

ESMC ESIA 10th Working Group meeting

29 August 2023

- 1. The challenge of unsustainably ultra-low PV modules prices from China and the response measures of ESMC**
- 2. ESIA progress review and updates**
- 3. Inclusion of REPowerEU chapters in Recovery and Resilience Plans (short status review)**
- 4. AOB – call for the expression of interest in Germany**

1. THE CHALLENGE OF UNSUSTAINABLY ULTRA-LOW PV MODULES PRICES – ACTIONS

No.	Action	Time
1.	ESMC members questionnaire completed	11-13 July
2.	ESMC note distributed to the European Commission	14 July
3.	Preparatory meeting with DG GROW	16 August
4.	Meeting with DG GROW and cabinet of Thierry Breton	29 August
5.	Letter and supporting materials	Ongoing
6.	ESMC members ideas and proposals	29-31 August
7.	Meetings with DG TRADE and DG COMP	Requested, beginning of September
8.	Meeting with EVP Valdis Dombrovskis	7 September
9.	Letter to the President of the European Commission and respective EVPs and Commissioners	7-11 September
10.	Meetings with Rapporteur Christian Ehler and his team	September
11.	Forming EU Member States supporting coalition	September – October
12.	ESIA proposal on financial support measures and the discussion with the European Commission	September – October
13.	ESMC public communication depending on the deliverables of the European Commission and the wish of the members of ESMC	October



EUROPEAN PRODUCERS HAVE 50% PRODUCTION IN STOCK DUE TO UNSUSTAINABLY ULTRA-LOW PRICES OF IMPORTED PV MODULES FROM CHINA

Module manufacturers	Production capacity, H1 2023 [MW]	PV modules in stock [MW]	Stock versus production [%]	Losses [€, million]
1.	800	50	6,25	NA
2.	50	6	12	NA
3.	54	8	15	NA
4.	59	10	17	NA
5.	200	70	35	8
6.	100	40	40	6
7.	100	50	50	8
8.	300	100	33,3	20
Total	1663	334 (Average 41,8)	26,1	10,5

IMMEDIATE ACTIONS ARE CRITICAL

No.	Action	Expected effect	Pre-conditions
1. Short-term	Activate EU procurements scheme to buy out 300 – 500 MW European produced PV modules	Stabilized European PV manufacturing capacities for one-two years (2023-2024)	<ul style="list-style-type: none"> Secure €60 – 100 million annual financing Elaborate <i>TCTF</i> framework in the Member States Elaborate <i>Ukraine Facility</i> in the EU (5% of <i>Ukraine Reserve</i> would amount at least €500 million in 2024-2027)
2. Short-term	Activate trade defence measures: for example, forced-labour legislation to stop forced labour produced PV modules flows to the EU	Stabilized European PV manufacturing capacities for two-three years (2023-2025)	<ul style="list-style-type: none"> Adopt effective solutions with immediate effect – making use of the U.S. Uyghur Forced Labor Prevention Act Entity List while EU Regulation will become effective in 18-24 months
3. Medium-term	Include 40% market share capacities for European produced PV modules into NZIA	Stabilized European PV manufacturing capacities and secured new manufacturing capacities in 2024–2030	<ul style="list-style-type: none"> Adapt NZIA respectively
4. Medium-term	Include Bonus-point resilience system in the Public procurements and Auctions of NZIA	Stabilized European PV manufacturing capacities and secured new manufacturing capacities in 2024–2030	<ul style="list-style-type: none"> Adapt NZIA respectively

SHORT-TERM LEVERAGE: BUY OUT INSTRUMENT FOR THE EUROPEAN STOCKS OF PV MODULES

- 1 GW supported buy out of European PV modules production capacities would be 1/60 of all expected installations in 2023, but would put an important signal for the investors towards 40% European domestic manufacturing goal
- Expected buy out capacity: **300 – 500 MW**
- Price difference: 1 Wp of imported PV modules – **€ 0.15**, European produced – **€ 0.35**
- 1 kW difference – **€ 200** ; 1 MW – **€ 200 000**; 5 MW – **€ 1 million**
- 500 MW – **€ 100 million**; 300 MW – **€ 60 million**
- **€ 60 million should be treated as a temporary** fast-track delivery measure for 50 – 300 projects accross the EU or one support package to support Ukraine:
 - ❑ **potentially to be elaborated using [Temporary Crisis and Transition Framework \(TCTF\) \(9 March 2023\)](#) section 2.5.1. *Investment aid for accelerating the rollout of renewable energy and for energy storage* (a competitive bidding process is not mandatory for projects with installed capacity equal or below 1 MW or projects with an installed capacity equal or below 6 MW, if they are 100 % owned by SMEs or renewable energy communities);**
 - ❑ **or supporting Ukraine will additional decentralized PV generation through proposed [Regulation of the European Parliament and the Council on establishing the Ukraine Facility \(20 June 2023\)](#) – 5% of *Ukraine Reserve* would amount at least € 500 million in 2024-2027).**

