



Strategic Technologies for Europe Platform (STEP)

Analysis on Proposed Measures to Fund Cleantech

March 2024



Strategic Technologies for Europe Platform (STEP)

Analysis on Proposed Measures to Fund Cleantech

Preface

The EASE Secretariat prepared an analysis of the regulation establishing the Strategic Technologies for Europe Platform (STEP) and its potential impact on the energy storage industry. STEP, which entered into force on 1 March 2024, aims to strengthen the competitiveness of the EU industry and boost investments in critical technologies throughout the EU.

STEP:

- will reallocate existing resources from EU funds and programmes to achieve its objectives, while an additional €1.5 billion is earmarked for the European Defence Fund,
- supports investments in clean technologies, including battery and energy storage technologies and strategic projects recognised under the Net Zero Industry Act (NZIA) and the Critical Raw Materials Act (CRMA),
- introduces a Sovereignty Seal, serving as a quality label to grant STEP projects visibility and easier access to funding.

Table of Content

Preface.....	2
1. Introduction	4
2. Background	4
3. Context and Scope of File	4
4. STEP Sections and Provisions: Impact on the Energy Storage Industry	5
4.1. Chapter I: STEP.....	6
4.1.1 Subject Matter and STEP Objectives	6
4.1.2 Financial Support	7
4.1.3 Sovereignty Seal and Funding	8
4.1.4 Implementation	9
4.1.5 Sovereignty Portal	9
4.1.6 Monitoring and Reporting	10
4.2 Chapter II: Amendments.....	10
4.2.1 Innovation Fund	10
4.2.2 Horizon Europe.....	11
4.2.3 Other EU Programmes and Funds	11
4.2.3.i European Regional Development Fund (ERDF) and Cohesion Fund	11
4.2.3.ii Just Transition Fund (JTF).....	11
4.2.3.iii European Social Fund Plus (ESF+)	11
4.2.3.iv InvestEU	11
4.2.3.v Recovery and Resilience Fund (RRF)	11
4.3 Chapter III: Final Provisions	12
5. Final Remarks.....	12

1. Introduction

This briefing provides an analysis of key provisions under the [Strategic Technologies for Europe Platform \(STEP\) Regulation](#) (Regulation (EU) 2024/795) and their implications for financing energy storage technologies. The regulation was published in the EU Official Journal on 29 February 2024 and entered into force on 1 March 2024.

2. Background

On 22 June 2023, the European Commission published its proposal for a Regulation establishing the Strategic Technologies for Europe Platform (STEP) aiming to strengthen the resilience and competitiveness of the EU industry and economy. The Platform is set to leverage and better channel existing EU funds towards critical investments to help the EU meet the challenges of the green and digital transitions and limit its strategic dependencies. While the Commission's proposal provided for an additional allocation of €10 billion and the European Parliament initially requested €13 billion, **the Regulation grants only additional €1.5 to the European Defence Fund and redistributes existing funds.**

The Platform was envisioned to serve as the primary financing mechanism for the Net-Zero Industry Act (NZIA). However, the Regulation is not entirely devoted to the NZIA technologies; it has a much broader scope than NZIA, covering all kinds of 'strategic technologies', including clean and resource-efficient technologies, digital and biotechnologies.

3. Context and Scope of File

STEP does not introduce new funding tools but **builds upon existing EU programmes and funds, including the InvestEU, Horizon Europe, European Defence Fund, Innovation Fund, Cohesion Policy funds, Recovery and Resilience Facility (RRF), EU4Health and Digital Europe.**

STEP aims to support critical and emerging strategic technologies, their respective value chains, and associated services that are critical for and specific to the developments and manufacturing of critical technologies in 3 technology sectors: 1. digital technologies and deep tech innovation, 2. clean and resource efficient technologies, and 3. biotechnologies.

The STEP Regulation is structured into three chapters. Chapter I is dedicated to the Platform itself, laying down its objectives, the available financial support, rules for implementing the Sovereignty Seal and the Sovereignty portal and for reporting on the STEP objectives. Chapter II amends the regulations establishing the EU programmes and funds that will finance STEP. The amendments integrate the STEP objectives into the conditions of these programmes/funds.

