

GRITH & Clean Industrial Deal

Experiences, challenges and suggestions

Industrial sites face multiple challenges and have numerous opportunities. The recently announced Clean Industrial Deal provides the European framework to make the most of these opportunities. Since 2023 the Interreg North Sea Region project GRITH is working on practical, collaborative solutions for industrial sites, to act on potential and overcome challenges. The Clean Industrial Deal increases the GRITH impact. Meanwhile lessons learned, best practices and challenges from the GRITH project are relevant to the larger perspective of the Clean Industrial Deal.

GRITH Interreg North Sea Region project

Industrial sites are the sleeping beauties of the energy transition. Partners from the Netherlands, Belgium, France, Germany, Denmark and Sweden collaborate in GRITH to make these sites aware of their strengths and weaknesses, to help on-site collaboration with business and governance models and to implement these. The GRITH project works with large industrial sites such as in Dunkerque (FR), Emmen (NL) and Wesermarsch (DE) and business parks scattered through the North Sea Region.

Affordable energy: grid challenges

Industrial sites throughout the North Sea region experience how their access to (potential) renewable energy sources is hindered by grid congestion and (national) regulations. GRITH works on solutions such as digitalization, smart grids, closed distribution systems and energy management, to mitigate the impact of grid congestion. However, much more work needs to be done, not just on a European level but also regionally and locally. European policy and financial support for regional and local work on grid congestion could contribute to the implementation of the Clean Industrial Deal.

Regional potential for affordable, renewable energy

Access to affordable, renewable energy could improve when DSOs are allowed to balance electricity supply and demand on a regional level and when DSOs are allowed to own and control batteries. On a national level, adjustment of regulations on group transport contracts for electricity is necessary to provide the right incentives to mitigate net congestion. Closed Distribution Systems could mitigate grid congestion more often, if European and national regulations for these systems allow that renewable energy is generated off-site but transported through a private connection to the industrial site. Finally, new decentralized (modular) power plants are a promising ingredient for more affordable energy and would benefit from continued European policy and financial support.

Affordable energy: more collaboration potential

Regional and local collaboration on renewable energy is crucial. GRITH partners build these collaborations, including business and governance models. However, these projects are hampered by the very limited way national authorities have implemented the EU directive on energy communities. Large scale consumers should also be able to participate in energy

communities. Unfortunately, this is not yet the case in many member states. In Sweden, Denmark and Germany participation in energy communities are even limited on a building level. Also, energy communities of enterprises and/or citizens need better access to finance – now often limited due to their legal status – to accelerate the energy transition.

Local & regional action on global challenges

GRITH local stakeholders are increasingly concerned about unfair global competition, about Europe's access to raw materials and about how global players like China and the United States invest more in emerging technologies and energy infrastructure. Our stakeholders are especially concerned about the effectiveness of CBAM. Also, many of the larger industries connected to GRITH have based their investments on the planned phase-out of free carbon allowances. They need constant policy and protection from unfair. Even then, the global development has real local and regional consequences: in Dunkerque (FR) a battery recycling project has been put on hold due to uncertainties regarding raw material supply. For these investments the Clean Industrial Deal is an important step towards a more robust and self-sufficient economy. However, a European, regional and local favorable environment for innovation, local production and re-industrialization calls for more, targeted action both on a European and regional level.

Positive Business Case & access to revolving funds

In our work with industrial sites and enterprises, a positive business case for investment in the energy transition is just as crucial as a market for clean products. Fortunately, especially for SMEs this business case is often more positive than enterprises expected. Here, GRITH also demonstrates that regional and local authorities can increase access for SMEs to an effective, regional revolving fund. On a smaller, local level revolving funds can support SMEs within the framework on the Clean Industrial Deal. The European public-private partnerships proposed by the Clean Industrial Deal could and should be copied on a regional and local scale and help to build new collaborations. Ambassadors and first movers can help to improve the access to these additional financial instruments.

Finance opportunities European Investment Bank

GRITH partners are eager to learn more about how the Industrial Decarbonization Bank will support the decarbonization of key industrial processes. This seems especially urgent for the large industries in our pilot regions Dunkerque (FR), Emmen (NL) and Wesermarsch (DE). Also, where relevant, GRITH would like to promote the pilot programme for corporate Power Purchase Agreements with the counter-guarantees of the European Investment Bank as soon as possible.

Hydrogen policy support is crucial

GRITH and its partners welcome how the Clean Industrial Deal again states the central role of hydrogen in decarbonizing the EU energy system. European support to de-risk and accelerate the uptake of hydrogen production is most welcome, especially since some key-players have put their investments in green hydrogen on hold. In Wesermarsch (DE) E.ON has put its investments in green hydrogen on hold. In the Hauts-de-France Region, crucial green

hydrogen projects have slowed down, further delaying decarbonization of the steel industry. In Emmen (NL) the limited access to affordable green hydrogen also hinders decarbonization. The GRITH experience shows that regional, national and transnational collaboration on the developing hydrogen ecosystem is an effective way to build wider coalitions for decarbonization and energy transition. Continued European support thus leads to wider results.

Circularity: trust is essential to move forward

GRITH partners experience how the rising prices and limited access to raw materials hampers the implementation of the energy transition. GRITH looks forward to a European framework for how circularity can drive innovation and help to overcome current deadlocks. Together with our sister Interreg North Sea Region project Circular Trust Building, we see that trust and 'soft skills' are just as crucial to effective and innovative collaboration as hard skills and a positive business case. Meanwhile, close cooperation between European and regional support is essential to foster a feasible circular economy. Projects in this area need – at least during their initial phase – protection from international competition.

Attracting next generation of workers, tapping into unused potential & upskilling

The European Clean Industrial Deal and the regional plus local work already done by GRITH in this direction is transformative for the North Sea Region economy and employment. New skilled workers can also act as a change-agent in enterprises and on industrial sites. However, work on these sites is often seen as unattractive, making it more difficult to attract the workers we need. Therefore, we need to do more to attract a next generation of workers, to tap into unused labor potential, to upskill more existing workers and to make the working environment on our industrial sites more attractive. GRITH hopes that the proposed Union of Skills will also provide a framework with we can use regionally and locally. Especially for finding and upskilling unused labor potential support from the Just Transition Fund would be most welcome. The Clean Industrial Deal will further increase the job opportunities on industrial sites throughout the North Sea Region.

Leadership for regional Clean Industrial Deals

GRITH is an example of existing regional leadership that fits the Clean Industrial Deal. The business cases and governance solutions that GRITH develops will result in local and regional Clean Industrial Deals. Thus, GRITH also promotes the European policy and is eager to contribute wherever it can, to do our part in empowering decarbonization for clean growth.

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