Strategic Energy Technology Plan[1]. In the photo-voltaic solar energy sector, up to 66.000 jobs would be needed in manufacturing alone. The European network of employment services (EURES) is providing information, advice and recruitment or placement for the benefit of workers and employers, including across internal market borders.</p> <p>[1] European Commission, Directorate-General</p>	<p>The scaling up of European net-zero technology industries requires significant additional skilled workers which implies important investment needs in re-skilling and upskilling, including in the field of vocational education and training. <i>To this end, the creation of Net-Zero Industry valleys, for instance by reindustrializing former coal regions,</i> should contribute to the creation of quality jobs in line with the targets for employment and training of the European Pillar of Social Rights. The energy transition will require a significant increase in the number of skilled workers in a range of sectors, including renewable energy and energy storage, and has a great potential for quality job creation. The skill needs for the fuel cell hydrogen sub-sector in manufacturing alone are estimated at 180 000 trained workers, technicians and engineers by the year 2030, according to the Commission's European Strategic Energy Technology Plan[1]. In the photo-voltaic solar energy sector, up to 66 000 jobs would be needed in manufacturing alone. <i>Therefore, it is important to acknowledge the potential for skilled labour of regions that previously suffered from deindustrialization within the Net-Zero industry and a just transition.</i> The European network of</p>

for Research and Innovation, Joint Research Centre, The strategic energy technology (SET) plan, Publications Office, 2019, https://data.europa.eu/doi/10.2777/04888 .	employment services (EURES) is providing information, advice and recruitment or placement for the benefit of workers and employers, including across internal market borders. [1] European Commission, Directorate-General for Research and Innovation, Joint Research Centre, The strategic energy technology (SET) plan, Publications Office, 2019, https://data.europa.eu/doi/10.2777/04888 .
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Amendment 8

COM (2023) 161 - Part 1

Article 1(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
This Regulation establishes the framework of measures for innovating and scaling up the manufacturing capacity of net-zero technologies in the Union to support the Union's 2030 target of reducing net greenhouse gas emissions by at least 55 % relative to 1990 levels and the Union's 2050 climate neutrality target, as defined by Regulation (EU) 2021/1119, and to ensure the Union's access to a secure and sustainable supply of net-zero technologies needed to safeguard the resilience of the Union's energy system and to contribute to the creation of quality jobs.	This Regulation establishes the framework of measures for innovating, scaling up and transforming the manufacturing capacity of net-zero technologies and their supply and value chain in the Union to support the Union's 2030 target of reducing net greenhouse gas emissions by at least 55 % relative to 1990 levels and the Union's 2050 climate neutrality target, as defined by Regulation (EU) 2021/1119, and to ensure the Union's access to a secure and sustainable supply of net-zero technologies needed to safeguard the resilience of the Union's energy system and to contribute to the creation of quality jobs.

<i>Reason</i>
In its Green Deal Industrial Plan for the Net-Zero Age the European Commission announced that the Net-Zero Industry Act would consider the whole supply and value chain across borders, so that supplies do not become a bottleneck. This should be emphasised in the "Subject matter" and not only in some recitals and articles of the Regulation. The transformation of the manufacturing capacity of net-zero technologies and their supply and value chain should be covered as well in order to call up the full potential of our industries.

Amendment 9

COM (2023) 161 - Part 1

Article 2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
This Regulation applies to net-zero technologies,	This Regulation applies to net-zero technologies,

except for Articles 26 and 27 of this Regulation, which apply to innovative net-zero technologies. Raw materials processed materials or components falling under the scope of Regulation (EU) .../... [add footnote with publication references of the Critical Raw Materials Regulation] shall be excluded from the scope of this Regulation.	except for Articles 26 and 27 of this Regulation, which apply to innovative net-zero technologies. <i>It applies to the corresponding supply and value chains.</i> Raw materials processed materials or components falling under the scope of Regulation (EU) .../... [add footnote with publication references of the Critical Raw Materials Regulation] shall be excluded from the scope of this Regulation.
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<i>Reason</i>
In its Green Deal Industrial Plan for the Net-Zero Age the European Commission announced that the Net-Zero Industry Act would consider the whole supply and value chain across borders, so that supplies do not become a bottleneck. Therefore, the "Scope" should mention it explicitly.