4. STEP Sections and Provisions: Impact on the Energy Storage Industry

In the table below, you can find the overview of the provisions of STEP:

Sections	Article	Page
Preamble	Paras. (1)–(32)	9–28
4.1 Chapter I: STEP	Articles 1–8	29–39
4.1.1 Subject matter and STEP objectives	Articles 1–2	29–32
4.1.2 Financial support	Article 3	33
4.1.3 Sovereignty seal and funding	Article 4	33–35
4.1.4 Implementation	Article 5	35
4.1.5 Sovereignty portal	Article 6	36–37
4.1.6 Monitoring and reporting	Article 7	37–38
4.1.7 Evaluation	Article 8	38–39
4.2 Chapter II: Amendments	Articles 9–19	40–68
4.2.1 Innovation Fund	Article 9	40
4.2.2 European Regional Development Fund (ERDF) and Cohesion Fund	Article 10	41–46
4.2.3 Just Transition Fund (JTF)	Article 11	47–48
4.2.4 European Social Fund Plus (ESF+)	Article 12	49–50

4.2.5 Common Provisions Regulation (CPR)	Article 13–14	51–57
4.2.6 Fund for European Aid to the Most Deprived (FEAD)	Article 15	58
4.2.7 InvestEU	Article 16	60–63
4.2.8 Horizon Europe	Article 17	64–65
4.2.9 European Defence Fund (EDF)	Article 18	66
4.2.10 Recovery and Resilience Fund (RRF)	Article 19	67–68
4.3 Chapter III: Final Provisions	Article 20	69
Entry into force and application		

Please, note that this analysis focuses on provisions that can have an impact on energy storage technologies.

4.1. Chapter I: STEP

4.1.1 Subject Matter and STEP Objectives

? : Provision description → : Impact on energy storage industry ✕ : Potential challenge

? The Strategic Technologies for Europe Platform (STEP) will support critical and emerging strategic technologies and their respective value chains in relevant sectors.
<p>? The Platform shall pursue 2 objectives, referred to as STEP objectives:</p> <p><i>(a) Supporting the development or manufacturing of critical technologies throughout the EU, or safeguarding and strengthening the respective value chains, in the sectors of (i) digital technologies and deep tech innovation, (ii) clean and resource efficient technologies, and (iii) biotechnologies.</i></p> <p><i>(b) Addressing shortages of labour and skills critical to all kinds of quality jobs in support of the objective under point (a).</i></p> <p>The term “clean and resource efficient technologies” is not defined in the STEP Regulation, but it is mentioned that it includes net-zero technologies as defined in the NZIA.</p>
<p>? Digital, clean and resource efficient technologies, and biotechnologies can be considered critical provided that they fulfil at least one of the following conditions:</p> <ol style="list-style-type: none"> 1. bring to the internal market an innovative, emerging and cutting-edge element with significant economic potential, 2. contribute to reducing or preventing strategic dependencies of the EU.

Digital, clean and resource-efficient technologies and biotechnologies which are the subject of an important project of common European interest (IPCEI) approved by the Commission should also be deemed critical.

Strategic technologies recognised under the NZIA shall be considered as contributing to the STEP objective of developing/manufacturing critical technologies or safeguarding and strengthening the respective value chains in the sector of clean and resource-efficient technologies.

Strategic projects recognised under the [Critical Raw Materials Act \(CRMA\)](#) shall be considered as contributing to the whole STEP objective (a).

By 2 May 2024, the European Commission is required to issue guidance on how the technologies in the three sectors can be considered critical and how to meet the 2 conditions to qualify as critical. This guidance will clarify further the notion of value chain and associated services that are critical for and specific to the development/manufacturing of the final products. The guidance is subject to review, in light of the interim evaluation report.

→ Being included in the net-zero list of technologies in the NZIA, battery and energy storage technologies fall under the category of clean and resource-efficient technologies, thus they are covered by the STEP objectives provided that they are deemed as critical.

→ Battery and energy storage technologies can qualify as critical. Firstly, they can bring an innovative element to the market, with significant economic potential. To achieve the green transition and scale up the deployment of renewable energy, the need for efficient storage solutions increases importantly. Secondly, energy storage can play a pivotal role in reducing strategic dependencies of the EU by enhancing its energy security and limiting its dependency on fossil fuel imports.

