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The Net-Zero Industry Act needs to be beefed-up to attract industrial investments in net-zero sectors

A full value-chain approach, sizeable support to net-zero technologies and energy-efficiency to increase resilience and achieve the EU climate neutrality goal.

Glass for Europe shares the European Commission's goal to boost European manufacturing capacity in net-zero technologies to increase the resilience of industry and the energy system while supporting Europe's journey towards climate neutrality[1].

The flat glass sector provides Europe with non-substitutable net carbon-avoiding products, such as high-performance glazing for buildings and solar glass for photovoltaic (PV) technologies. It is fully committed to maximising its contributions to the net-zero industry act's goals and to the EU's climate neutrality objective.

Glass for Europe **welcomes the recognition of solar PV and solar thermal as 'net-zero technologies'** and that **the production of solar glass can qualify as 'net-zero strategic project',** under the proposed regulation. The flat glass industry stands ready to increase solar glass manufacturing capacity in Europe and reduce today's dependence from China, provided that a solar PV industry can be reconstructed and prosper in Europe.

Glass for Europe actively contributes to the EU Solar PV Industry Alliance, triggered by the European Commission to relaunch an EU solar PV value chain. Our sector has experience with and is aware of the specific challenges of solar technologies. Taking these challenges and the flat glass sector's realities into account, **Glass for Europe would like to make suggestions to improve the proposed Net-Zero Industry Act** so that it can positively influence investment decisions and increase the EU's industrial strategic autonomy.

Improvements in three specific areas are required:

1. **Value-chain criteria for net-zero technologies need to be simplified.**
2. **Greater support to net-zero strategic manufacturing projects is needed.**
3. **Energy efficiency technologies for the construction and renovation of buildings must be added to net-zero technologies.**

Glass for Europe is the trade association for Europe's flat glass sector. Flat glass is the material that goes into a variety of end products, primarily in windows and facades for buildings, windscreens, and windows for automotive and transport as well as solar energy equipment, furniture and appliances. Glass for Europe brings together multinational firms and thousands of SMEs across Europe, to represent the entire building glass value-chain. It is composed of flat glass manufacturers, AGC Glass Europe, Guardian, NSG-Group and Saint-Gobain Glass Industry, and works in association with national partners gathering building glass processors all over Europe.

[1] Proposal for a Regulation 'Net-Zero Industry Act' – 2023/0081(COD) – 16 March 2023.

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1. Value-chain criteria for net-zero technologies need to be simplified

Glass for Europe welcomes that the proposal recognizes that **net-zero technologies encompass not only the final product but also their main upstream components**. This is the case of solar glass that is the first component of PV modules by weight, and which contributes to improved efficiency of solar technologies[2]. Yet, criteria applicable to net-zero strategic projects (article 10) must be simplified:

- The criterion of **'heavy dependence on imports from a single country' should better be expressed by dependence on imports in general, and the share of EU manufacturing in Europe's market**. The dependence on a single country is overly restrictive and difficult to prove.
- The criterion of 'positive impact on the downstream sectors' needs to be carefully approached to avoid imports dependency and benefit entire value-chains. Besides, **the act should not interfere with anti-dumping and anti-subsidy measures** and investigations. These are illegal practices when they exist.
- **Sustainability, performance, low-carbon, and circular economy criteria are welcomed** but they need to be clearly defined as they are an essential component of the draft act.

2. Greater support to net-zero strategic projects is needed

In the case of glass manufacturing projects, faster permit-granting process (article 13) is welcome yet will not be the decisive factor in investment decisions. Decisive factors that need to be addressed in the Net-zero Industry Act are: **sustained demand for EU solar products,** which requires robust market access measures, **support to capital investments, and prospects of fair market conditions and of moderate operational costs.**

- **The Green Public Procurement criterion of resilience** (article 19) is overly restrictive (i.e. 65% dependance on a single country). It should be replaced by a minimum share of EU-made components in the final product and be given more weight. The cost differential of 10% to disregard the resilience criterion is too low to relaunch a European solar PV value-chain.
- For the same reason, **the premium financial support that can be provided to consumers** choosing net-zero products meeting sustainability and resilience criteria should be increased above 5% (article 21).
- **Support to investments in strategic sectors** provided by the Temporary Crisis and Transition framework[3] is welcome but its effective implementation must be made simple.
- Energy costs are an essential concern for material manufacturing. Mechanisms to ensure operational costs evolve moderately are missing. **The net-zero industry act should allow that net-zero strategic projects can profit from a wide choice of contracts under the electricity market design reform[4] and can be automatically granted compensation for indirect costs under the EU ETS[5],** when relevant.

3. Energy efficiency technologies for buildings must be added to net-zero technologies

Energy efficiency technologies for buildings are completely dismissed in the proposed regulation. This omission is incomprehensible while **technologies to save energy in buildings do meet the three criteria listed,** i.e. technology readiness, contribution to decarbonisation and competitiveness and mitigation of risks of supply. The European Commission itself has laid out multiple times how much improving the energy performance of buildings contributes to these goals and the EU climate-neutrality objective.

- Annex 1 needs to be amended to add '**energy efficiency technologies for the construction and renovation of buildings**' to the list of net-zero technologies.

[2] Solar glass represents on average between 65 and 75% of the weight of PV modules. This proportion is higher for Building Integrated Photovoltaics (BIPV), whereby solar modules are integrated to the glazed part of the building envelope.
[3] Communication from the Commission 'Temporary Crisis and Transition Framework' - 2023/C 101/03 – 9 March 2023.
[4] Proposal for a regulation amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union's electricity market design – COM 2023/0077 (COD) – 14 March 2023.
[5] Communication from the Commission 'Guidelines on certain State aid measures in the context of the EU ETS post 2021' – C(2020) 6400 final – 21 September 2020.