Amendment 10
COM (2023) 161 - Part 1
Article 3(1)(a)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
'net-zero technologies' means renewable energy technologies; electricity and heat storage technologies; heat pumps; grid technologies; renewable fuels of non-biological origin technologies; sustainable alternative fuels technologies; electrolyzers 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 to the final products, <i>specific</i> components and <i>specific</i> machinery <i>primarily</i> used for the production of those products. <i>They shall have reached a technology readiness level of at least 8.</i>	"net-zero technologies" means renewable energy technologies; electricity and heat storage technologies; heat pumps; grid technologies; renewable fuels of non-biological origin technologies; sustainable alternative fuels technologies; electrolyzers 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 to the final products, components and machinery used for the production of those products.
<i>Reason</i>	
To achieve the goals of the Green Deal Industrial Plan for the Net-Zero Age and to boost European competitiveness, the Net-Zero Industry Act has to take a wider approach. There is no need to use a narrow definition or even refer to the "technology readiness level". The LRAs – which will be involved in several parts of the Net-Zero Industry Act (including permitting) – are in favour of simple definitions that attract a wide range of project promoters. It can be assumed that their investments are addressing the needs of the relevant markets. The risk of interruptions in the supply chains should be reduced to a minimum. The proposal for the Net-Zero Industry Act still provides for enough safeguards to avoid unintended consequences (e.g. for environmental protection).	

Since the Green Deal Industrial Plan for the Net-Zero Age is widely seen as a reaction to the Inflation Reduction Act in the US, the developments in the US should be taken into consideration. The US Department of the Treasury and the Internal Revenue Service recently (12 May 2023) published guidance that provides detailed information about the domestic content bonus under the Inflation Reduction Act. This guidance refers to clean energy development and manufacturing and especially covers steel, iron, and manufactured products that are produced in the US.

While explicitly not advocating for the US approach the LRAs still see the need to take a wider approach than the proposal for the Net-Zero Industry Act. The producers of components and machinery for the production of final products of net-zero technologies are as decisive to achieving the goals of the Green Deal Industrial Plan for the Net-Zero Age as the producers of the final product.

Amendment 11

COM (2023) 161 - Part 1

Article 3(1)(b)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
'component' means a <i>small</i> part of a net-zero technology that is manufactured and traded by a company starting from processed materials;	"component" means a part of a net-zero technology that is manufactured and traded by a company starting from processed materials;

<i>Reason</i>
There is no need to use a narrow definition.

Amendment 12

COM (2023) 161 - Part 1

Article 3(1)(c)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
'innovative net-zero technologies' means technologies which satisfy the definition of 'net-zero technologies', except that they <i>have not reached a technology readiness level of at least 8, and that</i> comprise genuine innovation which are not currently available on the market and are advanced enough to be tested in a controlled environment.	"innovative net-zero technologies" means technologies which satisfy the definition of "net-zero technologies", except that they comprise genuine innovation which are not currently available on the market and are advanced enough to be tested in a controlled environment.

<i>Reason</i>
There is no need to use a narrow definition or even refer to the "technology readiness level".

Amendment 13
COM (2023) 161 - Part 1
Article 3(1)(d)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
'net-zero technology manufacturing project' means a planned industrial facility or extension or repurposing of an existing facility manufacturing net-zero technologies;	"net-zero technology manufacturing project" means a planned industrial facility or transformation (especially decarbonisation) , extension or repurposing of an existing facility manufacturing net-zero technologies;

<i>Reason</i>
In its Green Deal Industrial Plan for the Net-Zero Age the European Commission announced that the Net-Zero Industry Act would consider the whole supply and value chain across borders, so that supplies do not become a bottleneck. To achieve the goals of the Green Deal Industrial Plan for the Net-Zero Age and to boost European competitiveness, the Net-Zero Industry Act has to take a wider approach.

Amendment 14
COM (2023) 161 - Part 1
Article 3(1)(j)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
' technology readiness level ' means a method of estimating the maturity of technologies, according to the classification used by the International Energy Agency;	
<i>Reason</i>	
There is no need to use a narrow definition or even refer to the "technology readiness level". A reference to the work of the International Energy Agency might cause additional risks since it is not even an institution of the European Union.	

Amendment 15
COM (2023) 161 - Part 1
Article 3(1)(q)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
'CO ₂ injection capacity' means the annual amount of CO ₂ that can be injected in an operational geological storage site, permitted under Directive 2009/31/EC, with the purpose to reduce emissions or increase carbon removals, in particular from large scale industrial installations and which is measured in tonnes per annum;	"CO ₂ injection capacity" means the annual amount of CO ₂ that can be injected in an operational geological storage site, permitted under Directive 2009/31/EC, with the purpose to reduce unavoidable emissions or increase carbon removals, in particular from large scale industrial installations and which is measured in tonnes per annum;

Amendment 16
COM (2023) 161 - Part 1
Article 3(1)(s)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
'manufacturing capacity' means the total amount of output capacity of the net-zero technologies produced in a manufacturing project. If the manufacturing project does not produce final products but <i>specific</i> components or <i>specific</i> machinery <i>primarily</i> used for the production of such products, then manufacturing capacity refers to output capacity of the final product that would use such components or <i>specific</i> machinery to be produced.	"manufacturing capacity" means the total amount of output capacity of the net-zero technologies produced in a manufacturing project. If the manufacturing project does not produce final products but components or machinery used for the production of such products, then manufacturing capacity refers to output capacity of the final product that would use such components or machinery to be produced.

