European Association for Storage of Energy

EASE Briefing: The Critical Raw Materials Act

For EASE Members' Internal Use

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Introduction

This briefing focuses on the Critical Raw Materials Act published by the European Commission on 16 March 2023, and on the draft report of the document prepared by the European Parliament on 16 May 2023. It aims at assessing the impact of the Act on the energy storage industry. It is divided into the following sections:

1. Section I provides a general overview of the Act
2. Section II provides analysis of the Act and its implications for energy storage

The table below provides an overview of documentation accompanying the Critical Raw Materials Act:

Annexes	• **Annex I:** Lists strategic raw materials and explains the methodology for their assessment • **Annex II**: Lists Critical Raw Materials and explains the methodology for their assessment • **Annex III:** Provides assessment of the recognition criteria for Strategic Projects to evaluate if the proposed project contributes to the European Union's (EU) benchmarks, applies due diligence policies and other requirements • **Annex IV:** Lists criteria required for the certification schemes related to the sustainability of critical raw materials • **Annex V:** Provides essential elements on how to calculate the environmental footprint of critical raw materials
Commission Staff Working Document: Subsidiarity Grid	This document provides policymakers with an overview of the most pressing questions linking the subsidiarity grid and critical raw materials. It helps determine whether it is justified for the Union to act within the shared or supporting competencies it has been given in the case of critical raw materials.
Commission Staff Working Document: Impact Assessment Report	This document provides a detailed analysis of why the Critical Raw Materials Act is necessary, which problems it aims to tackle, and in what way. In sum, the general objective of the Critical Raw Materials Act is to ensure the EU's secure access to critical raw materials, while incentivising the development of sustainable supply sources.
Commission Staff Working Document: Executive Summary of the Impact Assessment Report	This is an executive summary of the previously mentioned document (Impact Assessment Report) aimed at the policymakers.

1. Section I: Overview

1.1 Scope and Objectives of the Critical Raw Materials Act

On March 16, 2023, the European Commission published the Critical Raw Materials Act.

The focus of the Critical Raw Material Act is on non-energy, non-agricultural raw materials that are important for the European Union (EU) economy, the supplies of which are subject to a high level of supply risk.

With the global shift towards renewable energy and the digitalisation of our economies and societies, demand for some of these critical raw materials is forecasted to rapidly increase in the coming decades. As the EU relies almost exclusively on imports for many of these materials and extraction and processing stages are often concentrated in a few third countries, the probability to be exposed to significant supply risks increases.

This would not only jeopardise the functioning of the single market and damage the EU's competitiveness, but without a secure supply of critical raw materials, the Union will not be able to meet its objective for a green and digital future.

The 2008 Raw Materials Initiative and the 2020 Action Plan on Critical Raw Materials both provided a framework for the topic; however, non-regulatory actions are not enough to ensure the EU's access to a secure and sustainable supply of critical raw materials.

Thus, the aim of the Act is to:

- strengthen the European critical raw materials value chain;
- diversify the EU's imports of critical raw materials to reduce strategic dependencies;
- improve the EU's capacity to monitor and mitigate current and future risks of disruptions to the supply of critical raw materials;
- ensure a high level of environmental protection, by improving critical raw materials' circularity and sustainability.

2. Section II: Analysis of the Critical Raw Material Act

2.1 Overview of Key Provision for Energy Storage

This chapter provides an analysis of the chapters of the Critical Raw Materials Act that are relevant to the energy storage industry.

? : Provision description ↪ : Impact on energy storage industry × : Potential challenge

Provision	Analysis
Chapter I: General Provisions	? This chapter sets benchmarks to mark progress on the first two objectives. By 2030, the EU aims to: • produce at least 10% of its annual consumption for extraction • produce at least 40% of its annual consumption for processing • **produce at least 15 % of the Union's annual aggregated consumption of strategic raw materials as well as +7.5% volume for each strategic raw material** ↪ It considers some critical raw materials that are necessary for the production of some energy storage technologies × It is unclear how the EU is planning to cover for potential deficits in "home" production of critical raw materials needed to reach the abovementioned targets. Extensive recycling efforts are to be implemented. However, for these efforts to have an effect, it will take a few years. This might complicate access to raw materials.
Chapter II: Critical and strategic raw materials	? **This chapter differentiates between Strategic Raw Materials and Critical Raw Materials. In addition to an updated list of critical raw materials, the Act identifies a list of strategic raw materials, which are crucial to technologies important for Europe's green and digital ambitions and are subject to potential supply risks in the future.** The annex accompanying the Act lists Strategic Raw Materials and Critical Raw Materials and sets out methodologies through which the strategic and economic importance of a certain material shall be determined. The Commission is **empowered to adopt delegated acts in order to update Annex I** (the list of strategic raw materials) including by adding raw materials to Annex I if supply risks are detected as a result of the monitoring and stress testing carried out pursuant to this Act. The Commission shall review and, if necessary, update the list of strategic raw materials two years after the date of entry into force of the Act, and every 2 years thereafter. However, any raw material that would no longer be considered to be a strategic raw material as the result of an update, shall still be considered to be a strategic raw material for two years following the publication of the said update. **The Commission is empowered to adopt delegated acts to amend Annex II** (the list of critical raw materials) **if necessary. However, any raw material that would no longer be considered to be a critical raw material as the result of an update, shall still be considered to be a critical raw material for two years following the publication of the said update.** Note: Full lists of strategic and critical raw materials are provided in the following subsection. ↪ **According to** Annex XIII of the Agreed Text of the Batteries Regulation, published in December 2022, a battery passport will be required for all types of batteries, including industrial. The passport shall contain information relating to the material composition of the battery, **including the critical raw materials contained in the battery**. For more information on the Agreed Text of the Batteries Regulation, please refer to the EASE analysis.