MIDDLE-TERM LEVERAGE (2): PROPOSALS FOR NET-ZERO INDUSTRY ACT (NZIA)

- **Extension of non-pricing criteria and price threshold – Articles 19 and 20 (Public procurements and Auctions):**
 - **Extension of non-pricing award criteria by at least 10% (Article 19 part 3 and article 20 part 2):** Contracting authorities and contracting entities shall give the tender's sustainability and resilience contribution a weight between **15%** and **30%** of the award criteria
→ Contracting authorities and contracting entities shall give the tender's sustainability and resilience contribution a weight between **25%** and **40%** of the award criteria
 - **Extension of 10% higher price threshold to at least 30% (Article 19 part 4 and article 20 part 3):** Cost differences above **10%** may be presumed by contracting authorities and contracting entities to be disproportionate → Cost differences above **30%** may be presumed by contracting authorities and contracting entities to be disproportionate
- **Inclusion of mandatory 40% European manufacturing goals on individual projects (new Article 23):**
 1. In public procurements, auctions, utility scale and other projects 40% share of the value of European-produced components of the end product should be ensured by 2030. To deliver the respective target in individual projects the following share of the European produced components should be achieved: 10% in 2024; 15% in 2025; 20% in 2026; 25% in 2027; 30% in 2028; 35% in 2029; 40% in 2030.
 2. In case the applicability of the sustainability and resilience provisions (articles 19, 20, and 21) not ensure the respective contributions of European-produced components (10% in 2024; 15% in 2025; 20% in 2026; 25% in 2027; 30% in 2028; 35% in 2029; 40% in 2030), the contracting authorities should ensure the inclusion of the appropriate European-produced components by other measures and applicable instruments.
- **Introduction of Net-Bonus system (Resilience criteria and ESG criteria)**

2. ESIA PROGRESS REVIEW AND UPDATES

- **Finance WG** completed initial goals (gap analysis), future work – how specific measures could be implemented
- **Non-Pricing conditions WG** completing recommendations on policies, proposals from Supply Chain WG considered, future work – on implementation of specific measures
- **Supply Chain WG** drafted paper on glass recycling, supply chain analysis started
- Recommendation paper (prepared by Finance WG) is expected to be publicized during the first weeks of September
- ESIA Recommendation Series will be created – separate papers will be published individually to present separate topics and proposals
- ESMC highlighted the issue of unsustainably ultra-low PV modules prices – although the issue has been acknowledged, the approach to its impact differs

3. INCLUSION OF REPOWEREU CHAPTERS IN RECOVERY AND RESILIENCE PLANS (STATUS AS OF 29 AUGUST)

No.	Submitted modified RRP (REPowerEU chapters) – 15	Endorsed by the European Commission – 4	Approved by the European Council - 4
1.	Estonia (9 March)	Estonia (12 May)	Estonia (16 June)
2.	France (21 April)	France (26 June)	France (14 July)
3.	Slovakia (26 April)	Slovakia (26 June)	Slovakia (14 July)
4.	Malta (26 April)	Malta (26 June)	Malta (14 July)
5.	Portugal (26 May)		
6.	Denmark (31 May)		
7.	Spain (6 June)		
8.	Lithuania (30 June)		
9.	Czechia (30 June)		
10.	Netherlands (6 July)		
11.	Austria (14 July)		
12.	Slovenia (14 July)		
13.	Belgium (20 July)		
14.	Italy (7 August)		
15.	Sweden (24 August)		

AOB – CALL FOR THE EXPRESSION OF INTEREST IN GERMANY

- 15th August – deadline for the expression of interests in the public call;
- For the information purposes and for the sake of representation of general expressed interest the **ESMC members are kindly invited to inform ESMC secretariat (lindahl@esmc.solar) on the submitted interests to the German ministry** (capacity of the project, part of the value chain and other relevant information);
- The information will not be disclosed publicly and will not be shared internally to other ESMC members in case of such request of the company.

THANK YOU FOR YOUR ATTENTION!