<i>Reason</i>
There is no need to use a narrow definition.

Amendment 17
COM (2023) 161 - Part 1
Article 4(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
By ...[3 months after the date of entry into force of this Regulation], Member States shall designate one <i>national</i> competent <i>authority</i> which shall be responsible for facilitating and coordinating the permit-granting process for net-zero technology manufacturing projects, including for net-zero strategic projects, and to provide advice on reducing administrative burden in line with Article 5.	By ...[3 months after the date of entry into force of this Regulation], Member States shall designate one <i>or more</i> competent <i>authorities</i> which shall be responsible for facilitating and coordinating the permit-granting process for net-zero technology manufacturing projects, including for net-zero strategic projects, and to provide advice on reducing administrative burden in line with Article 5.

<i>Reason</i>
Even though a single "One Stop Shop" for each Member State at national level should be the preferred option, the Member States should not be prevented from designating multiple competent authorities. This would make an appropriate involvement of LRAs possible and could lead to better results for project promoters as well.

Amendment 18
COM (2023) 161 - Part 1
Article 4(7)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Member States shall ensure that the national competent authority responsible for the entire permit-granting processes, including all procedural steps, has a sufficient number of qualified staff and sufficient financial, technical and technological resources necessary, including for up- and re-skilling, for the effective performance of its tasks under this Regulation.	Member States shall ensure that the national competent authority responsible for the entire permit-granting processes, including all procedural steps, has a sufficient number of qualified staff and sufficient financial, scientific , technical and technological resources necessary, including for up- and re-skilling, for the effective performance of its tasks under this Regulation.

Amendment 19

COM (2023) 161 - Part 1

Article 6(4)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
In exceptional cases, where the nature, complexity, location or size of the proposed project so requires, competent authorities may extend the time limits referred to in paragraph 1 and 2 by a maximum of 1 month before their expiry and on a case-by-case basis. Where competent authorities consider that the proposed project raises exceptional risks for the health and safety of workers or of the general population, and where additional time is necessary to establish that adequate safeguards are put in place, they may extend those time limits by a further 6 months, before their expiry and on a case-by-case basis.	In exceptional cases, where the nature, complexity, location or size of the proposed project so requires, competent authorities may extend the time limits referred to in paragraph 1 and 2 by a maximum of 1 month before their expiry and on a case-by-case basis. Where competent authorities consider that the proposed project raises exceptional risks for the health and safety of workers or of the general population, or risks for the environment , and where additional time is necessary to establish that adequate safeguards are put in place, they may extend those time limits by a further 6 months, before their expiry and on a case-by-case basis.

Amendment 20

COM (2023) 161 - Part 1

Article 8(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
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, including net-zero strategic projects. Priority shall be given to artificial and built surfaces, industrial sites, brownfield sites, and, where appropriate, greenfield sites not usable for agriculture and	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, including net-zero strategic projects. Priority shall be given to artificial and built surfaces, industrial sites, brownfield sites, and, where appropriate, greenfield sites not usable for agriculture and

forestry.	forestry <i>or protected under Natura 2000</i> .
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Amendment 21
COM (2023) 161 - Part 1
Article 10(1)(b)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
the net-zero technology manufacturing project has positive impact on the Union's net-zero industry supply chain or downstream sectors, beyond the project promoter and the Member States concerned, contributing to the competitiveness and quality job creation of the Union's net-zero industry supply chain, according to at least three of the following criteria: (i) it adds significant manufacturing capacity in the Union for net-zero technologies; (ii) it manufactures technologies with improved sustainability and performance; (iii) it puts into place measures to attract, upskill or reskill a workforce required for net-zero technologies, including through apprenticeships, in close cooperation with social partners; (iv) it adopts comprehensive low-carbon and circular manufacturing practices, including waste heat recovery.	the net-zero technology manufacturing project has positive impact on the Union's net-zero industry supply chain or downstream sectors, beyond the project promoter and the Member States concerned, contributing to the competitiveness and quality job creation of the Union's net-zero industry supply chain, according to at least three of the following criteria: (i) it adds significant manufacturing capacity in the Union for net-zero technologies; (ii) it manufactures technologies with improved sustainability and performance; (iii) it puts into place measures to attract, upskill or reskill a workforce required for net-zero technologies, including through apprenticeships, in close cooperation with <i>local and regional authorities and</i> social partners; (iv) it adopts comprehensive low-carbon and circular manufacturing practices, including waste heat recovery.

<i>Reason</i>
Good cooperation with LRAs should be a criterion for the selection of net-zero strategic projects, in particular concerning the local workforce.

Amendment 22
COM (2023) 161 - Part 1
Article 10(2)(d)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<i>the CO₂ storage projects can demonstrate that local and regional authorities have been consulted on the project.</i>

<i>Reason</i>
In order to be recognised by the European Commission as a net-zero strategic CO ₂ storage project, consent by the local and regional authorities should be required.

