



E.DSO Statement on the Net-Zero Industry Act (NZIA)

15 April 2024

Equal support for net-zero industry and energy infrastructure

“Without connections to the grid, there is no net-zero industry.”

In February 2024, the Council and the European Parliament reached a provisional deal on the regulation establishing a framework of measures for strengthening Europe’s net-zero technology products manufacturing ecosystem, better known as the ‘net-zero industry act’ (NZIA). The regulation aims at boosting the industrial deployment of net-zero technologies needed to achieve EU’s climate goals, using the strength of the single market to reinforce Europe’s leadership in industrial green technologies.

Following the text, E.DSO agrees that it is essential and vital to expand the Union’s manufacturing capacity for energy efficient technologies, especially when it comes to smart grid technologies. As a reminder, these technologies are imperative to enable the transformation of the European physical infrastructure.

E.DSO supports recital 8 of the text which puts in writing the fact that to reach the Union’s decarbonisation objectives, security of energy supply, digitalisation of the energy system and electrification of demand, the EU requires **a mass expansion of electricity grids**, both at transmission level and **at distribution level**. This preamble highlights the importance electricity grids have when it comes to energy transition. E.DSO is of the hope that this will drive forward the discussion on the vast need for grid investments in the Union.

As pointed out by the [EU Grid Action Plan](#), around **€584 billion is needed in investments due to the ever-increasing grid capacity** requirements but also when considering that almost half of our distribution grids are more than 40 years old. This statement is supported by the most recent document issued by the European Commission [the Clean Transition Dialogues – stocktaking](#) document.

Unless action is taken to upgrade, expand and modernise the electricity grids, the EU could be facing a crisis when it comes to security of supply. As the [IEA also reports](#), in order to achieve all national climate and energy goals, the world will require adding or replacing **80 million kilometres of power lines by 2040** – an amount which is equal to the entire existing global grid.



E.DSO recommendations

While we support the inclusion of key components, materials and machinery within the scope of **Net-Zero Strategic Technologies**, leaving the door open to “any technology”, or expanding the scope of the NZIA to include wider sectors will seriously weaken the NZIA proposal.

To meet climate targets and accelerate the use of renewable energy sources, there is a huge challenge for the energy infrastructure. This requires appropriate conditions for a **timely and efficient transformation of the energy system**. We therefore appreciate the fact that the European Commission recognises the importance of energy networks by including it as strategic net-zero technology in the legislative proposal. However, regarding the feasibility of the legislation, a number of points for attention have been drawn up in the response to the current proposal. Without making adjustments to account for these points, we fear that the objective to speed up to establishment of net zero technology manufacturing cannot be achieved. Indeed, without sufficient energy infrastructure, manufacturing will not be possible.

At a time when grid technology and other clean tech manufacturers are struggling with rising energy, input costs and extra-EU imports, preserving the focus of the NZIA should only be the start of solid foundations for the future clean energy transition.

1. Expanding 'Grid Technologies' to include distribution infrastructure (NZIA Art.3 (1a) and Annex 8)

E.DSO appreciates the Commission's confirmation that grids are considered of strategic importance in the further course of the energy transition. We recognise grid technologies as essential for achieving net-zero goals; however, there is an oversight in the current framework concerning the expansion of physical energy infrastructure. The issue is that while production of grid technologies may receive support, the necessity for these facilities to connect to the grid has not been adequately addressed.

NIZA highlights the need to expand the grid but fails to specify details. DSOs are urging the European Commission to explicitly acknowledge **physical energy infrastructure projects** as strategic for achieving net-zero objectives. This recognition is crucial given the imminent challenges and opportunities for the energy network, especially in facilitating accelerated permitting processes.

E.DSO advocates removing the word ‘technologies’ from Article 3 (1a) as well as the annex (8.), so that all grid-related activities can be included in the scope of the legislative proposal.

2. Incorporating technological clauses for grid connections in the NZIA (Articles 6 and 13)

The NZIA delineates a maximum timeframe for permitting processes of industrial net-zero projects, differentiating between **'regular' and 'strategic' statuses**. It specifically addresses the time limits for grid connection permits (**'grid permitting procedures'**). However, while such permitting processes are outlined in the proposal, they do not currently exist for DSOs, where legal deadlines for connections are instead defined by national law in many EU Member States.



It remains ambiguous whether these deadlines fall under the proposal's scope. Consequently, DSOs are calling for a more detailed explanation in the legislative proposal regarding what these authorisation processes for grid connections entail for their operations. Furthermore, the DSOs suggest incorporating a (technological) provision to account for grid congestion within the prescribed permitting periods detailed in the proposal.

Therefore, we advocate to add '**provided it is technologically feasible**' to the maximum permitting deadlines in Article 6 (1) and Article 13 (1), so that the practical effect of this legislative proposal does not lead to additional pressure on the grid connection times and thereby unintentionally contributing to grid congestion.

3. Workforce excellence for the energy transition

E.DSO wishes to emphasise the critical role that a skilled workforce plays in achieving the energy transition; this transition is unattainable without adequately trained professionals. We appreciate the inclusion of workforce skills in the NZIA, particularly the provision of financial support to secure the necessary talent. E.DSO is keenly interested in the development of the European Net-Zero Industry Academies and their future impact on the sector.