✗ Just like the NZIA, the scope of STEP regulation has been extended which leads to diluting the effectiveness of the Regulation.

4.1.2 Financial Support

? The financial support for the implementation of the Platform and its objectives will be provided from existing EU programmes and funds.

? EUR 1.5 billion of the financial envelope for the European Defence Fund (Regulation 2021/697) shall support the STEP objectives and will be allocated following the rules of the EDF Regulation.

✗ Competing with multiple other technologies to obtain limited funding.

✗ The amount of 1.5 billion from EDF is earmarked specifically for defence technologies and products that contribute to STEP objectives. Additionally, as opposed to defence technologies, energy storage technologies do not have a dedicated amount; they will have to compete with other technologies to attract support from the EU programmes and funds without having any privilege.

4.1.3 Sovereignty Seal and Funding

? **A Sovereignty Seal shall be awarded** by the European Commission to any project provided that it:

- contributes to the STEP objectives, and
- has been assessed and complies with the minimum quality requirements (including eligibility, exclusion, and award criteria) set in a call for proposals under EU4Health Programme, Digital Europe Platform, Horizon Europe, European Defence Fund, or Innovation Fund.

The Sovereignty Seal will serve as a quality label, aiming especially to:

- attract support for the project from another EU programme, following its rules; or,
- finance the project through cumulative or combined funding from another EU instrument.

? When revising their Recovery and Resilience Plans, Member States shall prioritise projects with a Sovereignty Seal while following the provisions of the Recovery and Resilience Fund (RRF) Regulation.

? For funding investment projects from their shares in the Modernisation Fund, Member States may prioritise projects for critical clean and resource-efficient technologies with a Sovereignty Seal. Member States can also provide national support to projects with a Sovereignty Seal that contribute to the STEP objective of developing/manufacturing critical cleantech or strengthening the respective value chain.

? Projects identified as strategic under the NZIA and the CRMA and receiving a contribution under the EU programmes and funds, can also receive contributions from any other EU programme, but for different costs. Each contribution shall follow the rules of the respective Union program, ensuring that the total funding does not exceed the project's eligible costs. Support from the various EU programmes may be calculated on a pro-rata basis based on the documents setting out the conditions for support.

? The award of the Sovereignty Seal and the provision of cumulative funding should comply with State aid rules and the EU's international obligations.

? The Sovereignty Seal is **valid for the implementation period of the project** and it expires if the project hasn't started within 5 years from the award, or if the project has been relocated outside of the EU.

→ For energy storage technologies to attract funding under STEP, they are required to have a Sovereignty Seal, be compliant with the STEP objectives and with the applicable rules falling under the respective EU programme or fund.

✗ Energy storage technologies may benefit from the RRF and the Modernisation Fund. For the latter, clean tech is not required to be prioritised – a lot of leeway is left to the Member States.

4.1.4 Implementation

? The European Commission will play a central role in the implementation of STEP, in particular by:

- promoting the Sovereignty Seal to increase visibility of the projects that have received it as well as those funded under the ERDF, the Cohesion Fund, the ESF+ or the JTF,
- setting up and managing the Sovereignty Portal to improve access to EU funding and transparency,
- coordinating with national competent authorities and stakeholders and exchanging information regarding financial needs, bottlenecks, and best practices related to funding under STEP,
- fostering cross-sector connections and leveraging existing industrial alliances and networks, including the Net-Zero Europe Platform and the Critical Raw Materials Board,
- promoting consistency and synergies among EU programmes to support STEP projects.

4.1.5 Sovereignty Portal

? The European Commission is required to launch on 1 March 2024 the [Sovereignty portal](#), the dedicated public website that will serve as a **one-stop-shop for funding opportunities for STEP-related projects**. There, information about EU programmes and funds falling within the scope of STEP, relevant calls for proposals and calls for tenders, and implementation

information will be displayed. The portal will also **grant visibility to projects with a Sovereignty Seal or those identified as strategic under the NZIA and the CRMA.**

? Member States are required to designate by 2 June 2024 a competent national authority to act as the main contact point for matters relating to the implementation of the Platform at the national level.

4.1.6 Monitoring and Reporting

? The European Commission is responsible for monitoring the implementation of the Platform, collecting data, and reporting annually to the European Parliament and the Council.

