

Report from our Policy director Žygimantas Vaičiūnas & our Sustainability Policy Director Jens Holm.

Dear ESMC Colleagues, please find [here](#) for your information the minutes of the last ESMC members meeting on January 23rd. The next meeting is planned after two weeks (on February 27th). As there are a lot of issues on the delivery stage in the EU, please find a short summary on non-legislative and legislative initiatives of the importance for the EU PV manufacturing industry.

I. Emergency support

As you have probably seen, on January 30th, we have sent [a letter](#) to the European Commission requesting quick adoption of the emergency measures to safeguard EU PV module producers on behalf of ESMC. The take-aways from that exercise are:

- It has been extensively covered in media (that was the purpose – to use media attention as a mobilising factor towards the European Commission). Please find here a package for downloading of the media articles.
- The European Commission is now identifying the best possible course of action on possible application of the emergency measures — we have received indications of that last Friday (on February 9th).
- We are continuing our efforts to mobilize the support of the European Commission as soon as possible.

II. Net-Zero Industry Act

The negotiations of the Net-Zero Industry Act (NZIA) have been finalised in the trilogue on Tuesday February 6th. The summary of the key points for our industry are:

• *Financing for strategic projects:*

- a) Resilience selection criteria — adding manufacturing capacity for technologies on which EU is more than 50% dependent on third countries.
- b) A recital that encourages the use of 25% of national ETS revenues to support projects under NZIA.

Vaičiūnas' comment:

Positive improvement (1) — a 50% dependency criteria extends the possibilities for PV manufacturing project to be granted as strategic projects.

Positive improvement (2) — additional financing source in supporting the projects.

• *Public procurements:*

- a) Resilience and sustainability criteria: Sustainability and resilience criteria will be applied in public procurement procedures. The environmental sustainability contribution will be a mandatory minimum requirement, while the resilience contribution will be applied if there is a third-country dependence of more than 50% for a specific strategic net-zero technology (or for its components).
- b) Other non-price criteria: other criteria (1 of 3) to be chosen are: social conditions, cyber security, delivery on time.
- c) Disproportionate cost difference is 20%.

Vaičiūnas' comment:

It is positive that the previous position is maintained — to have 50% dependence as a resilience criteria.

The moderately positive, and expected, development of the disproportionate cost is that it stands the same as in the Council position, but better than Commission's proposal (10%).

• *Auctions:*

- a) Member States will be able to apply pre-qualification or award criteria that are not price-related.
- b) Resilience is defined as no more than 50% of the products delivered coming from a single, non-GPA country.
- c) These criteria will have to apply to at least 30% of the volume auctioned every year per Member State or, alternatively, may not be applied if a maximum of 6 GW is auctioned per year per MS.
- d) Disproportionate cost difference is 15%.
- e) By 2027, and every two years after that, the Commission shall conduct a comprehensive assessment of the functioning of these provisions.
- f) Weight of award criteria between is set at 15–30% — a price break from 15% can be increased or decreased from 2027 based on Commission's evaluation of the impact of the NZIA.

Vaičiūnas' comment:

A positive improvement is that the auction volume increased from 20% to 30%.

Negative factor (1) — the disproportionate cost difference was not improved and remains at 15%.

Negative factor (2) — Member States with an auctioning volume at maximum 6 GW get the exemption to not apply resilience criteria.

• *Enforcement:*

- a) Approval of the agreed text in the European Parliament and Council (expected in March) will be followed by the publication in the Official Journal.
- b) The Commission will adopt the Implementing Act after 9 months and the auctions provisions after 18 months.

Vaičiūnas' comment:

It is negative that the provisions on auctions will be in force after 18 months (instead of the previously proposed 12 months).

Please note that the ESMC comments are based on the agreement conclusions, as analysed by ESMC, but the transmission of the agreed principles into the legal text of NZIA is an ongoing process.

III. Ecodesign and energy labelling:

ESMC has, together with leading research institutes and solar companies, presented ways on how to strengthen the EU proposals for including solar panels in to the Ecodesign and energy labelling system.

[Our proposals](#) have been sent to the European Commission on February 7th, that proposes how PV modules should be included in the Ecodesign and energy labelling systems. We do appreciate your support for the letter sent.

• *In short, we propose:*

- a) That the carbon footprint should be calculated on a kilowatt-peak (kWp) cradle-to-gate basis, instead of the proposed kilowatt-hour calculation. This method minimizes the risk for greenwashing and manipulation.
- b) The use of the EPEAT methodology to calculate the carbon footprint, instead of the proposed PEFCR. EPEAT imposes clear limitations on market-based energy usage and employs stricter control mechanisms compared to the PEFCR.
- c) An energy label for PV modules that integrates all manufacturing stage carbon content instead of only focussing on the energy efficiency of the modules.
- d) We expect that the EU take heed of our recommendations. By doing so the regulations will both be important tools in the climate and energy transition and strengthen the European solar manufacturing industry.

IV. Forced labour regulation

The trilogues between the Commission, Parliament and Council, have started and are expected to be finalized by the beginning of March.

Holm's comment:

We expect a robust regulation that will ban all products made with forced labour, in particular products stemming from the Xinjiang province in China and that the regulation will be enforced as soon as possible.

More info about the ESMC recommendations can be found in [the letter](#) sent to the European Commission on January 11th, signed by several European manufacturers.



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REMINDER:

ESMC Annual General Meeting

This is a reminder of the upcoming Annual General Meeting (AGM) that is taking place in Frankfurt on March 11th.

Please register [here](#) regardless of whether a representative from your company can participate or not, no later than March 1st, 2024.

All members who can participate on-site will receive an invitation to an ESMC networking dinner on the evening of the AGM day.

What? ESMC 2024 Annual General Meeting

When? Monday, March 11th 2024

Time? 11.30-18.30 (including lunch and a coffee break)

Where? Crowne Plaza Frankfurt Congress Hotel (Lyoner Strasse 44 -48, 60528 Frankfurt)

How to register? Register for both on-site and online attendance [here](#).

To create travel synergies, we have an ongoing collaboration with the 2-day conference PV CellTech in Frankfurt March 12-13, where ESMC members receive a 20 % discount when booking the entry ticket and providing the code "ESMC20".

We're pleased to offer a special rate to our members for accommodation at the hotel hosting the meeting. Enjoy a rate of 89 euros per night, which includes breakfast, for those who wish to stay before or after the AGM. To secure this offer, reach out to the hotel desk and mention that you're with the ESMC group before February 25th, 6:00 PM, to reserve your room.