

# Electricity industry extremely concerned on the “Buy European” Act

*The EU is on the last stretch in the negotiations on the Net Zero Industry Act. Current negotiations are raising concerns across the electricity industry.*

The logo for eurelectric, featuring the word "eurelectric" in a blue, lowercase, sans-serif font. The "e" is stylized with a green dot.

BRUSSELS, BELGIUM, February 5, 2024

/EINPresswire.com/ -- The EU is on the last stretch in the interinstitutional negotiations on the [Net Zero Industry Act](#) (NZIA). The regulation intends to buttress Europe's manufacturing capacity of clean energy technologies by reducing heavy dependencies on external suppliers. By 2030 net zero technologies such as renewables, heat pumps, storage, batteries, grid technologies, and electrolysers will need to be domestically supplied at a level of 40% of the EU annual deployment needs.

Bringing home our supply of clean tech will create new green jobs and ensure our energy security. At the same time, however, the EU's heavy reliance on imports for some of these technologies, such as solar, requires striking a careful balance between ensuring a resilient domestic industry and achieving our decarbonisation targets largely dependent on renewables deployment.

Yet, current negotiations on how to regulate renewables auctions, enshrined in Article 20 of the NZIA, are far from being balanced, raising [concerns](#) across the European electricity industry.

### Ensuring renewables deployment with realistic non-price criteria

By 2030, over 600 GW of solar capacity needs to be installed in Europe. This is significantly above what the domestic suppliers can bring to market in the next six years. Slamming the door to imports can seriously delay the energy transition and increase its cost. In our view, direct support measures are better suited than indirect ones, such as the non-price criteria in renewable auctions, to support the development of local manufacturing.

In renewable energy auctions, non-price criteria are factors other than the bid price that are considered when evaluating and selecting winning bids. These include considerations other than economic targets such as sustainability and resilience that also align with broader social, environmental, and technical objectives. While introducing non-price criteria can bring several

key benefits, it is crucial to carefully design them to avoid hindering electrification.

Consider the technology

Renewables differ when it comes to supply chains, cost structures, impacts on land use and other societal objectives. Therefore, non-price criteria should be designed to meet the technology-specific characteristics and challenges of the respective technologies, be it solar, onshore wind or offshore.

The sustainability and resilience principles serve different purposes and bring different challenges; therefore, they should be considered separately, not cumulatively.

Weigh resilience against reality

The resilience criteria in particular looks at suppliers' diversification and seeks to privilege domestic manufacturers. The more restrictive the criteria, the less actors are involved in the bidding process. The lower the competition the higher the price that will be socialised in the electricity bill passed on to consumers. The aim of the criteria is to be welcomed but if resilience considerations disproportionately weight into renewable auctions, they can hamper renewables deployment.

In line with the Council's position, [Eurelectric](#) suggests limiting the criteria's weight to no more than 30%, contrary to the 50% suggested by the European Parliament. Only after a proper assessment of the impact on expansion volumes and costs has been carried out can a higher weighting be considered.

Index, index, index

Another crucial fix to account for when designing a renewable auction is that between the moment a tender for a renewable project is offered and the actual implementation, prices might change. Adjusting the bid price to inflation between the tender and delivery is paramount. Otherwise, developers will be obliged to find cheaper suppliers to source the components needed to develop their projects. Indexing the bid cap via an indexation mechanism must urgently be included in the NZIA regulation, as originally suggested by the European Parliament.

The need for well-functioning renewable auctions cannot be understated considering the massive deployment requirements ahead. This is not the time to increase complexity for both authorities and developers. It would raise high administrative burdens and difficult additional documentation requirements which risk triggering higher prices for renewable projects and a slowdown of the energy transition.

Eurelectric calls on EU institutions to take these reflections into due consideration ahead of the last negotiating round.

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