Amendment 23
COM (2023) 161 - Part 1
Article 10(3)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Net-zero technology manufacturing projects corresponding to a technology listed in the Annex located in 'less developed and transition regions' and Just Transition Fund Territories and eligible for funding under cohesion policy rules , shall be recognised by Member States as net-zero strategic projects under Article 11(3) upon request of the project promoter without the project promoter having to submit a formal application under Article 11(2).	Net-zero technology manufacturing projects corresponding to a technology listed in the Annex located in or benefiting "less developed and transition regions", Just Transition Fund Territories or territories neighbouring Just Transition Fund Territories , shall be recognised by Member States as net-zero strategic projects under Article 11(3) upon request of the project promoter without the project promoter having to submit a formal application under Article 11(2).

<i>Reason</i>
"Less developed and transition regions" and Just Transition Fund Territories can be at the forefront of achieving the goals of the Green Deal Industrial Plan for the Net-Zero Age. These regions and territories should get as much support as possible. The Inflation Reduction Act has acknowledged the importance of these types of regions and territories with Programs to Incentivize Investments in communities that have driven and historically been at the forefront of energy production. The European Union should follow this approach as much as possible. Even though further changes to the State Aid framework would be desired, at least the recognition of net-zero technology projects as net-zero strategic projects should be facilitated as much as possible.

Amendment 24
COM (2023) 161 - Part 1
Article 10(4)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
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 either benefits from the ETS Innovation Fund, or is part of Important Projects of Common European Interest, European Hydrogen Valleys, or of the Hydrogen Bank, when the funds support investment in manufacturing capacities corresponding to a technology listed in the Annex, shall be recognised by Member States as net-zero strategic project under Article 11(3) upon request of the project promoter without the project promoter having to submit a formal application under Article 11(2).	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 either benefits from the ETS Innovation Fund, or is part of Important Projects of Common European Interest, European Hydrogen Valleys, of the Hydrogen Bank or other European programmes (e.g. ERDF) , when the funds support investment in manufacturing capacities corresponding to a technology listed in the Annex, shall be recognised by Member States as net-zero strategic project under Article 11(3) upon request of the project promoter without the project promoter having to submit a formal

	application under Article 11(2).
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<i>Reason</i>
Projects supported by any European programme should allow for prioritised treatment as net-zero strategic projects.

Amendment 25
COM (2023) 161 - Part 1
Article 11(3)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Member States shall assess the application referred to in paragraph 1 through a fair and transparent process within a month. The absence of a decision by Member States within that time frame shall constitute an approval of the project.	Member States shall assess the application referred to in paragraph 1 through a fair and transparent process within a month. The absence of a decision by Member States within that time frame shall constitute an approval of the project. <i>In cases where the local and regional authorities are not involved in the recognition procedure the Member State shall inform the concerned local and regional authorities about all approved projects.</i>

<i>Reason</i>
LRAs need to be involved in the recognition procedure as much as possible. They at least need to know about approved net-zero strategic projects on their territory.

Amendment 26
COM (2023) 161 - Part 1
Article 14(2)(b)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
assistance to project promoters to further increase the public acceptance of the project.	assistance to project promoters to further increase the public acceptance of the project, <i>in cooperation with local and regional authorities.</i>

<i>Reason</i>
LRAs should be involved in promoting the public acceptance of net-zero strategic projects.

Amendment 27
COM (2023) 161 - Part 1
Add a new point after Article 18(5)(c)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<i>The option of CO₂ storage to the end of</i>

	<i>enhanced oil recovery should be excluded here.</i>
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Amendment 28
COM (2023) 161 - Part 1
Article 19(2)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The tender's sustainability and resilience contribution shall be based on the following <i>cumulative</i> criteria which shall be objective, transparent and non-discriminatory:</p> <p>(a) environmental sustainability going beyond the minimum requirements in applicable legislation;</p> <p>(b) where an innovative solution needs to be developed, the impact and the quality of the implementation plan, including risk management measures;</p> <p>(c) where applicable, the tender's contribution to the energy system integration;</p> <p>(d) the tender's contribution to resilience, taking into account the proportion of the products originating from a single source of supply, as determined in accordance with Regulation (EU) No 952/2013 of the European Parliament and of the Council, from which more than 65% of the supply for that specific net-zero technology within the Union originates in the last year for which data is available for when the tender takes place.</p>	<p>The tender's sustainability and resilience contribution shall be based on the following <i>indicative</i> criteria which shall be objective, transparent and non-discriminatory:</p> <p>(a) environmental sustainability going beyond the minimum requirements in applicable legislation;</p> <p>(b) where an innovative solution needs to be developed, the impact and the quality of the implementation plan, including risk management measures;</p> <p>(c) where applicable, the tender's contribution to the energy system integration;</p> <p>(d) the tender's contribution to resilience, taking into account the proportion of the products originating from a single source of supply, as determined in accordance with Regulation (EU) No 952/2013 of the European Parliament and of the Council, from which more than 65% of the supply for that specific net-zero technology within the Union originates in the last year for which data is available for when the tender takes place.</p>

<i>Reason</i>
The criteria should not be mandatory or cumulative, but their indicative relevance for the assessment certainly exists.

