

Heart Aerospace response to the Swedish Government on the proposed *EU Regulation on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) - COM(2023) 161 final (KN2023/02708)*.

1. Introduction

Heart Aerospace¹ is a cutting-edge technology company that is contributing towards a sustainable future for air travel. We are a Swedish company developing the ES-30, a regional electric airplane with a standard seating capacity of 30 passengers driven by electric motors using battery stored energy.

Heart's mission is to create the world's greenest, most affordable, and most accessible form of transport. This mission is grounded in the outlook that electric air travel will become the new normal for regional flights and can be transformational in addressing the industry's key sustainability challenges.

As a technology company invested in the acceleration of sustainable transport, we are supportive of the overall intent of the EU Green Deal Industrial Plan. As other jurisdictions, including the US, move quickly to scale up financial and policy support to achieve a green transition it is encouraging to see the EU enable its own set of measures via this Act.

However, in order to succeed as a technology company that is pioneering in the field of electrification of aviation, it is essential that the Swedish Government supports these EU regulatory initiatives to allow greater access to both financing and policy simplification by companies such as Heart Aerospace.

2. Summary of Heart Aerospace's position

In summary, our key positions are:

- That the level of ambition of both Sweden's Recovery & Resilience Plan and the EU Net Zero Industry Act are maintained, and that Sweden remains a leader within the EU on the green transition in air transport.
- In support of this, it is critical that the Swedish Government recognises the importance of Battery Electric powered aircraft in its own green transition plans and makes Battery Electric Aircraft production a core part of its own national Plan.
- Given its reliance on air services, our desire for the Swedish Government to put air transport at the heart of the wider EU Industrial Plan. At present the overarching EU Green Deal Industrial Plan is focused on ground-based modes (i.e. vehicles), ground based industry and home energy use. It is important that air transport is not left behind and in the case of Heart Aerospace, Battery Electric air transport.

¹ <https://heartaerospace.com/>

- That Sweden recognises the ES-30 (and the technology that Heart is developing) as a net-zero technology manufacturing project as defined in the Annex to draft Act under the category of "Battery/storage technologies".
- That Heart Aerospace should be considered by Sweden as a project worthy of consideration for a sandbox project and eligible for commensurate support.

3. General observations and comments on the draft Net Zero Industry Act

We have the following general comments on the draft of the Net Zero Industry Act for consideration by the Swedish Government.

- Heart Aerospace supports the overall intent of the draft Act, in particular the observations that net-zero energy technologies are at the centre of strong geostrategic interests and at the core of the global technological race.
- As a start-up technology company that will help drive the EU transition to clean technology, we also support the ambition of the Act to improve investment certainty, policy focus and coordination. All these elements will be essential for Heart Aerospace to succeed as a company operating and based in Sweden.
- In addition, we also support the ambition to lower the administrative burden for developing net-zero manufacturing projects as well as the intent to support innovation, including through regulatory sandboxes.
- We also support the observation in the pre-ambule that the United States' Inflation Reduction Act is a leader in driving the clean transition. The regulatory framework and access to financing is very attractive in the US. In order to retain technology companies like Heart within the EU it is essential that the ambition of the Net Zero Industry Act looks to exceed and outpace the US. It is critical therefore that during the co-decision process, the Swedish Government seeks to strengthen the text and opposes any possible watering down of the proposals by other member states.
- We also support the statement that the Act contributes to the objectives of decarbonising the EU industry, in particular hard-to-abate sectors and the promotion of increased electrification. As a pioneer in the field of electrification of aviation our mission at Heart Aerospace is fully aligned with this intent.
- Whilst the Act looks to identify certain technology types that can contribute to a green transition rather than identifying the energy user, we are concerned with some elements and general thrust of the Act and the Plan where little mention is made of air transport. The focus is more on ground-based modes (i.e. vehicles), ground based industry and home energy use. It is important that air transport is not left behind and in the case of Heart Aerospace, Battery Electric air transport.

4. Specific comments on the proposed Regulation

Chapter II, Section II:

- We strongly support the intent of this section in that there needs to be clear rules for the selection and implementation of net-zero strategic projects.
- We believe that the ES-30 and the technology that Heart is developing should fall within this category and be eligible for priority status for both funding and policy development.
- Given the initial use of the ES-30 on regional and essential routes we also believe that there is a strong case for Battery Electric aviation as being seen in the overriding public interest as defined in the Act.
- Many of the routes that the ES-30 will operate on will be eligible under current EU rules for Public Service Obligations (PSOs)² in that they are vital for the economic development of the region they serve as defined in Articles 16-18 of the Air Services Regulation 1008/2008. This, we believe, strengthens the case that Battery Electric aircraft development is in the overriding public interest.
- We support the intent of Article 10 and the criteria for the recognition of certain net-zero technology manufacturing projects as corresponding to a technology listed in the Annex to the Act. With the cost benefit of Battery Electric routes, routes that are now under PSO, can carry themselves without subsidies.
- In the case of Heart Aerospace and the ES-30, it is essential that the Swedish government recognises that Battery Electric aircraft developments falls within the criteria as a net-zero technology manufacturing project under Item 3 "Battery/storage technologies" listed in the Annex to the draft Act.

Chapter IV, Article 26 & 27:

- Heart Aerospace supports the concept of developing net-zero regulatory sandboxes, allowing for the development, testing and validation of innovative net-zero technologies. We believe that the development of the ES-30 would be ideally suited for such a sandbox project.
- We also support the intent of Article 27 in providing special measures for small and medium enterprises to gain priority access to sandboxes and believe that Heart Aerospace would be a project worthy of consideration for such a sandbox project in Sweden.

5. Conclusion

We would welcome the opportunity to meet bilaterally with the Swedish Government to discuss any of the points above and for further information please contact:

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² https://transport.ec.europa.eu/transport-modes/air/internal-market/public-service-obligations-psos_en