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## **Remissvar avseende kommissionens förslag till förordning om netto-nollindustrin – Net Zero Industry Act**

*Vattenfall är ett ledande europeiskt energiföretag som i mer än 100 år elektrifierat industrier, levererat energi till människors hem och moderniserat vårt sätt att leva genom innovation och samarbete. Vi vill nu göra det möjligt att leva fossilfritt inom en generation. Därför driver vi omställningen till ett hållbart energisystem genom satsningar på fossilfri produktion och klimatsmarta energilösningar för våra kunder. Vattenfall ägs av svenska staten.*

Vattenfall tackar för möjligheten att få lämna synpunkter. Remissvaret lämnas på engelska.

### **General message**

Electrification of society is key to reach climate targets and build a long-term sustainable, resilient, and competitive Europe. In order to succeed until 2030, the time for deployment of new fossil free electricity production and grid development must be shortened.

Since Vattenfall operations and distribution of energy to our customers is highly influenced by authorities and suppliers, we support the intention to increase manufacturing capacity of net-zero technologies in the union and the following measures:

- Streamlining administrative and permit-granting processes
- European Net Zero Industry Academies
- Net Zero Europe Platform
- Net zero regulatory sandboxes

Vattenfall is committed to increasing the share of emerging technologies critical to the net-zero transition in our procurements. We are committed to reaching targets in four hard-to-abate sectors, i.e., steel, aviation, trucking, and concrete.

Against that background, we believe that the Net-Zero Industry Act (NZIA) could help us reach our targets of decarbonizing our entire value chain by 2040.

Vattenfall supports the overall ambition of the NZIA and provides comments below on ways to improve specific articles in the proposal.

**Article 3: Definition**

A broader approach to strategic projects and technologies would support other key technologies such as fossil-free hydrogen, combined heat and power and the electric vehicle eco-system.

**Article 8: Planning**

It is important that national, regional, and local authorities also consider the available grid capacity in the localization of net-zero technology manufacturing process.

**Article 16,17 and 18: CO<sub>2</sub> injection capacity**

Even though we agree with the need to increase CO<sub>2</sub> injection capacity, chapter III comes a bit ad-hoc to the rest of the proposal. However, we do support article 16 and 17 but would also like to see a defined pathway for increasing storage capacity for 2035, 2040, 2045 and 2050.

**Article 19-20: Sustainability and resilience contribution in public procurement procedures, and Auctions to deploy renewable energy sources**

We are not convinced that the NZIA is the right place to address non-price criteria for renewable energy auctions. A more logical legislative vehicle for these elements would be the ongoing Electricity Market Design revision.

Vattenfall believe that relevant and sensible non-price criteria in renewable energy auctions, including 2-sided Contracts for Difference (CfD) auctions, could work well in some markets and should be up to each country to decide on.

The meaningfulness of non-price criteria can be increased by:

- Introducing a cap on the payments made to the State within a two-sided CfD and/or
- Increasing the share of non-price criteria and/or
- Weigh and assess the non-price criteria based on quality and innovations

Otherwise, they risk merely being a tick-the-box exercise.

Within the NZIA the criteria should be adjusted to:

- Broaden the scope of the sustainability criterion to include biodiversity
- Adjust system integration and rather strive for innovation / energy system solutions
- Clarify the meaning of the supply chain criterion and define single source of supply

Furthermore, clarification is required for the application of the cost opt-out provision. We are concerned about the practical implementation and application of the criterion. If applied when designing tender rules, no business case is even available to evaluate against. If applied at the stage of bid ranking, non-application might lead to negative impacts for business cases and non-transparent ranking of bids.

In addition, the NZIA should call upon the European Commission to develop a guidance document on non-price criteria, a catalogue so to say, from which Member States according to their policy objectives and the technologies to be applying the criteria can choose the appropriate specific criteria.

Best regards

Vattenfall AB



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