Amendment 29
COM (2023) 161 - Part 1
Article 19(3)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>Contracting authorities and contracting entities <i>shall</i> give the tender's sustainability and resilience contribution a <i>weight between 15% and 30% of</i> the award criteria, without prejudice of the application of Article 41 (3) of Directive 2014/23/EU, Article 67 (5) of Directive</p>	<p>Contracting authorities and contracting entities <i>should</i> give the tender's sustainability and resilience contribution a <i>reasoned weighting in</i> the award criteria, without prejudice of the application of Article 41 (3) of Directive 2014/23/EU, Article 67 (5) of Directive 2014/24/EU or Article 82 (5) of</p>

2014/24/EU or Article 82 (5) of Directive 2014/25/EU for giving a higher weighting to the criteria referred to in paragraph 2, points (a) and (b).	Directive 2014/25/EU for giving a higher weighting to the criteria referred to in paragraph 2, points (a) and (b).
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<i>Reason</i>
The proposed rules are too detailed in comparison with the considerations that contracting authorities and entities already need to take account of. They risk becoming grounds for review procedures that prolong procurement processes and make them more expensive. This should be taken into consideration in guidelines and in the development of practices.

Amendment 30

COM (2023) 161 - Part 1

Add a new paragraph after Article 19(4)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<i>For the technologies concerned by Annex I, the contracting authorities and contracting entities should run the tendering procedure in an accelerated procedure to the extent possible.</i>

<i>Reason</i>
Given the dynamic developments in the market for these technologies, it will become necessary not only to streamline permitting, but also to introduce faster tendering procedures.

Amendment 31

Article 23(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The Commission shall support, including through the provision of seed-funding, the establishment of European Net Zero Industry Academies, which have as their objectives to: [...]	The Commission shall support, <i>in collaboration with the competent authorities in the Member States</i> , including through the provision of seed-funding, the establishment of European Net-Zero Industry Academies. <i>Articles 165 and 166 TFEU, which govern EU cooperation on education, shall be strictly observed when implementing the following</i> objectives: [...]

Amendment 32

COM (2023) 161 - Part 1

Add a new article after Article 23

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<i>European Net-Zero Industry Valleys</i>

	<p><i>The Commission shall support, including through the provision of seed-funding, the establishment of European Net-Zero Industry Valleys, which have as their objectives to:</i></p> <p><i>a) create favourable conditions for the development of a specific European net-zero technology in a designated region;</i></p> <p><i>b) reindustrialize regions particularly affected by structural changes and the departure of key industries and thus contribute to a just transition;</i></p> <p><i>c) take advantage of skilled labour in these regions to reskill them to respond to the needs within the Net-Zero Industry Valley.</i></p>
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Amendment 33

COM (2023) 161 - Part 1

Article 26(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Member States may at their own initiative establish net-zero regulatory sandboxes, allowing for the development, testing and validation of innovative net-zero technologies, in a controlled real-world environment for a limited time before their placement on the market or putting into service, thus enhancing regulatory learning and potential scaling up and wider deployment. Member States shall establish net-zero regulatory sandboxes in accordance with paragraph 1 at the request of any company developing innovative net-zero technologies, which fulfils the eligibility and selection criteria referred to in paragraph 4(a) and which has been selected by the competent authorities following the selection procedure referred to in paragraph 4(b).	Member States <i>(including local and regional authorities)</i> may at their own initiative establish net-zero regulatory sandboxes, allowing for the development, testing and validation of innovative net-zero technologies, in a controlled real-world environment for a limited time before their placement on the market or putting into service, thus enhancing regulatory learning and potential scaling up and wider deployment. Member States shall establish net-zero regulatory sandboxes in accordance with paragraph 1 at the request of any company developing innovative net-zero technologies, which fulfils the eligibility and selection criteria referred to in paragraph 4(a) and which has been selected by the competent authorities following the selection procedure referred to in paragraph 4(b).

<i>Reason</i>
LRA's may host regulatory sandboxes and should be mentioned.

