

European Solar Manufacturing Council (ESMC) proposals to dedicate financial support for the European PV manufacturing industry in the national RRP to be revised and submitted to the European Commission by the end of April

European Solar Manufacturing Council (ESMC) welcomes the [*Guidance on Recovery and Resilience Plans in the context of REPowerEU*](#) presented by the European Commission on 1 February and adopted Communication [*Recovery and Resilience Facility: Two years on A unique instrument at the heart of the EU's green and digital transformation*](#) on 21 February in which the Commission strongly encourages Member States to include in their REPowerEU chapters simple and effective measures to provide support to strategic net-zero industries and boost their competitiveness in the context of the net-zero transition.

ESMC request the Member States to align the revision of their national Recovery and Resilience Plans (RRPs) in line with the proposals of the European Commission to provide support to strategic net-zero industries and to support European PV manufacturing industry by clearly dedicated REPowerEU chapters in revised RRP.

I. REFERENCES TO THE RECOMMENDATIONS OF THE EUROPEAN COMMISSION AND REPOWEREU REGULATION

1. European Commission's *Guidance on Recovery and Resilience Plans in the context of REPowerEU* – presented on 1st February

- Member States are encouraged to propose measures and investments in their REPowerEU chapters that would support the EU industry's transition towards zero- or low-carbon technologies on the road to net zero, preserving the present and future competitiveness of key EU clean-tech industries, supporting the expansion of their productive and innovation capacity, including across key segment of their supply chains and, more generally, preserve the global attractiveness of the EU as an investment location in strategic clean-tech industries. Such investment support (e.g., tax breaks or other forms of support) should be combined with additional reforms that would amplify the impact of the financial support.
- Member States can fund the investments in long-term assets and in specific conditions some of the temporary operational expenditures associated with those projects (both in existing RRP and REPowerEU chapters). To be eligible for the RRF support, these operating costs should be an integral part of the reform/investment that contributes to meeting the assessment criteria of the RRF and be limited and commensurate to achieving the intended long-term results of the investment.
- Examples of measures that can be included in the REPowerEU chapters (page 17):
 - 4) The objective to increase the share and accelerating the deployment of renewable energy includes measures to increase renewable energy generation capacity, reinforcement or upgrade of the grid needed to integrate renewables and respective storage, as well as **reforms speeding-up permit-granting procedures for renewable energy projects, including their connection to the grid.**
 - (c) Addressing internal and cross-border energy transmission and distribution bottlenecks, supporting electricity storage, and accelerating the integration of

renewable energy sources, and supporting zero emission transport and its infrastructure, including railways.

- Article 21c 3(b) – decarbonising industry, and increasing the share and accelerating the deployment of renewable energy: **Support for manufacturing of components for solar photovoltaic systems (polysilicon, ingot and wafer, cell, module, inverter) including capital expenditures.** This could be combined with a reform setting a mandatory deployment of solar panels on roofs of large buildings above a certain surface (e.g., offices, supermarkets, warehouses, parking places) or a mandatory deployment of vertical double-face solar panels on highways.

2. European Commission's Communication *Recovery and Resilience Facility: Two years on A unique instrument at the heart of the EU's green and digital transformation* – adopted on 21st February

2.1. The RRF as an agile crisis-response tool: REPowering the Union for the net-zero age (pages 5-6):

- The EU's Green Deal Industrial Plan makes it clear that both the RRF and REPowerEU are at the centre of the Union's plans to enhance the competitiveness of Europe's net-zero industry and support the fast transition to climate neutrality. The reforms triggered by the implementation of the RRF, including on accelerating permitting, will have an enabling effect on investments necessary for the net-zero transition, including from the private sector. In addition, **RRF funds will be available to Member States to finance further measures promoting the deployment and manufacturing of net-zero technologies in Europe, enhancing training and skills for all people to enable the green and digital transitions, supporting EU net-zero industry projects and the creation of quality jobs, incentivising R&I for new zero emission breakthrough technologies and assisting industries in the face of high energy prices, including through tax breaks.** As large amounts of private capital will also be necessary, advancing the Capital Markets Union to ensure deep and integrated capital markets in the EU is an essential complement to the RRF.
- To effectively sharpen Europe's competitive edge, REPowerEU strengthened the RRF's financial firepower. **Additional RRF grants (EUR 20 billion) funded by the EU Emissions Trading System will be available to Member States to promote REPowerEU objectives. Member States may transfer a part or the whole of the Brexit Adjustment Reserve allocation (up to EUR 5.4 billion) as well as up to 5% of the cohesion policy funds (up to EUR 17.9 billion) to dedicate grants to these objectives. Furthermore, Member States will be able to use the remaining RRF loans (EUR 225 billion) with substantial pre-financing for the investments and reforms Member States are now invited to present in their REPowerEU chapters by 30 April 2023.**

