The Net-Zero-Resilience Bonus-Point System with extended pricing ceilings and defined market segment for European PV production

Proposal to the European Parliament on making NZIA decisive and supportive for domestic European PV manufacturing

ISSUE: Despite various efforts till now including the provisions of NZIA on permitting European PV manufacturing is lacking investments and investors' trust mainly because the off-take market for the respective European PV production is not yet secured.

NZIA makes a right shift into this direction by proposing non-pricing incentives through articles 19-21, however, the smooth functioning of the proposed system would be efficient only in case in the NZIA three factors would be included as a package:

1) Height of incentives would be lifted over 10% to at least 30% as current price difference of European PV modules and the modules supplied from China differs almost 50%;
2) The sustainability and resilience criteria would be defined;
3) The market segmentation for European PV manufacturing products would be defined to at least 40% of the market share.

PROPOSAL: ESMC proposes (the same initiative being discussed and elaborated in ESIA Supply Chain Working Group) to include in the NZIA legislative text the above-mentioned additions by (1) increasing the price difference from 10% to 30%; (2) extend the definition of sustainable PV products and its resilience; (3) define the ceilings for the more expensive European PV manufacturing products up to 40% of the market share.

PROPOSED TEXT (subject to additions and changes during further legislative process):

1) Increase the price difference from 10% to 30%:

Article 19 "Sustainability and resilience contribution in public procurement procedures", paragraph 4:

The contracting authority or the contracting entity shall not be obliged to apply the considerations relating to the sustainability and resilience contribution of net-zero technologies where their application would oblige that authority or entity to acquire equipment having disproportionate costs, or technical characteristics different from those of existing equipment, resulting in incompatibility, technical difficulties in operation and maintenance. Cost differences above ~~10%~~ **30%** may be presumed by contracting authorities and contracting entities to be disproportionate.

Article 20 "Auctions to deploy renewable energy sources", paragraph 3:

The Member States, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law shall not be obliged to apply the considerations relating to the sustainability and resilience contribution of net-zero technologies where their application would oblige those entities to acquire equipment having disproportionate costs, or technical characteristics different from those of existing equipment, resulting in incompatibility, technical difficulties in operation and maintenance. Cost differences above ~~10%~~ **30%** may be presumed by contracting authorities and contracting entities to be disproportionate.

Article 21 "Other forms of public intervention", paragraph 2:

The additional financial compensation granted by authorities in accordance with paragraph 1, due to the application of the criteria referred to in Article 19(2) (b) (c) and (d) shall not exceed ~~5 %~~ **15%** of the cost of the net-zero technology final product for the consumer.

2) Extend the definition of sustainable PV products and its resilience:

Article 19 "Sustainability and resilience contribution in public procurement procedures", add paragraph 5:

a) Resilience criteria:

- Origin of key components of solar products from sources or countries which contribute less than 65% to current supply in the EU;
- Grant over-weighting of PV installation which include respective key components by a defined number of %-points:
    - Polysilicon (6 %-points)
    - Ingot and wafer (6 %-points)
    - Cell (6 %-points)
    - Module (6 %-points)
    - Solar glass (6 %-points)
    - Inverters (6 %-points)
- Add-up %-points for each PV installation and make that number a quantitative contribution to qualify the PV installation as resilient;
- Origin of key components is declared by PV manufacturers on data sheet, product label etc. for each individual product. Possibility to cross-check by authorities and sanctions in the case of fraud.

b) Sustainability criteria:

Establish a list of sustainability criteria and associated %-points:

- CO2 footprint below 18g/kWh (5 %-points);
- Antimony-free solar glass (2 %-points);
- Proven recyclability of high value content including the semi-conductor material and silver either through take-back systems or availability of the material compositions in the form of a QR-code for individual modules (2 %-points);
- Lead-free (2 %-points);
- Resource efficiency of the solar module (more than 21% module efficiency under STC according to IEC 60904-3) or less than ##% weight share of the photovoltaically active materials in the total weight of the solar module (5 %-points);
- Durability proven by three times the duration of the steam-heat test as in IEC 61646 and IEC 61215 (4 %-points);

- No NOx in cell/module production (3 %-points);
- Low degradation – 0.25% and less after the 1st year of operation (4 %-points);
- Free of PFAS chemicals (4 %-points).

Add-up %-points for each PV installation and make that number a quantitative contribution to qualify the PV installation as sustainable;

Properties could be declared via EcoLabel, EPEAT-Label, self-declaration, etc.

3) Define the ceilings for the more expensive European PV manufacturing products up to 40% of the market share:

Add 2b in addition in Article 1 "Subject matter":

2. To achieve the general objective referred to in paragraph 1, this Regulation contains measures with a view to ensuring:

a) that by 2030, manufacturing capacity in the Union of the strategic net-zero technologies listed in the Annex approaches or reaches a benchmark of at least 40% of the Union's annual deployment needs for the corresponding technologies necessary to achieve the Union's 2030 climate and energy targets;

b) given the strategic importance of PV manufacturing in Europe, at least 40% of the market should be exposed to the higher prices enhancing European PV manufacturing industry to achieve the scale up for the competitiveness of the prices in further market developments;

c) the free movement of net zero technologies placed on the Single market.

RESOLUTION: ESMC being a member of the ESIA Steering Committee after consultation with the European PV manufacturing industry, taking into account Temporary Crisis and Transition Framework (TCTF) and the potential of REPowerEU financing to be potentially shifted to the European PV manufacturing industry, evaluating that the financing of the European PV manufacturing projects by the private finance in addition to public financing could be unlocked only by securing the appropriate off-take to the European market and witnessing the current extensive price difference between European and Chinese PV production submits this proposal as only realistic and comparatively fast implemented measure to secure the European PV manufacturing scale up capacities to at least by 30 GW along the entire value chain by 2025.

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