EUROMOT

The European Association of Internal Combustion Engine and Alternative Powertrain Manufacturers

EUROMOT POSITION

NZIA CONSULTATION DELEGATED ACT ON PRIMARILY USED COMPONENTS UNDER THE NZIA INDUSTRY ACT

19 February 2025

1. Introduction

EUROMOT, the European Association of Internal Combustion Engine and Alternative Powertrain Manufacturers, represents the key manufacturers of internal combustion engines and alternative powertrains installed in industrial non-road mobile machinery, marine and stationary applications that are operating in Europe and worldwide.

On 23 January 2025, the European Commission (EC) launched a consultation on the Net-Zero Industry Act (NZIA)[1]. The NZIA proposes a comprehensive approach to the supply chain, considering not only the final product of net-zero technologies but also the primary components used in their production.

Article 46(7) of Regulation EU 2024/1735[1] empowers the Commission to adopt a delegated act in accordance with Article 44, to amend the Annex. This amendment is based on the list of net-zero technologies in Article 4 of Regulation (EU) 2024/1735 and aims ***to identify the sub-categories within net-zero technologies and specify the list of components*** *used for those technologies*. The Annex provides updated subcategories for each net-zero technology, along with a list of final products and specific components used in these technologies.

EUROMOT has carefully studied the NZIA Regulation and noted that some key definitions reference the Renewable Energy Directive RED (EU) 2018/2001[2], which has *been amended by the RED (EU) 2023/2413[3]* to include new definitions. Below these changes are briefly discussed.

EUROMOT aisbl
A European Interest Representative · TVA BE 0599.830.578 · RPM Brussels
EU Transparency Register Id. No. 6284937371-73
A Non-Governmental Organisation in consultative status with the UN Economic Commission for Europe (UNECE) and the UN International Maritime Organisation (IMO)

PRESIDENT
Dr Holger Lochmann

GENERAL MANAGER
Dr Peter Scherm

Based on this discussion, EUROMOT proposes for the consultation on "Delegated act on primarily used components under the Net-Zero Industry Act"[4] amendments to the category "Other renewable energy technologies", specifically within the columns of "sub-categories of net-zero technologies" and "Primarily used components". You can find these proposals made in red in the Annex of this document.

2. NZIA Regulation key definition discussion

In Article 3, "Definitions", of the NZIA Regulation, the following key terms are defined:

- "**(1)** '**net-zero technologies'** means the technologies listed in Article 4 where they are final products, specific components or specific machinery primarily used for the production of those products;

- (***2) 'component'*** *means a part of a net-zero technology final product that is manufactured and traded by a company. Including processed material*

- (***3) 'renewable energy technologies'*** *means technologies that produce energy from renewable sources;*

- (**4**) '***energy from renewable sources'*** *means energy from renewable sources or renewable energy as defined in Article 2, second paragraph,* ***point*** *(**1**), of* ***Directive (EU) 2018/2001;"***

- **"(6)** '***renewable fuels of non-biological origin'*** *means renewable fuels of non-biological origin as defined in Article 2, second paragraph,* ***point*** *(**36**), of* ***Directive*** *(**EU) 2018/2001;***

- **(7)** ***'sustainable alternative fuels' means sustainable aviation fuels****, synthetic low- carbon* ***aviation*** *fuels or hydrogen for aviation as defined in Article 3, point (7), (13) or (17) of Regulation (EU) 2023/2405 destined for the aviation sector* ***or fuels destined for the maritime sector*** *as identified in accordance with criteria defined in Article 10(1) and (2) of Regulation (EU) 2023/1805;"*

a) RED 2018/2001[2]

NZIA references RED 2018[2] in the above definitions provided for point (4) '***energy from renewable sources'*** and point (6) '***renewable fuels of non-biological origin'***.

Article 2 "Definitions" of the RED 2018[2]:

- "(**1**) '***energy from renewable sources' or 'renewable energy'*** *means energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;*"

…

- "(**36**) '***renewable liquid and gaseous transport fuels of non-biological origin'*** *means liquid or gaseous fuels which are used in the transport sector other than biofuels or biogas, the energy content of which is derived from renewable sources other than biomass;"*

b) Revised RED 2023/2413[3]

The revised RED 2023/2413[3] amends or replaces the definitions of the above points (1) and (36) of the RED 2018[2] and introduces a new definition under point (22a):

Article 1 entitled **Amendments to Directive (EU) 2018/2001** states that:
- "*Directive (EU) **2018/2001** is **amended** as follows:*

*(1) in Article 2, the second paragraph is **amended as follows**:*

***(a) point (1) is replaced** by the following*:

- '(*1) **"energy from renewable sources" or "renewable energy"** means energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, osmotic energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;*"

Please note that this is unchanged and states the same as in RED 2018/2001[2].

(…)

"(*f) the following points are **inserted**:*
- '(22a) "***renewable fuels"** means biofuels, bioliquids, biomass fuels and renewable fuels of non-biological origin*;"

(…)

"(g*) point **(36) is replaced** by the following:*
- '(*36) "**renewable fuels of non-biological origin**" means liquid and gaseous fuels the energy content of which is derived from renewable sources other than biomass*;';"

Please note that the usage of Renewable Fuels of Non-Biological Origin (RFNBOs) is extended beyond the transport sector as per the definition provided in the above point (36).

c) Conclusion

NZIA Article 4, option *"(l) renewable energy technologies, not covered under the previous categories*" **includes,** based on NZIA definition in Article 3(3), the renewable gas fuels fired reciprocating engine (RICE). The amended RED 2023/2413[3] extends the fuel scope to include liquid and gaseous RFNBOs for the RICE.