Amendment 34
COM (2023) 161 - Part 1
Article 26(8)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>The net-zero regulatory sandboxes shall be designed and implemented in such a way that, where relevant, they facilitate cross-border cooperation between the national competent authorities. Member States that have established net-zero regulatory sandboxes shall coordinate their activities and cooperate within the framework of the Net-Zero Europe Platform with the objectives of sharing relevant information. They shall report annually to the Commission on the results of the implementation of regulatory sandboxes, including good practices, lessons learnt and recommendations on their setup and, where relevant, on the application within the regulatory sandbox of this Regulation and other Union legislation in a manner adapted for the purposes of the sandbox.</p>	<p>The net-zero regulatory sandboxes shall be designed and implemented in such a way that, where relevant, they facilitate cross-border cooperation between the national competent authorities. Member States <i>and, if restricted to a given territory, the affected regions</i> that have established net-zero regulatory sandboxes shall coordinate their activities and cooperate within the framework of the Net-Zero Europe Platform with the objectives of sharing relevant information. They shall report annually to the Commission on the results of the implementation of regulatory sandboxes, including good practices, lessons learnt and recommendations on their setup and, where relevant, on the application within the regulatory sandbox of this Regulation and other Union legislation in a manner adapted for the purposes of the sandbox. <i>The lessons learned from the use of regulatory sandboxes should also be assessed in the context of the better regulation agenda of the EU and discussed in the Fit for Future Platform, including against the background of its compatibility with the principle of active subsidiarity.</i></p>

<i>Reason</i>
Regions should be included and the experiences learned should feed into the Fit for Future work.

Amendment 35
COM (2023) 161 - Part 1
Article 29

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>Structure and functioning of the Net-Zero Europe Platform</p> <p>1. The Platform shall be composed Member States and of the Commission. It shall be chaired by a representative of the Commission.</p> <p>2. Each Member State shall appoint a high-level</p>	<p>Structure and functioning of the Net-Zero Europe Platform</p> <p>1. The Platform shall be composed Member States, <i>representatives of the CoR</i> and of the Commission. It shall be chaired by a representative of the Commission.</p>

<p>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.</p> <p>3. On a proposal by the Commission, the Platform shall adopt its rules of procedure by a simple majority of its members.</p> <p>4. The Platform shall meet at regular intervals to ensure the effective performance of its tasks specified in this Regulation. Where necessary, the Platform shall meet at the reasoned request of the Commission or a simple majority of its members.</p> <p>5. The Commission shall assist the Platform by means of an executive secretariat that provides technical and logistic support.</p> <p>6. The Platform may establish standing or temporary sub-groups dealing with specific questions and tasks.</p> <p>7. The Platform shall invite representatives of the European Parliament to attend, as observers, its meetings, including of the standing or temporary sub-groups referred to in paragraph 6.</p> <p>8. Where appropriate, the Platform or the Commission may invite experts and other third parties to Platform and sub-group meetings or to provide written contributions.</p> <p>9. The Platform shall take the necessary measures to ensure the safe handling and processing of confidential and commercially sensitive information.</p> <p>10. The Platform shall use its best endeavours to reach consensus.</p> <p>11. The Platform shall coordinate and cooperate with existing industrial alliances.</p>	<p>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.</p> <p>3. On a proposal by the Commission, the Platform shall adopt its rules of procedure by a simple majority of its members.</p> <p>4. The Platform shall meet at regular intervals to ensure the effective performance of its tasks specified in this Regulation. Where necessary, the Platform shall meet at the reasoned request of the Commission or a simple majority of its members.</p> <p>5. The Commission shall assist the Platform by means of an executive secretariat that provides technical and logistic support.</p> <p>6. The Platform may establish standing or temporary sub-groups dealing with specific questions and tasks.</p> <p>7. The Platform shall invite representatives of the European Parliament to attend, as observers, its meetings, including of the standing or temporary sub-groups referred to in paragraph 6.</p> <p>8. Where appropriate, the Platform or the Commission may invite experts, <i>particularly from the local and regional level</i>, and other third parties to Platform and sub-group meetings or to provide written contributions.</p> <p>9. The Platform shall take the necessary measures to ensure the safe handling and processing of confidential and commercially sensitive information.</p> <p>10. The Platform shall use its best endeavours to reach consensus.</p> <p>11. The Platform shall coordinate and cooperate with existing industrial alliances.</p>
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<i>Reason</i>
<p>The CoR, as a representation of LRAs, should be an integral part of the Net-Zero Europe Platform as the LRAs play a significant role in the actions that the Platform is entitled to carry out, for example when monitoring the Net-Zero Academies and initiatives to increase the skills of the local workforce. Equally important is that experts from the local and regional level will be invited in order to contribute the experiences of the subnational level.</p>

Amendment 36
COM (2023) 161 - Part 1
Article 35(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
By...[3 years after the date of application of this Regulation], and every 3 years thereafter, the Commission shall evaluate this Regulation and present a report on the main findings to the European Parliament, the Council and the European Economic and Social Committee.	By...[3 years after the date of application of this Regulation], and every 3 years thereafter, the Commission shall evaluate this Regulation and present a report on the main findings to the European Parliament, the Council, <i>the European Committee of the Regions</i> and the European Economic and Social Committee.

