ZEP response – Consultation on the list of candidate Projects of Common Interest (PCIs) in CO2 networks

The Zero Emissions Platform (ZEP) welcomes the opportunity to provide input to the European Commission's PCI consultation.

Reaching climate neutrality by 2050 requires strategic investment decisions. The pathway towards climate neutrality will bring about a major transformation of energy-intensive industries, such as cement, lime, steel, and chemicals. Pathways including carbon capture and storage (CCS) and CO2 transport and storage infrastructure represent the lowest-cost route to decarbonisation whilst maintaining industrial activity, creating new jobs and preserving existing ones.

Developing the European open access and cross border CO2 transport and storage infrastructure is crucial to give emitters across Europe the possibility to capture and store CO2 emissions produced during industrial processes. CCS also plays a key role in the manufacturing of low-carbon hydrogen to fuel energy-intensive industries and transport. When applied to industrial processes and power plants, CCS can ensure European industrial competitiveness while delivering sustainable growth.

Strong need for European open access, cross-border CO2 infrastructure.

There is a strong positive momentum on CCS in Europe, with more than 70 projects along the whole value chain to become operational before 2030, given the right preconditions. The TEN-E regulation with the Connecting Europe Facility (CEF) funding are key in developing the cross-border CO2 transport infrastructure to secure the link to storage and create predictability for industries to invest in capture technologies.

The projects listed as candidates for cross-border CO2 infrastructure are on the right track to become operational in the coming years. It is vital to secure political commitment and provide predictability for investments with a clear long-term policy framework. The extended scope of the TEN-E regulation to also include CO2 storage, and the inclusion of all modes of CO2 transport in the revised EU ETS directive are needed steps in the right direction. However, there is a strong need for an EU strategy for CCS and CCU, including a new regulatory framework for CO2 transport infrastructure. The strategy should include targets for storage capacity to drive forward the European CO2 storage market.

ZEP is positively noting the inclusion of PMI projects on the list. Given that CO2 storage is highlighted as one of the key barriers to deployment of CCS in the EU as highlighted in the CCUS Forum's issue paper there is a strong need to lay the basis for a Europe-wide (at least) market for CO2 storage (including the EEA and the UK). The possibility to capture emissions in the EU and store it in the UK in accordance with the same set of

rules regarding being exempt to surrender EU ETS allowances (and vice-versa) will be critical to unlock CO2 storage potential.

The revision of the TEN-T regulation is also a great opportunity to introduce funding mechanisms for CO2 transport infrastructure, supporting upcoming projects, especially in Eastern Europe, that rely on non-pipeline transport – such as ship, barge, train and truck – to store CO2 in a safe and permanent manner.

Strong need to simplify and frontload funding for CCS

The European Commission (EC) is, responding to the Inflation Reduction Act in the US, expected to present its Net-Zero Industry Act in March 2023. Given the aim to provide favourable financial and regulatory conditions to net-zero industries in the EU, it will be crucial to introduce simplifications to EU funding. The heavy administrative burden associated with the application process needs to be revised. Most important is to make it possible for investors to have a clear view of the funding and when it will be paid out in order to make the all-important investment decisions. It will be crucial to amend the funding processes to make this possible.

There is also a great need to coordinate the possible funding mechanisms as best as possible. The more coherent and coordinated EU and national funding is the better it is for the possibility to invest in CCS.

The 2020s are crucial for the possibility for Europe to reach its ambitious climate targets. Given the urgency, the EC should frontload the funding opportunities as much as possible. Strong early investments in CO2 transport and storage infrastructure will create predictability for further investments in capture technologies.

About the Zero Emissions Platform

ZEP is the advisor to the EU on the deployment of CCS and CCU – a European Technology and Innovation Platform (ETIP) under the European Commission's Strategic Energy Technologies Plan (SET-Plan), under Horizon Europe (grant agreement 101075790).

ZEP supports the European Union's commitment to reach climate neutrality by 2050, defined as net-zero greenhouse gas (GHG) emissions by 2050. To this end, CCS technologies represent readily available and cost-efficient pathways for the decarbonisation of industrial and energy sectors in the European Union. Some applications of CCU – where CO2 is stored in a manner intended to be permanent – can also contribute to this goal.