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Draft New State Aid Framework to support the Clean Industrial Deal (Clean Industrial Deal State Aid Framework – CISAF)

Response to European Commission Public Consultation

BACKGROUND

This document presents the feedback provided by our organization in response to the public consultation on the draft new State Aid Framework to support the Clean Industrial Deal (Clean Industrial Deal State Aid Framework – CISAF), submitted on 18 April 2025.

To facilitate clarity and understanding of our input:

- Our comments and responses are written in blue font;
- Inserted text proposals are marked in bold italics;
- Commission's questions we did not respond to are not included in the document.

The general (batch) galvanizing industry provides the most effective long-term corrosion protection for steel products, through the application of a metallurgically-bonded coating of zinc metal. It is a service that is applied after manufacture of the product and normally on a sub-contract basis. The coating ensuring many decades of maintenance-free durability for vital net-zero technologies, such as solar power installations and wind energy equipment. A galvanized coating is sufficiently durable and robust to provide corrosion protection across more than one product lifecycle. Both zinc and steel are recovered at eventual end-of-life.

The European General Galvanizers Association (EGGA) is the federation of the national galvanizers associations within Europe. The industry comprises about 700 general galvanizing plants (mostly SMEs) employing an estimated 40,000 people in Europe. EGGA monitors and responds to issues affecting the general galvanizing industry in Europe, in particular environmental, technical and regulatory matters. EGGA also provides a platform for coordination of marketing and other initiatives for the industry.

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CONSULTATION ON THE DRAFT NEW STATE AID FRAMEWORK TO SUPPORT THE CLEAN INDUSTRIAL DEAL (CLEAN INDUSTRIAL DEAL STATE AID FRAMEWORK – CISAF)

AID TO ACCELERATE THE ROLLOUT OF RENEWABLE ENERGY

Please provide any comments specific to section 4.1 of the draft framework ("Aid schemes to accelerate the rollout of renewable energy").

Regarding section 4.1, we recommend the inclusion of the following provision:
Member States shall ensure that, when designing aid schemes aimed at accelerating the rollout of renewable energy, specific requirements are included, such as pre-qualification or award criteria, to effectively address key aspects of resilience and sustainability. In this context, resilience refers in particular to the strategic strengthening of the European manufacturing base and the reduction of dependencies on external supply chains. For the purposes of this provision, sustainability shall be understood as including increased durability of equipment, significant potential for reuse, and a high degree of recyclability.

Rationale: we believe it is essential to include a provision requiring Member States to commit to include specific requirements, such as pre-qualification or award criteria, to ensure that key aspects such as resilience and sustainability (understood as increased durability, significant reuse capacity, and recycling) are effectively addressed when designing aid schemes aimed at accelerating the rollout of renewable energy. CISAF aims to implement the Clean Industrial Deal, thereby boosting the EU's manufacturing of clean and green technologies. As this is one of the primary objectives, it is crucial that aid schemes are designed to ensure that a portion of the allocated grants is dedicated to the deployment of EU-made clean technologies and components.

With respect to section 4.1.1. point 43, we propose the following amendments to the draft text:

"…The following projects will be considered to be small projects:
a. projects with installed capacity equal or below ~~1 MW~~ ***500 KW*****;** or
b. demonstration projects with an installed capacity equal or below ~~6 MW~~ ***3 MW*****;** or
c. projects with an installed capacity equal or below ~~6 MW~~ ***3 MW*** , if they are 100 % owned by SMEs and/or renewable energy communities and/or by citizen energy communities; or…"

Rationale: We understand that 1 MW systems are generally already considered to be medium-to-large installations, typically intended for investors. For this reason, we believe that allocating grants through a competitive bidding process should be mandatory for all projects above 500 kW.

Otherwise, there is a significant risk that grants (funded by Member States) may be awarded to a large number of medium-to-large installations (above 500 kW) that are not required to comply with non-price criteria, such as resilience and sustainability, as outlined in the Net-Zero Industry Act (NZIA). As a result, such installations may fail to contribute to the protection and strengthening of EU-based manufacturing of clean technologies and their components.

However, if it is decided that systems equal to or below 1 MW fall under the category of small installations and remain eligible for grants through simplified administrative procedures, it is essential to ensure that also these projects, at least those of 500 kW and above, are still required to meet the relevant levels of resilience, sustainability, and other non-price criteria set out in the NZIA, even when support is granted outside of a competitive process.

AID TO DEPLOY INDUSTRIAL DECARBONISATION

Please provide any comments specific to section 5 of the draft framework ("Aid to deploy industrial decarbonisation").