3.2. Revision of the plans (pages 9-10):

- **In 2023, most Member States will revise their plans to add REPowerEU chapters and access additional funding opportunities.** The revision of the plans also represents an opportunity to reflect on the lessons learned from the implementation phase and take them into account in the design of both new and revised measures, increasing the level of ambition of the plans. **The Commission Guidance on the revision of the recovery and resilience plans in the context of REPowerEU adopted on 1 February 2023 explains how to apply various elements of the Regulation to optimise the design of the revised plans**

and incorporate measures that can contribute the most to the RRF objectives. The Commission will support Member States to identify and tackle potential bottlenecks in the implementation of existing measures.

- The Commission also strongly encourages Member States to include in their REPowerEU chapters simple and effective measures to provide support to strategic net-zero industries and boost their competitiveness in the context of the net-zero transition.
- This in particular could include one-stop shops for permitting processes for net-zero projects or tax breaks for businesses undertaking clean-tech manufacturing investments. The Facility can also finance investments to equip the workforce with the skills necessary for this industrial transition. Also, REPowerEU can finance investments in zero-emission mobility to help decarbonising the transport sector.

3. REPowerEU Regulation 2023/435 of the European Parliament and of the Council – adopted on 27th February

3. Reforms and investments in the REPowerEU chapter shall aim to contribute to at least one of the following objectives (pages 13-14):

(f) supporting the objectives set out in points (a) to (e) through an accelerated requalification of the workforce towards green and related digital skills, as well as through support of the value chains in critical raw materials and technologies linked to the green transition.

The application of the methodology to the amount referred to in Article 21a(1) will result in the following share and amount per Member State (pages 23-24):

Member State	Share as % of total	Amount (in EUR 1 000, current prices)
Belgium	1,41 %	282 139
Bulgaria	2,40 %	480 047
Czechia	3,41 %	681 565
Denmark	0,65 %	130 911
Germany	10,45 %	2 089 555
Estonia	0,42 %	83 423
Ireland	0,45 %	89 598
Greece	3,85 %	769 222
Spain	12,93 %	2 586 147
France	11,60 %	2 320 955
Croatia	1,35 %	269 441
Italy	13,80 %	2 760 000
Cyprus	0,26 %	52 487
Latvia	0,62 %	123 983
Lithuania	0,97 %	194 020

Member State	Share as % of total	Amount (in EUR 1 000, current prices)
Luxembourg	0,15 %	30 000
Hungary	3,51 %	701 565
Malta	0,15 %	30 000
Netherlands	2,28 %	455 042
Austria	1,05 %	210 620
Poland	13,80 %	2 760 000
Portugal	3,52 %	704 420
Romania	7,00 %	1 399 326
Slovenia	0,58 %	116 910
Slovakia	1,83 %	366 959
Finland	0,56 %	112 936
Sweden	0,99 %	198 727
EU27	100,00 %	20 000 000'

II. ESMC PROPOSALS TO DEDICATE SUPPORT FOR PV MANUFACTURING IN REVISED RRP's

It is of utmost importance for the Member States to include the REPowerEU chapters in their revised RRP's as currently there are not yet specified the dedicated financial support vehicle for the net-zero industries. Consequently, the revision on RRP's and its submission to the European Commission by the 30 April of the national RRP's is the only concrete measure where the financial support for the European PV manufacturing industry could be reflected.

These are the key principles proposed by the ESMC while dedicating the support for the PV manufacturing industry in revised RRP's:

- 1. Supporting all parts of the PV manufacturing value chain** – it is expected that the support would be ensured for all the key parts of the PV value chain (polysilicon, ingot and wafer, cell, module, inverters) across the EU to ensure the competitiveness and strategic supply independence in the PV manufacturing sector.
- 2. Supporting CAPEX and OPEX expenditures** – Member States are invited to use both (CAPEX and OPEX) financing leveraging measures to balance the support in the most effective way.
- 3. Dedicating the support proportionate to the potential support revenues of IRA in the US** – the support for the PV manufacturing should be on the comparable level of support of IRA in order to ensure the level playing field for the PV manufacturing industry.
- 4. Investments of the support to be implemented by the end of 2026** – according to the general requirements of the RRP's the support should be invested and grant the concrete investments results by the end of 2026.