<i>Reason</i>
It is incomprehensible why the results report should not also be submitted to the CoR. Local and regional authorities are referred to several times in the proposal for a Regulation, for example in the context of drawing up relevant plans for net-zero technology manufacturing projects.

Amendment 37
COM (2023) 161 - Part 1
Article 36(5)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
The Commission and the national authorities, their officials, employees and other persons working under the supervision of these authorities shall ensure the confidentiality of information obtained in carrying out their tasks and activities. This obligation also applies to all representatives of Member States, observers, experts and other participants attending meetings of the Platform pursuant to Article 29.	The Commission and the national authorities, their officials, employees and other persons working under the supervision of these authorities shall ensure the confidentiality of information obtained in carrying out their tasks and activities. This obligation also applies to all representatives of Member States, <i>the European Committee of the Regions</i> , observers, experts and other participants attending meetings of the Platform pursuant to Article 29.

<i>Reason</i>
The European Committee of the Regions, as a representation of LRAs, should be an integral part of the Net-Zero Europe Platform and therefore be covered by Article 36(5).

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the proposal for a Net-Zero Industry Act to support the implementation of the Green Deal Industrial Plan for the Net-Zero Age, thereby reaffirming its strong commitment to achieving climate-neutrality by 2050. Is concerned about the perception of the Net-Zero Industry Act as the main, almost sole answer to developments like the Inflation Reduction Act in the USA. The Net-Zero Industry Act alone will not be able to meet those expectations. Initiatives for faster access to sufficient funding and open trade for resilient supply chains as other pillars of the Green Deal Industrial Plan for the Net-Zero Age have to be pushed forward with urgency. In addition, in order to stimulate investments in net-zero technologies, the LRAs see room for improvement and a need for adjustment when it comes to State aid and further reduction in administrative burden;
2. regrets that, in expectation of the proposal for a European Sovereignty Fund, the Net-Zero Industry Act is not yet based on sound financial grounds.
3. underlines that LRAs are often directly affected by the measures proposed in the Net-Zero Industry Act. Due to the competences of LRAs, many of the rules regarding enabling conditions for net-zero technology manufacturing, access to markets and enhancing skills for quality job creation give LRAs a vital role in the implementation of the Net-Zero Industry Act. Therefore, LRAs have to be considered as an integral part of the future success of net-zero technologies in Europe. They have to play an active role in the implementation process, which should be clearly recognised in the relevant articles of the regulation. In particular, to avoid a difficult and lengthy implementation processes – especially in decentralised structures in the Member States – the creation of the "One Stop Shops" at regional level and/or in cooperation between national and regional level should be possible; These platforms would facilitate the coordination of efforts, including the identification, training, and deployment of a highly skilled labour workforce necessary for the successful adoption and deployment of net-zero technologies;
4. stresses the need for a pragmatic approach that covers the whole supply and value chain when it comes to net-zero technologies. The producers of components and machinery for the production of final products of net-zero technologies are as decisive to achieving the objectives of the Green Deal Industrial Plan for the Net-Zero Age as the producers of the final product. To minimise the risk of supply chain disruptions the Net-Zero Industry Act should prioritise planned industrial facilities and the transformation (especially decarbonisation), extension or repurposing of existing facilities along the whole supply and value chain. Additional burdens or obstacles for investments deriving from other pieces of legislation have to be avoided;
5. reminds that the Union has also expressed its ambition for a toxic-free environment and its commitment to implement a zero-pollution action plan for air, water and soil, towards the overarching vision that by 2050, pollution is reduced to levels no longer considered harmful to health nor to natural ecosystems. In this vein, the Commission proposed a set of zero pollution targets by 2030, such as aiming at the reduction of air pollution, noise, nutrient losses, microplastic release and plastic litter, and the total waste generation;

