

ESMC POLICY PROPOSALS FOR THE EU STRATEGY FOR SOLAR ENERGY

The European Solar Manufacturing Council (ESMC) welcomes the forthcoming EU strategy for solar energy as the framework for building long-term competitiveness of the European PV industry. Long-term competitiveness and critical mass of PV manufacturing capacities in Europe are crucial to reduce strategic dependencies, ensure energy security and boost the economic growth of the EU. The ESCM emphasizes that without properly addressing current challenges and market failures of European PV manufacturing, the EU is at risk of turning dependence on Russian oil and gas into an increasing long-term dependence on raw materials and PV hardware imports from China, or other emerging global PV suppliers.

As the European-wide organisation of the PV manufacturers, ESCM provides 5 policy proposals as the critical elements necessary to be included and reflected in the EU strategy for solar energy:

- 1. A GW-scale target for EU PV manufacturing should be defined.** Such a strategic goal will help to demonstrate the current PV manufacturing gap in Europe. **As soon as possible, 75% of deployed or installed PV capacities should be produced within the EU, reaching at least 35 GW of European PV production capacities in 2025 and 100 GW in 2030.** Strategically enhanced downstream PV market will support the realization of the PV manufacturing potential. Accordingly, the recognition of PV as the strategic low-carbon technology in downstream and upstream sectors in the EU is of key importance. Priority actions should be dedicated to adequate production, especially of wafers and cells, to ensure EU competitiveness and reduce strategic dependencies along the full value chain.
- 2. A special dedicated temporary financial support of € 2-5 billion in the form of state credit guarantees should be implemented immediately in order to attract financial capital for the development of the EU PV manufacturing industry. This measure should be targeted for the scale-up period of mass production based on the world leading European PV innovations and technology.** The EU has already enacted unprecedented support measures for the economies of the Member States during the COVID-19 pandemic. During the current supply chain and energy crisis in Europe, which poses an existential threat to EU economies and societies, temporary support measures should in the same way be mobilized for the European PV manufacturing industry, that is expected to be a key pillar of our future energy system. The EU should earn the benefits from the industrial scale-up of a technology that in the last years received a wide range of financing instruments for dedicated R&D&I efforts. Subsidies are no longer required for PV deployment, due to the market competitiveness. Instead, temporary financing instruments to de-risk investments and reduce the cost of capital are of key importance, as the existing financing instruments are not sufficient to facilitate the needed PV manufacturing scaling-up in a timely manner.
- 3. An Important Project of Common European Interest (IPCEI) for PV manufacturing should be acknowledged as a parallel potential financial support measure.** An IPCEI for PV manufacturing would solve a part of the capital demand issue in the forthcoming years, as this measure respecting the European Commission and Member States current support instruments could be potentially implemented in the second half of 2023. In addition to being a partner of the European Solar Initiative, ESCM has already formed a consortium of more than 50 European PV manufacturing companies and research institutes from 14 countries for the PV-IPCEI framework, and we preparing to officially launch the PV-IPCEI initiative by the end of this spring.
- 4. The establishment of PV manufacturing capacities in the EU should be subject to simplified administrative and permissions conditions in the respective Member States.** While the European Commission and Member States are addressing the permitting and planning conditions for PV installations, the establishment of PV manufacturing facilities should be also aligned with the most preferred planning and permissions status (e.g. free economic zones, tax exemptions, etc.) including the creation of preferential treatment system.
- 5. The development of policy measures such as EcoDesign criteria, Carbon Border Adjustment Mechanism, and more balanced import taxes should be priority actions in addressing the issue of unfair global competition for the European PV manufacturing industry and to ensure the level-playing field for the European and global PV manufacturing industry.** Effective PV manufacturing standards, both environmental (including carbon footprint, principles of circularity and recyclability) and social/labour standards should be credited. The EU is constantly moving forward in this direction, but a more systemic approach and targeted measures should be applied. Standards and support incentives should be developed for the integrated PV solutions in Europe ensuring both the circularity and space savings of PV deployment and long-term competitiveness of PV manufacturing industry.

Along the adoption of the EU strategy for solar energy ESCM proposes to prepare a concrete action plan for the re-establishment of PV manufacturing capacities in the EU, which would be subject to constant high-level political and industrial monitoring for the forthcoming 3 years – during the critical timeframe for the re-establishment of GW-scale PV manufacturing industry in the EU.