3. Overall Conclusions

Many leading reciprocating engine (RICE) manufacturers are European brands. Gas-fired grid-balancing internal combustion (reciprocating) engine plants enable the step-by-step integration of intermittent renewables (solar, wind) into the electricity grid, thanks to their rapid start-up, ability to respond to varying demand, fast shutdown, and multifuel capability. These plants operate only when there is a deficit of intermittent renewables in the grid.

This contributes to key policy objectives of the whole EU Energy Union, such as:
- Increased production and use of low-carbon electricity;
- Replacement of fossil gas with decarbonised gas and fuels (via synthetic renewable-based 'Power-to-X' fuels);
- Increased energy efficiency;
- Ensuring access to secure, stable and affordable energy to EU citizens.

The NZIA references some key definitions to the previous RED 2018/2001[2]. RED 2018/2001[2] was amended in 2023 with the revised RED 2023/2413[3]. In the revised RED, some key definitions were updated, such as the "*renewable fuels of non-biological origin*", which was replaced with a new definition extending usage *beyond* the transport sector. A new definition for "*renewable fuels*", including RFNBOs, was also inserted.

Based on the above, we conclude that the renewable (including RFNBO) gas-fired RICE is part of Article 4 "List of Net-Zero Technologies" option "*l) renewable energy technologies, not covered under the previous categories*", in Annex "Other renewable energy technologies."

In the Annex of this paper, we have made the corresponding addendums.

4. Bibliography

1-European Commission (2024) *Regulation (EU) 2024/1735 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem*. Available at: https://eur-lex.europa.eu/legal_content/EN/TXT/PDF/?uri=OJ:L_202401735 (Accessed: 4 February 2025)

2-European Commission (2018) *Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources.* Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001 (Accessed: 4 February 2025)

3-European Commission (2023) *Regulation (EU) 2023/2413.* Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302413 (Accessed: 4 February 2025)

4-European Commission (2025) Draft Delegated act on primarily used components under the Net-Zero Industry Act. Draft delegated regulation and Annex - Ares(2025)528655. Available at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14409-Delegated-act-on-primarily-used-components-under-the-Net-Zero-Industry-Act_en (Accessed: 4 February 2025)

5. Annex

	Sub-categories of net-zero technologies	Final Products	Primarily used components

Other renewable energy technologies	*Osmotic energy technologies*
	Ambient energy technologies
	Biomass technologies
	Landfill technologies
	Sewage treatment plant gas technologies
	Other renewable energy technologies
	- *Renewable fuels fired RICE*
			• *Fuel injection equipment*
			• *Turbochargers*
			• *Generators*
			• *Engine control systems*
			• *Large forgings like connecting rods, crankshafts*
			• *Large castings like engine blocks, cylinder heads*
			• *E.g.critical H2 engine components case:*
			  ○ *H2 engine specific controls:*
			  ▪ *Hydrogen sensors*
			  ▪ *Abnormal combustion detection technology*
			  ○ *H2 capable materials*

			○ *H2 spark plugs* ○ *H2 fuel system:* ▪ *Port injection valves for H2* ▪ *Direct injection valves for H2* ▪ *Hydrogen pressure regulation system* ▪ *Hydrogen compressors* ○ *H2 onsite storage system:* ▪ *High pressure hydrogen storage technology* ▪ *Low pressure hydrogen storage technology* ○ *H2 turbocharging system:* ▪ *Specific turbocharger design for H2 engines* ○ *H2 specific emission aftertreatment:* ▪ *Hydrogen specific SCR technology* ▪ *Hydrogen catalyst technology* ○ *H2 plant safety device*

For more information please contact:

EUROMOT aisbl
European Association of Internal Combustion Engine and Alternative Powertrain Manufacturers
Rue Joseph Stevens 7, 1000 Brussels, Belgium
Aliénor Poher – Senior Manager Regulatory Affairs and Sustainability
Phone: +32 (0) 28 93 21 42
Email: alienor.poher@euromot.eu
www.euromot.eu

TVA BE 0599.830.578
RPM Brussels
EU Transparency Register ID number: 6284937371-73

THIS IS EUROMOT

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Founded in 1991, we provide an unparalleled heritage and hub of expertise for businesses, authorities, regulators, and public stakeholders worldwide. In partnership with major sector associations and institutions, it is our mission to drive smart regulation and sustainable innovation.

Delivering dependable power for society at high energy conversion efficiency with low emissions remains a key objective of EUROMOT member companies. EUROMOT asserts internal combustion engines and alternative powertrains are a key enabler to address the additional societal need for decarbonisation across multiple industry sectors. This can be achieved by continuing to advance the development of highly efficient energy conversion systems capable of operating on low and net-zero Greenhouse Gas (GHG) energy carriers.

Headquartered in Brussels, EUROMOT is a European interest group, and our profile is registered in the EU Transparency Register under the identification number 6284937371-73. We have been granted consultative status at the United Nations IMO (International Maritime Organization, London) and United Nations ECE (Economic Commission for Europe - Geneva) and other relevant stakeholders.

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