? The annual report, which will be public, will provide comprehensive insights into the progress made in implementing the STEP objectives under each programme, its performance and expenditures.

4.2 Chapter II: Amendments

This chapter includes amendments to the regulations establishing the EU programmes and funds that will finance STEP. **Through the amendments, the objectives of the Platform are being integrated into these programmes and funds.** Please find below the analysis of the financial programmes that will have an impact on the energy storage industry.

4.2.1 Innovation Fund

? When it designs and implements calls for proposals or competitive bidding under the Innovation Fund, the European Commission is required to **take into consideration strategic projects recognised under the NZIA and deemed to contribute to the STEP objectives.** However, it is not obliged to include them in the process. Similarly, in the context of financial mechanisms under the Innovation Fund (e.g. 'auction-as-a-service' system), Member States are required to consider offering support from the European Regional Development Fund, the Cohesion Fund and the Just Transition Fund to projects within their territories. They are highly encouraged to support these projects, but they are not obliged.

✗ Energy storage technologies contributing to the STEP objectives will have to compete with the other objectives under the Innovation Fund. Being classified as strategic under the NZIA and as contributing to the Platform does not give them priority. Both the Commission and the Member States enjoy discretion and flexibility in their decision-making.

4.2.2 Horizon Europe

? The budget for the Specific Programme implementing Horizon Europe and the European Institute of Innovation and Technology (EIT) remains the same at € 86.123 billion. **The budget dedicated to the programme on defence research, meaning the European Defence Fund, has been increased by € 1.5 billion, from € 7.953 billion to € 9.453 billion.**

4.2.3 Other EU Programmes and Funds

4.2.3.i European Regional Development Fund (ERDF) and Cohesion Fund

? Investments contributing to the STEP objectives are introduced in the objectives of these two funds. For STEP, a maximum of 20% of the initial national allocation from ERDF can be allocated to STEP. The Commission will pay 30% of the allocation to the priorities under STEP.

4.2.3.ii Just Transition Fund (JTF)

? The JTF can support productive investments in enterprises other than small and medium-sized enterprises (SMEs), while maintaining a focus on them, contributing to the STEP objectives. The maximum co-financing rates for dedicated priorities supporting STEP will be 100%.

4.2.3.iii European Social Fund Plus (ESF+)

? Member States can use the ESF+ to support the STEP objective (b), including also the development of skills in net-zero technologies. The maximum co-financing rates for dedicated priorities supporting STEP will be 100%.

4.2.3.iv InvestEU

? The European Commission and implementing partners are required to take into consideration projects that have been awarded the Sovereignty Seal.

4.2.3.v Recovery and Resilience Fund (RRF)

? Member States have the option to include in their Recovery and Resilience Plans (RRP) a cash contribution for the Member State compartment under the InvestEU Regulation. This contribution, earmarked for measures supporting investment operations aligned with the STEP objectives, should not exceed 6% of the total financial allocation of RRP.

4.3 Chapter III: Final Provisions

? The Regulation entered into force on 1 March 2024.

5. Final Remarks

STEP focuses on critical technologies by supporting their development and manufacturing within the EU, strengthening their value chains, and addressing labour and skills shortages. Although it was initially envisioned as the financing mechanism for the Net-Zero Industry Act (NZIA), STEP has broadened its scope to encompass clean and resource efficient technologies, as well as digital and biotechnologies. The list of net-zero technologies under the NZIA, including **battery and energy storage technologies, falls under the scope of STEP**, along with strategic projects recognised under the Critical Raw Materials Act (CRMA).

While the inclusion of energy storage technologies is a positive development, it is worth noting that they will need to **compete for funding alongside other technologies supported by STEP**. Furthermore, a limitation to STEP is that no additional funding is allocated to the Platform, which aims to boost the competitiveness of the EU industry and economy. Apart from the €1.5 billion earmarked for the European Defence Fund for military defence technologies and research, STEP will rely on **reallocating existing EU funds to achieve its objectives**. Additionally, the implementing acts of the NZIA could potentially impact STEP.

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

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.

Contact: EASE Secretariat | info@ease-storage.eu



Avenue Adolphe Lacomblé 59/8
1030 Brussels | Belgium
Tel: +32 2 743 29 82
@EASE_ES

www.ease-storage.eu
info@ease-storage.eu