Regarding section 5 point 69, we recommend the following revision:

"Beyond the existing possibilities available in accordance with Article 107(3), point (c), of the Treaty, including under the CEEAG, the Commission will consider compatible with the internal market on the basis of Article 107(3), point (c), of the Treaty, aid for investments ***and, in case described in points 72 and 75 only, operating aid*** contributing significantly to reductions of greenhouse gas emissions from industrial activities to achieve the climate ambitions of the Union or leading to a substantial reduction of energy consumption in industrial activities through the improvement of energy efficiency, provided that the conditions in section 3 and this section are met."

Rationale: The current text does not explicitly support operating aid. Electrification projects, which involve switching from gas to electricity, can face financial challenges because of higher ongoing costs, such as electricity being more expensive than gas. Therefore, it is important to make sure that the funding gap covers all expenses, including these operating costs. Subsidies should be designed not only to cover the initial investment but also to help with the ongoing costs, ensuring that the projects remain financially sustainable.

Regarding section 5.1. (SCOPE) point 72, we recommend the following revision:

"Investments reducing greenhouse gas emissions or improving the energy efficiency of industrial activities can be eligible, irrespective of the technological solution used, provided they deliver (i) a reduction in direct greenhouse gas emissions resulting from the activity concerned compared to the situation without the aid, or (ii) a reduction of at least [20]% in the energy consumption of the beneficiary's activity per unit of output compared to the situation without the aid." ***The assessment of the reduction per unit of output shall take account of absolute level of production and scale of operation compared the situation before the investment.***

Rationale: for industrial installations where the absolute level of production, number of shifts and size of operation will largely determine the energy efficiency per unit of output, the proposed approach will disadvantage SMEs within that sector.

Regarding 5.2. (NECESSITY) point 86 (b) (ii), we would like to highlight that further consultation is needed before setting general requirement reductions (i.e., at least 40%) for non-ETS sectors. This criteria of 40% may set the bar too high for individual specific investments and may therefore disincentivize progress in decarbonization.

Regarding point 75 "Aid for investments in the self-production of energy", what has been said for points 72 and 86 (b), equally applies to this point.

Regarding 5.3.1. point 90 (c) "Aid intensity" (maximum set aid intensity of the total investment costs), we recommend the following change:

"… **~~[35]%~~** ***[50]%*** for investments in the production of renewable energy, energy storage, or investments in electrification that use only fully renewable electricity; …"

Rationale: One of the most feasible and realistic transition pathways for our sector, largely composed of SMEs, involves equipping themselves with, and thus investing in, self-produced renewable energy and switching to electrification based entirely on renewable electricity. These types of investments warrant stronger support than what is currently foreseen in the draft text. The Temporary Crisis and Transition Framework (TCTF) already adopted a more favourable approach, covering up to 40% of

eligible costs, with additional aid intensities of 20% for small enterprises and 10% for medium-sized ones.

AID TO ENSURE SUFFICIENT MANUFACTURING CAPACITY IN CLEAN TECHNOLOGIES

Please provide any comments specific to section 6 of the draft framework ("Aid to ensure sufficient manufacturing capacity in clean technologies").

With regard to section 6, point 122, we recommend the following revision:

"Provided that the conditions in section 3 and in this section are met, the Commission will consider compatible with the internal market on the basis of Article 107(3), point (c), of the Treaty, aid granted to incentivise investment projects that create additional manufacturing capacity for:

(a) the production, including with secondary raw materials, of relevant equipment for the transition towards a net-zero economy, namely [batteries, ~~solar panels~~***, solar technology components***, wind turbines, heat-pumps, electrolysers, and equipment for carbon capture usage and storage (CCUS)] [see also the corresponding question in the survey on other possible technologies listed in the Net Zero Industry Act]; and/or…"

Rationale: The terminology "solar panel" would exclude all other key components of solar systems. The correct term is "solar technology components".

The list of clean technologies in point (122) eligible for manufacturing aid should be defined by reference to identifiable market failures in ensuring resilient supply of such technologies. Please indicate whether you consider that the scope for aid for clean tech manufacturing equipment and components activities under section 6 should be aligned with the scope of the corresponding section of the Temporary Crisis and Transition Framework (as set out in the draft for consultation of stakeholder views), with the scope of the Annex of the Net Zero Industry Act, or with some other sub-set of such technologies. Please provide justification and any available evidence for the scope of projects for which you consider that State aid for additional manufacturing capacity is required.

The scope for aid to clean tech manufacturing equipment and components under section 6 of the CISAF should be aligned but not be limited by the Net Zero Industry Act (NZIA). While the NZIA offers a valuable reference point for identifying the technologies needed to drive the transition towards a net-zero economy, the CISAF should support the manufacturing of clean tech equipment and components at large. There may be some components associated with the net-zero technologies that have not judged to fully meet the criteria for inclusion in the implementing legislation, but are important for the production of those technologies. For example, fixed-tilt mounting structures for solar PV systems.