



Future-proofing the Taxonomy regulation regarding CO₂ transport infrastructure

Challenge: The current Taxonomy screening criteria disqualifies the entire CO₂ infrastructure even if only the smallest amount of the CO₂ is aimed for utilisation.

Background

The regulation establishing a framework for Sustainable Finance was approved by the Council on 15 April and was adopted by the European Parliament on 18 June. In Article 10, this regulation refers to environmentally safe carbon capture and utilisation (CCU). The Technical Expert Group on Sustainable Finance (TEG) has also recommended that the Platform on Sustainable Finance look at how and under what conditions to include CCU technologies in different manufacturing sectors in the future.

In order to pave the way for this and to future-proof the regulation, there is a need to amend one of the threshold/metrics in the Technical annex of the TEG Taxonomy report, regarding the minimum relative amount of CO₂ aimed for geological storage in relation to the amount of CO₂ aimed for utilisation that can be transported in a CO₂ pipeline in order for it to qualify as sustainable. As the text in the Technical annex of the TEG Taxonomy report under 5.11, Transport of CO₂, is written now, it will effectively disqualify all CO₂ pipelines from being defined as sustainable if the smallest amount of CO₂ for utilisation is transported.

This amendment is crucial, since there are European CO₂ infrastructure projects being developed now that will have smaller amounts of CCU to be transported through parts of the infrastructure.

Proposal

The proposed regulation – [LEGISLATIVE ACTS AND OTHER INSTRUMENTS Subject: Position of the Council at first reading with a view to the adoption of a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the establishment of a framework to facilitate sustainable investment, and amending Regulation \(EU\) 2019/2088](#) – of 15 April 2020, notes in its Article 10 – Substantial contribution to climate change mitigation that: “increasing the use of environmentally safe carbon capture and utilisation (CCU) and carbon capture and storage (CCS) technologies that deliver a net reduction in greenhouse gas emissions”.

The TEG decided not to include CCU in the final Taxonomy report, published in March 2020, and deferred it to the Platform on Sustainable Finance, to look at how and under what conditions to include CCU technologies in different manufacturing sectors in the future.

In order to future-proof the regulation and, at the same time, not penalise CO₂ pipelines that almost only transport CO₂ for geological storage by disqualifying the entire pipeline, ZEP sees the need to amend the proposed threshold in the Technical annex of the TEG report (ref. 5.11, Transport of CO₂/Metrics and Threshold):



- “Assets or activities that enable carbon capture and use (CCU) will deem all the connected elements of an existing transport network ineligible.”

ZEP recommends the following amendment:

- “Assets or activities that enable carbon capture and use (CCU) will deem all the connected elements of an existing transport network ineligible **if the volume of CO₂ aimed for utilisation exceeds 20% of the total volume of CO₂ transported.**”

This threshold could initially be set at **20%** and then be revised and adjusted as further development is being made regarding the eligibility of CCU.