



Accelerating Green Steel – the role of product policy and standards

Nicholas Avery, Senior Advisor - Life Cycle Assessment

n.avery@eurofer.eu

The enabling conditions for decarbonisation investments

- The European steel industry is of strategic importance for the EU's resilience and economic security
- Targeting 30% reduction in CO₂ emissions by 2030* and the ambition to achieve an 80-95% reduction by 2050.
- But, there needs to be a business case for transformational investments in the EU, under certain enabling conditions:
 1. An effective trade measure
 2. An effective CBAM
 3. Availability of clean and affordable energy and materials
 4. Effective instruments to stimulate demand for low CO₂ products - 'lead markets'

*30% reduction compared to a 2018 baseline, or 55% compared to 1990



Supply Side Mechanisms

- Carbon Contracts for Difference (CfD)
- Government or private investment funding can cover:
 - CAPEX
 - OPEX

However, not all producers in every member state will be able to access public funding, and/or it may not cover all additional costs of making CO₂ reduced steel.



Demand Side Mechanisms (lead markets)

- Private customer procurement policy
- Market sector commitments
- Public procurement policy
- Legislation on product minimum requirements or government incentives for top performers.

Lead markets can increase demand for lower CO₂ steel products, which can generate a **price premium** and therefore reduce reliance on government support via CfD. As the customers' willingness to pay increases, the public cost of compensation via CfD reduces.

Lead markets

Currently, EU lead markets are mostly voluntary and fragmented:

- Green Public Procurement accounts for less than 5% of total EU steel demand (with the potential to reach about 15%).
- Criteria varies widely across Member States, and does not focus on EU-made steel.

What we need:

1. Establish lead markets for EU-made steel by **introducing minimum EU content requirements in public and private procurement rules**, regulatory and fiscal incentives, to safeguard and promote domestic production, quality jobs, decarbonisation investment and ensuring strategic autonomy (applicable by 2026).
2. Introduce tailor-made sector specific **demand-side requirements and incentives for low CO₂ steel products**, gradually increasing in ambition over time.

Towards Common Measurement Methodologies

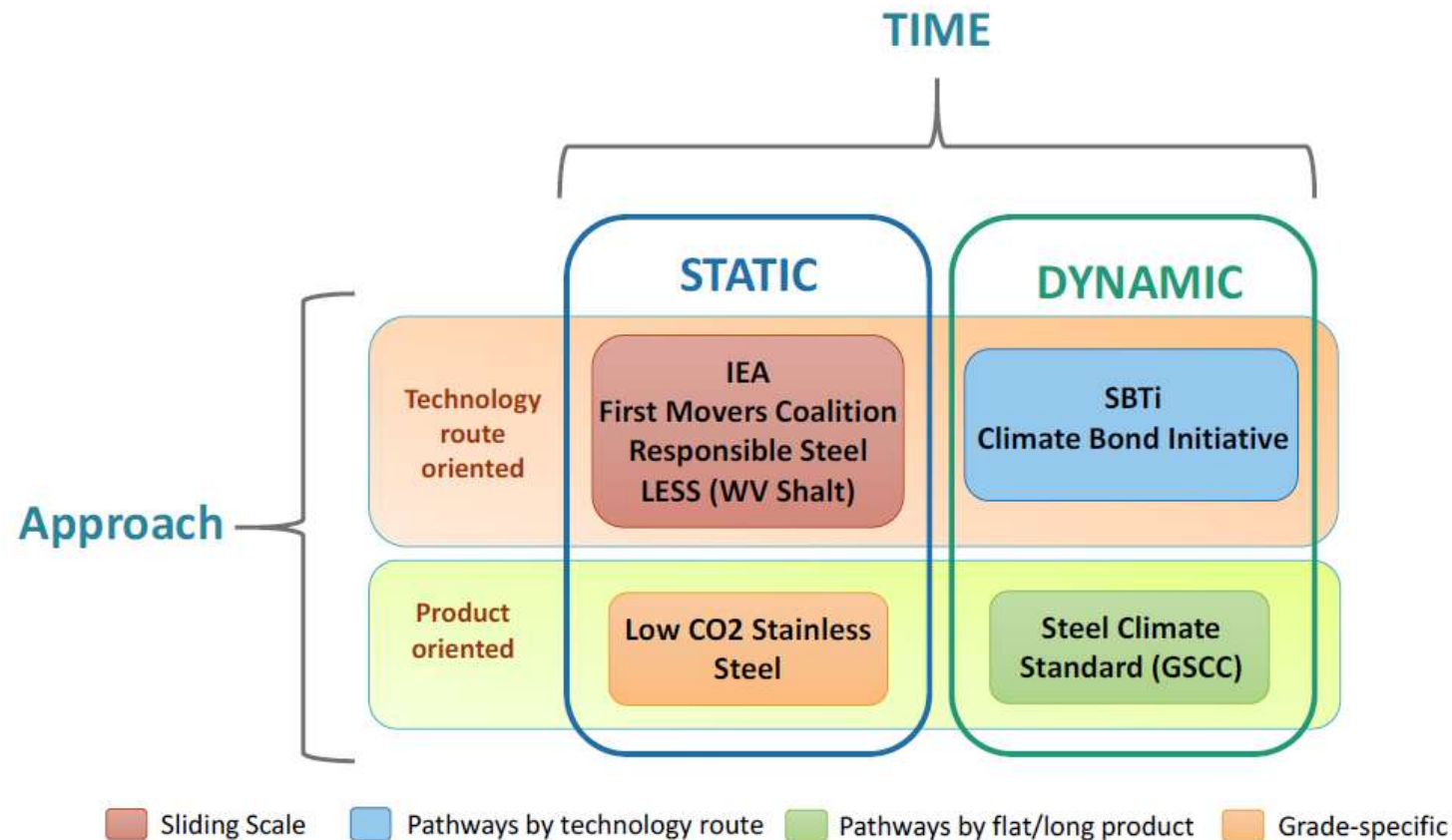
Steel Standards Principles (launched at COP 28 in Dubai)