? : Provision description ↪ : Impact on energy storage industry × : Potential challenge

Provision	Analysis
Chapter IV: Risk monitoring and mitigation	? This chapter outlines provisions relevant to stock monitoring of Member States reporting, and risk mitigation mechanisms. By March 2025 and every 2 years after that, the Commission shall adopt a benchmark indicating a safe level of Union stocks of strategic raw materials. ↪ This benchmark shall take into account stocks held by private operators. ↪ Particular weight will be prescribed to the need to maintain incentives for private operators to constitute their stocks or to take other measures to manage their exposure to supply risks. ↪ Member States shall identify the large companies that manufacture strategic technologies – like batteries for energy storage and e-mobility - using strategic raw materials. "Large company" means any company that had more than 1500 employees on average and had a net worldwide turnover of more than EUR 2000 million in the last financial year for which annual financial statements have been prepared. ↪ Identified companies shall perform an audit of their supply chain every two years. Requirements for the companies are as follows: 1. mapping of where the strategic raw materials they use are extracted, processed, or recycled 2. stress test of their supply chain of strategic raw materials, consisting of an assessment of its vulnerability to supply disruptions by estimating the impact of different scenarios that may cause such disruptions and their potential effects
Chapter V: Sustainability	? This chapter discusses Sustainability through national measures on circularity, recovery of raw materials and other, such as certification schemes related to the sustainability of critical raw materials. ↪As part of these measures, each Member State shall by 3 years after the date of entry into force of the Act adopt and implement national programmes containing measures designed to: • increase the collection of waste with high critical raw materials recovery potential and ensure their introduction into the appropriate recycling system • increase the re-use of products and components with high critical raw materials recovery potential • increase the use of secondary critical raw materials in manufacturing taking recycled content into account in award criteria related to public procurement • increase the technological maturity of recycling technologies for critical raw materials • increase the possibilities to reextract critical raw materials from products • ensure that their workforce is equipped with the skills needed to support circularity of the critical raw materials value chain and foster upskilling and reskilling measures.
Chapter VII: Governance	? This chapter sets up the European Critical Raw Materials Board which shall be composed of Member States' high-level representatives and the Commission. The Board may establish standing or temporary sub-groups to deal with specific questions and tasks, such as monitoring or contributing to the coordination of strategic stocks. ↪ Private operators monitoring their stock of critical raw materials will report to this body.

2.2 Overview of Strategic and Critical Raw Materials

In addition to an updated list of critical raw materials, the Act lists strategic raw materials that are crucial to technologies important to Europe's green and digital ambitions while being subject to potential supply risks in the future.

Annex I, which accompanies the Act, lists the identified strategic raw materials and the methodology behind the selection. Therefore, the strategic importance is determined by taking into account:

(a) number of strategic technologies using a raw material as an input;
(b) the amount of raw material needed for manufacturing relevant strategic technologies;
(c) the expected global demand for relevant strategic technologies

List of strategic raw materials	
a) Bismuth	i) Manganese - battery grade
b) Boron - metallurgy grade	j) Natural Graphite - battery grade
c) Cobalt	k) Nickel - battery grade
d) Copper	l) Platinum Group Metals
e) Gallium	m) Rare Earth Elements for magnets (Nd, Pr, Tb, Dy, Gd, Sm, and Ce)
f) Germanium	n) Silicon metal
g) Lithium - battery grade	o) Titanium metal
h) Magnesium metal	p) Tungsten

Annex II, accompanying the act, determines a list of critical raw materials and the methodology to select them. The economic importance and supply risk are evaluated to assess the status of a material and whether it should be added to the list.

List of critical raw materials	
a) Antimony	r) Light Rare Earth Elements
b) Arsenic	s) Lithium
c) Bauxite	t) Magnesium
d) Baryte	u) Manganese
e) Beryllium	v) Natural Graphite
f) Bismuth	w) Nickel – battery grade
g) Boron	x) Niobium
h) Cobalt	y) Phosphate rock
i) Coking Coal	z) Phosphorus
j) Copper	aa) Platinum Group Metals
k) Feldspar	ab) Scandium
l) Fluorspar	ac) Silicon metal
m) Gallium	ad) Strontium
n) Germanium	ae) Tantalum
o) Hafnium	af) Titanium metal
p) Helium	ag) Tungsten
q) Heavy Rare Earth Elements	ah) Vanadium

Notes

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About EASE:

The European Association for Storage of Energy (EASE) is the leading member - supported association representing organisations active across the entire energy storage value chain. EASE supports the deployment of energy storage to further the cost-effective transition to a resilient, carbon-neutral, and secure energy system. Together, EASE members have significant expertise across all major storage technologies and applications. This allows us to generate new ideas and policy recommendations that are essential to build a regulatory framework that is supportive of storage.

For more information please visit www.ease-storage.eu

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Disclaimer:

This content was elaborated by EASE and reflects a consolidated view of its members from an energy storage point of view. Individual EASE members may adopt different positions on certain topics from their corporate standpoint.

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