6. stresses that it is in the essential interest of the EU's strategic autonomy to set a greater focus on the circularity and long lifespans of technologies in order to strengthen the resilience of European manufacturing industry, while reducing its environmental impacts to contribute to its sustainable competitiveness. Therefore - taking the objectives of the Net Zero Industry Act and socio-economic impacts into consideration - emphasis should be put on manufacturing technologies possessing key features of a more circular industry, such as durability, reliability, reusability, upgradability, reparability, resource efficiency, recycled content, the possibility of maintenance, disassembly, refurbishment, remanufacturing, recycling and recoverability of materials, as well as avoiding the use of toxic substances of concern for health and the environment.
7. highlights that the industrial landscape may see profound changes as a result of the green and digital transition. All regions of the European Union have to be able to contribute to the increase in the manufacturing capacity of net-zero technologies. Some regions and territories that are now economically well off may lose out while some that are less well off may gain. In this respect, emphasises that a strong and effective EU Cohesion Policy will play an important role in supporting these regions in managing a just and fair transition. Sustainable and socially responsible investments to avoid disparities between industries and regions and to support innovation will have to be an imperative, paying particular attention to regions with specific territorial and demographic characteristics. Furthermore, other policy options in cohesion policy – e.g. higher co-financing rates for net-zero projects – should be considered as additional measures;
8. in this context, also notes the crucial importance of supporting future-oriented industries and/or economic activities. A particular emphasis should be put on the most affected regions and territories in order to avoid growing regional disparities and to ensure that no one and no region is left behind. Thus, net-zero technology manufacturing projects in and around "less developed and transition regions", including outermost regions, and Just Transition Fund Territories as well as territories neighbouring Just Transition Fund Territories should be considered net-zero strategic projects if they fall within the scope of the Annex. In addition, the CoR sees potential for additional strategic net-zero technologies as part of the Annex (e.g. Carbon Capture and Utilisation (CCU));
9. welcomes the reference to the European Hydrogen Valleys in the Commission's proposal, which states that, in accordance with Article 10(4), projects that contribute to the manufacturing of net-zero technologies in the EU and that form part of European Hydrogen Valleys should, upon request, also be recognised as net-zero strategic projects; calls, however, in this regard for a clear definition of "European Hydrogen Valleys" that takes into account the recognition of Mission Innovation European Hydrogen Valleys;
10. recognises, as far as manufacturing of net-zero technologies is concerned, that regions would benefit enormously from more investment certainty, better policy coordination and a reduced administrative burden. In this respect, welcomes the European Commission's announcement that it will rationalise and simplify reporting requirements for companies and administrations by

25%, with first proposals for each of the green, digital and economic thematic areas before the autumn;

11. highlights the role played by LRAs in carrying out procurement procedures and in promoting training and reskilling, particularly in building the capacity of public-sector workers. The Net-Zero Industry Act and potential support by the European Commission must enable the administration to procure in a quick manner while complying with the legal requirements. Consideration for resilience is an important aspect of sustainability that should be clearly set out in the guidance and in the development of practices. However, the CoR rejects the proposed rules setting a combined weighting of 15-30% for environment, energy systems, innovation risk and resilience, as well as the limitation of the cost difference to 10%, as these rules are too detailed in comparison with the considerations that contracting authorities and entities already need to take account of. There is a risk that such provisions could become grounds for review procedures that prolong procurement processes and make them more expensive. Regarding the proposed measures to enhance skills for quality job creation the CoR highlights the competences of Member States and LRAs. In particular, European Net-Zero Industry Academies should focus on current deficiencies and their products and services should only be used on a voluntary basis while preserving existing and successful structures at local and regional level;
12. notes that the European Commission did neither commission a standard impact assessment in preparation for the Net-Zero Industry Act nor produce a specific subsidiarity assessment grid, as it did for the Critical Raw Materials Act, with the argument of the need to urgently respond to the American Inflation Reduction Act. While the Commission's proposal does not raise specific subsidiarity concerns except for the issue of one stop shops (article 4), the review of the regulation should be prepared by a proper impact assessment, including its territorial dimension, and also analyse the practice of regulatory sandboxes against the background of active subsidiarity.
13. recalls that LRAs constitute a key level for securing acceptance of the EU's strategic objectives of net-zero technologies and of industrial projects among EU citizens, and stresses that involving LRAs early on in the formulation and development of strategic projects may facilitate their roll-out. Knowledge of opportunities and impacts in the territory mainly comes from LRAs. They are often key players in designing and implementing industrial policies and R&D policies and are prepared to support innovation in net-zero technology, for example by hosting regulatory sandboxes. Therefore, LRAs should be an integral part of the Net-Zero Europe Platform.

Brussels, 5 July 2023

The President
of the European Committee of the Regions

Vasco Alves Cordeiro

The Secretary-General
of the European Committee of the Regions

Petr Blížkovský

III. PROCEDURE

Title	Net-Zero Industry Act
Reference(s)	COM(2023) 161 final
Legal basis	Article 307(1) TFEU
Procedural basis	Rule 41 a) of the Rules of Procedure
Date of Council/EP referral/Date of Commission letter	European Commission: 17 March 2023 European Parliament: 8 May 2023 Council of the EU: 15 June 2023
Date of President's decision	13 April 2023
Commission responsible	ECON-VII - 7th Mandate - Commission for Economic Policy (ECON)
Rapporteur	Mark SPEICH (DE/EPP), State Secretary for Federal, European and International Affairs and Media of the State of North Rhine-Westphalia
Discussed in commission	7 June 2023
Date adopted by commission	N/A
Date adopted in plenary	5 July 2023
Previous Committee opinions	Powering a climate-neutral economy: An EU Strategy for Energy System Integration ENVE-VII-11 Rapporteur: Gunārs ANSINŠ Adopted 07/05/2021 Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery. ECON-VII-17 Rapporteur: Jeannette BALJEU Adopted 02/12/2021
Subsidiarity reference	Subsidiarity check - Yes Subsidiarity compliance - Yes