- mapping methodologies
- interoperability
- potential for mutual recognition

https://www.wto.org/english/tratop_e/envir_e/steelstandprinciplepartner_e.htm



Different approaches to measuring emissions reduction progress



Source: European Commission Joint Research Centre(JRC): own analysis of different green steel definitions



Industrial Decarbonisation Accelerator Act (IDAA)

Key elements

General objective

Increase sustainable and resilient industrial production in energy-intensive sectors in the EU by supporting industrial decarbonisation investments

Three pillars

1. Speed up permitting procedures for industrial access to energy and industrial decarbonisation

2. Create and protect European lead markets for low-carbon products

3. Identify and promote priority industrial decarbonisation projects



- Develop a methodology for a voluntary **label on the carbon intensity of steel**
- Based on ETS data and building on the CBAM methodology
- The label will be a building block of the ESPR requirements
- Label design part of the IDAA Impact Assessment

Ecodesign for Sustainable Products Regulation (ESPR)

Steel is the 1st priority intermediate product selected under the ESPR workplan:

- Ability to set requirements for all steel products put on the market, via delegated act, including:
 1. **Information requirements** – including labelling with classes of performance
 2. **Performance requirements** – including a minimum level of environmental performance
- Machine readable Digital Product Passport (DPP)
- Requires **public procurement** to comply with the minimum requirements based on the two highest performance classes
- Any **Member State incentives** shall be aimed at the highest two classes of performance

Other product policies have a role to play

Construction Products Regulation (CPR), Energy Performance of Buildings Directive (EPBD)

- Mandatory reporting of GWP emissions – through Digital Product Passport (DPP).
- Green public procurement and member state incentives – highest two performance categories.
- EPBD requires member states to set lifecycle CO₂ limit values on all new buildings

End of Life Vehicles Regulation + CO₂ emission standards for cars and vans, Clean Corporate Fleets

- Potential design requirements on use of steel in vehicles with respect to overall recycled content of steel in vehicles and share of low CO₂ steel?
- Move towards a lifecycle assessment of vehicle CO₂ emissions – credits for using green steel?

Net Zero Industry Act

- Measures to boost EU resilience and autonomy of low carbon technologies made in the EU, e.g. wind, including assessing supply chain emissions and setting minimum environmental sustainability criteria for public tenders.



EUROFER

THE EUROPEAN STEEL ASSOCIATION

The European Steel Association
EUROFER – AISBL
www.eurofer.eu

Thank you