NET-ZERO INDUSTRY ACT PROPOSAL

Joint UPEI-FETSA Statement

UPEI, the voice of Europe's independent fuel suppliers, and FETSA, the Federation of European Tank Storage Associations, welcome the publication of the Commission's proposal for a Net-Zero Industry Act ('NZIA'), as one of the main initiatives announced as part of the broader 'Green Deal Industrial Plan'.

In particular, we support the goal of strengthening the competitiveness of Europe's net-zero industry in the transition to climate neutrality, by creating more favourable conditions – both regulatory and investment-wise – for the expansion of net-zero technologies in Europe.

In this paper, we wish to focus on one of the key aspects to make the NZIA operational, namely the scope and definition of net-zero (strategic) technologies.

We appreciate the Commission's efforts to calibrate the boundaries of the definition in Article 3(1) – i.e., to avoid final technological products being considered in isolation from their respective upstream components and specific production machinery.

However, in the context of the upcoming negotiations on this legislative proposal, we recommend that policymakers in the European Parliament and Council give priority to the following elements:

- support the Commission's proposal, which rightly recognises the importance of **renewable fuels of non-biological origin (RFNBOs) and carbon capture, utilisation, and storage (CCUS) technologies**, in the definition of 'net-zero technologies' provided in Article 3(1).
- Include **sustainable alternative fuels technologies in the same definition but limited to** fuels used in maritime transport and aviation; **sustainable alternative fuels for road transport should also be covered as a critical measure to implement the G7 mandated reduction in emissions from the global vehicle fleet.**
- **Reconsider the exclusion of sustainable alternative fuels, CCUS and RFNBOs from the 'strategic' list of technologies (Annex)**. As powerfully illustrated in the "Fit for 55" agreements, the EU will rely on these technologies for the decarbonisation of transport and other economic sectors, notably energy intensive industries.
- Similarly, include in the list of **'net-zero'** (Article 3) **and 'strategic net-zero' technologies** (Annex) **logistics such as storage and distribution of sustainable energy carriers**, and not limit upstream components and machinery.
- Although **'battery/storage technologies'** are labelled as 'strategic' net-zero technologies (Annex), **the inclusion of the storage sector is too ambiguous: include storage terminals** as part of this item in the Annex given their mission critical role in the logistics and supply security of net zero technologies.

UPEI and FETSA stand ready to contribute constructively to the debates on this file. To this end, we have included our concrete proposals for amendments on the above-mentioned priorities in the Annex.

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ANNEX: Suggestions for amendments

AM 1 – Art. 1 (new)

Text proposed by the Commission	*Suggestion for AM*
	4 (new) The Commission shall review and, if necessary, update the list of net-zero technologies and strategic net-zero technologies by [OP please insert: two years after the date of entry into force of this Regulation], and every two years thereafter.
Justification *Due to fast technological innovation and developments, it is essential to periodically review and adjust the scope of technologies falling under the scope of this Regulation. If successfully implemented, regulatory sandboxes should bring faster new net-zero technologies to market deployment maturity. A successful climate transition requires the decarbonisation of industry as a whole rather than certain sectors "only".*	

AMs 2, 3, 4 – Article 3(1)

Text proposed by the Commission	*Suggestion for AM*
(a) 'net-zero technologies' means renewable energy technologies[66]; electricity and heat storage technologies; heat pumps; grid technologies; renewable fuels of non-biological origin technologies; sustainable alternative fuels technologies[67]; 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 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.	(a) 'net-zero technologies' means renewable energy technologies[66]; electricity and heat storage technologies; heat pumps; grid technologies; renewable fuels of non-biological origin technologies; sustainable alternative fuels technologies[67]; 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; ***storage and distribution of sustainable energy carriers***; and energy-system related energy efficiency technologies. They refer to ***logistics technologies***, 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.
[67] '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	[67] 'sustainable alternative fuels' means fuels covered by the Proposal for a Regulation of the European Parliament and of the Council

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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.	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***, and as defined in Article 2 point 3 (a) and (b) of the Proposal for a Regulation of the European Parliament and of the Council on the deployment of alternative fuels infrastructure COM/2021/559 final*****.**
Justification *The definition of 'sustainable alternative fuels' should not be limited to fuels used in the maritime and aviation sector. The definition should also include renewable and low-carbon liquid fuels used in the decarbonization of road transport, as a sector responsible for one fifth of the total GHG emissions in the EU. The inclusion of 'alternative fuels for zero-emission vehicles' and 'renewable fuels' also ensure coherence with other 'Fit for 55' key legislative developments including Regulation 2023/851 on CO2 emission performance standards for new passenger cars and new light commercial vehicles, and the revision of the Renewable Energy Directive.* *The definition of 'net-zero technologies' should include logistics technologies such as distribution and storage of sustainable energy carriers, including but not limited to tank storage terminals, which provide an essential link in the supply chain for energy carriers.*	

AM 5 – Art. 3(1)

