

Elettricità Futura's contribution to the Industrial Accelerator Act

Elettricità Futura, the leading association of the Italian electricity sector, welcomes the European Commission's proposal on the Industrial Accelerator Act and shares its objective of strengthening European manufacturing capacity in net-zero technologies, particularly in renewable energy sources (RES) and battery energy storage systems (BESS).

The development of a more resilient European supply chain in energy transition technologies represents a key condition for reducing supply risks, limiting the system's exposure to geopolitical vulnerabilities, and contributing to building an industrial base capable of sustaining the energy transition.

In this context, Elettricità Futura endorses the Industrial Accelerator Act's proposal to create markets for European net-zero technologies and products, leveraging three main public demand instruments, and supports the objective of generating predictable and stable demand capable of accompanying the growth of European manufacturing capacity, while also fostering supply chain security, diversification, and long-term industrial decarbonisation and competitiveness of the Union.

Observations and Proposals

1. Auctions

Elettricità Futura welcomes the overall objective to apply Union Origin requirements to at least 40% of the annual volume awarded per Member State (or 8 GW/year), with pre-qualification or award criteria. However, the Association considers that the achievement of this objective could benefit from being guided by the principles of graduality, proportionality and flexibility, taking into account the evolution of European manufacturing capacities, the varying levels of maturity across technology supply chains, and the need to ensure the achievement of the Union's decarbonisation objectives.

Moreover, the Association believes that certain aspects could be further developed:

- **Greater differentiation of origin requirements:** the current framework distinguishes between auctions subject to Union Origin requirements and auctions without specific requirements. Elettricità Futura considers that a more articulated structure could contribute more effectively to achieving the industrial policy objectives of the proposal. In particular, the introduction of a dedicated "Made in EU27" segment within the "Union Origin" segment could allow the level of requirements to be modulated according to the objectives pursued, supporting the development of European manufacturing capacity without compromising competition and the achievement of European decarbonisation targets.
- **Introduction of an automatic flexibility mechanism:** the opt-out regime is a discretionary option for Member States. Elettricità Futura considers, however, that the framework could benefit from the introduction of a flexibility criterion, defined as an automatic reallocation mechanism for unawarded volumes towards auctions with less restrictive requirements.

On the basis of these two principles, Eletticità Futura proposes evolving the binary auction regime (main auction/Union Origin auction) towards a three-segment complementary architecture, structured according to progressively less restrictive criteria: a Made in EU27 auction, a Union Origin auction, and a main auction. In particular, auctions should take place sequentially: first Auction 1 (Made in EU) when a pre-qualification criterion is applied, then Auction 2 (Union Origin, which in the case of award criteria would also include Made in EU27), and finally Auction 3, an auction without restrictions.

These three segments could be linked through an automatic reallocation mechanism for unawarded volumes (“flexibility criterion”). Volumes not awarded in the Made in EU27 auction could be transferred to the Union Origin auction, which applies less restrictive criteria; residual volumes not awarded in the latter would in turn be reallocated to the main auction.

This approach would make it possible to fully preserve the annual volumes put to tender, reduce the risk of insufficient subscription of auctions, and ensure the simultaneous achievement of industrial policy, supply security and renewable energy deployment objectives.

Auction 1 — Made in EU27

Reserved for products originating entirely in EU27 countries, to create a signal demand strictly oriented towards supporting the development of European productive capacity along the entire value chain of net-zero technologies. The volume share of the auction should be determined on the basis of robust periodic assessments by the European Commission of existing and prospective EU27 production capacities, the varying levels of maturity of clean-tech supply chains and documented strategic dependency risks for each technology. An approach based on periodic assessments could allow the level of ambition of the mechanism to be progressively aligned with the actual evolution of the European industrial base.

Auction 2 — Union Origin

Open to products complying with the Union Origin definition as set out by the European Commission under Art. 7 IAA and Art. 28f NZIA. It would serve two functions: recognizing the contribution of the Union’s strategic partners in increasing the diversification and security of supply chains and operating as a flexibility instrument capable of absorbing any volumes not awarded in the “Made in EU27” auction, ensuring continuity of net-zero technology deployment and maintaining adequate levels of competition. Auction 2 could encompass the entire volume of Auction 1 in the event that a dedicated Auction 1 is not developed. In that case, award premiums should be provided for projects meeting the “Made in EU27” conditions.

Auction 3 — Main Auction

An open auction without application of Union Origin or Made in EU27 criteria. Volumes allocated in Auction 3 would ensure the achievement of national annual RES targets, in line with medium- and long-term decarbonisation objectives.

Updating auction base prices

Eletticità Futura considers that Member States could be allowed to link the results of auctions with more stringent requirements to the base prices of auctions with less stringent requirements. In particular, the results of the Made in EU27 auctions could serve as the base price for the Union Origin auctions; the results of the Union Origin auction could serve as the base price for the main auction, which contains no origin restrictions.

2. Public Procurement and Public Support Schemes

Elettricità Futura supports the use of public procurement and other forms of public support schemes as an industrial policy lever for stimulating demand for European net-zero technologies. In particular, the association supports:

- the application of the Union Origin criterion as an award criterion in tendering procedures, so as to allow contracting authorities to adequately balance resilience objectives with economic efficiency and competition;
- a targeted, proportionate and evidence-based application, limited to technologies and supply chains characterised by significant strategic dependencies and high levels of supply concentration from extra-EU providers;
- a gradual and progressive pathway in the introduction of Union Origin quotas, allowing European manufacturing capacities to develop in parallel with the growth in demand generated by the framework;
- full regulatory coherence between the Industrial Accelerator Act, the Net-Zero Industry Act and the Public Procurement Directive, avoiding overlaps, inconsistencies and different application across Member States.

Conclusion

Elettricità Futura supports the industrial policy and supply chain resilience objectives pursued by the Industrial Accelerator Act. For the electricity sector, the availability of a competitive European manufacturing base in net-zero technologies represents an essential element in ensuring supply security, sustaining the investments necessary for the energy transition, and reducing the Union's strategic dependencies. Strengthening European productive capacity and accelerating the deployment of clean technologies must not be considered alternative objectives, but rather components of a single industrial and energy strategy.

The proposals outlined in this contribution are consistent with the logic and objectives of the framework outlined by the Industrial Accelerator Act and aim to enhance its effectiveness through mechanisms capable of combining industrial development, competitiveness and decarbonisation. In particular, the three-segment auction architecture, the unawarded volume reallocation mechanism, and the dynamic interlinking of auction base prices could contribute to making the framework more effective, efficient, predictable and coherent with the Union's long-term objectives.