Text proposed by the Commission	***Suggestionfor AM***
'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 ***and deployment*** project' means a planned industrial facility or extension or repurposing of an existing facility manufacturing net-zero technologies *or value chains* ***making use of the net-zero technologies*****;**
Justification *The successful decarbonisation of Europe cannot be achieved without a recognition of interdependencies between value chains. Therefore, the deployment of net-zero technologies and value chains making use of these technologies must be under the scope of this Regulation for 'net-zero strategic projects' and for 'net-zero technology manufacturing projects'.* *The introduction of 'deployment' in the definition of 'net-zero technology manufacturing project' in Art. 3(1) must be applied consistently in the Act i.e., in articles 3.1(f), 3.1(g), 3.1(h), 4.1, 6.1(a) and (b), 6.2, 8.1, 8.2, 10.1(a) and (b), 10.2, 10.4, 37.1, 37.2, 37.3, 37.4. In addition, the operationalisation and impact of introducing 'deployment' in the Act should be subject to further work.*	

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AM 6 – Art. 8(1)

Text proposed by the Commission	*Suggestion for AM*
1. 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.	1. 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 ***and all the necessary infrastructure.*** Priority shall be given to artificial and built surfaces, industrial sites, brownfield sites, and, where appropriate, greenfield sites not usable for agriculture and forestry.
Justification *Not only the project itself is important. All the necessary infrastructure like pipelines and tank storage terminals, should be included in the planning.*	

AM 7 – Art. 13(1)

Text proposed by the Commission	*Suggestion for AM*
1. The permit-granting process for net-zero strategic projects shall not exceed any of the following time limits: (a) 9 months for the construction of net-zero strategic projects with a yearly manufacturing capacity of less than 1 GW; (b) 12 months for the construction of net-zero strategic projects, with a yearly manufacturing capacity of more than 1 GW; (c) 18 months for all necessary permits to operate a storage site in accordance with Directive 2009/31/EC.	1. The permit-granting process for net-zero strategic projects shall not exceed any of the following time limits: (a) 9 months for the construction of net-zero strategic projects with a yearly manufacturing capacity of less than 1 GW; (b) 12 months for the construction of net-zero strategic projects, with a yearly manufacturing capacity of more than 1 GW; (c) 18 months for all necessary permits to operate a storage site in accordance with Directive 2009/31/EC ***or a storage site for the storage of sustainable energy carriers.***

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Justification
Coherent with the proposed amendment to the definition of 'net-zero technologies' in Art. 3(1), the storage of sustainable energy carriers should also be seen as a net-zero strategic project. *Tank storage terminals provide an essential interface between sea, road, rail, inland waterways, and pipeline logistics in the supply of energy carriers, chemicals, animal feeds and fats, oils and other substances, helping to balance out supply and demand and ensure companies and consumers have access to these products.*

AM 8, 9, 10, 11 – Annex – Strategic net-zero technologies

Text proposed by the Commission	***Suggestion for AM***
1. Solar photovoltaic and solar thermal technologies 2. Onshore wind and offshore renewable technologies 3. Battery/storage technologies 4. Heat pumps and geothermal energy technologies 5. Electrolysers and fuel cells 6. Sustainable biogas/biomethane technologies 7. Carbon Capture and storage (CCS) technologies 8. Grid technologies	1. Solar photovoltaic and solar thermal technologies 2. Onshore wind and offshore renewable technologies ***3. Distribution and storage of (sustainable) energy carriers*** 3. Battery/storage technologies ***including storage terminals*** 4. Heat pumps and geothermal energy technologies 5. Electrolysers and fuel cells 6. Sustainable biogas/biomethane technologies 7. Carbon Capture and storage (CCS) technologies 8. Grid technologies ***9. Carbon capture, utilisation, and storage technologies*** ***10. Renewable fuels of non-biological origin (RFNBOs)***

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ABOUT UPEI

UPEI represents nearly 2,000 European importers and wholesale/retail distributors of energy for the transport and heating sectors, supplying Europe's customers independently of the major energy producers.

They are the interface between producers and consumers, using their own infrastructure and flexibility to supply existing demand for conventional and renewable liquid fuels, as well as non-liquid alternatives as part of the energy transition. They cover more than a third of Europe's current demand. The organisation brings together national associations and suppliers across Europe.

Independent fuel suppliers bring competition to Europe's energy market and are able to respond rapidly to changes affecting supply, contributing to security on a local, national and regional level. They have developed and maintain a comprehensive infrastructure for the sourcing, storage and distribution of transport and heating fuels, with a commitment to delivering a high-quality service to all consumers, including those in remote areas.

ABOUT FETSA

Members of FETSA are businesses engaged in bulk storage and energy infrastructure across Europe. Bulk liquid and liquified gas terminals are present in ports, airports, logistics platforms and along rivers, canals and pipelines. In total FETSA represents 141 companies operating 743 terminals across Europe.

These tank storage terminals provide an essential interface between sea, road, rail, inland waterways and pipeline logistics. They are critical links in the supply chain for energy carriers, chemicals, animal feeds and fats, oils and other substances, helping to balance out supply and demand and ensure companies and consumers have access to these products.

Many tank storage terminals are designated as Critical National Infrastructure by the EU and national governments due to their importance in providing energy to society. The storage capacity represented by FETSA also includes strategic reserves held for emergencies (such as NATO stocks and IEA mandated reserves) and supply disruptions.

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