

ZEP position paper on EU ETS

Key points

The upcoming revision of the EU ETS directive presents the opportunity to raise the ambitions, aligning with the objective of climate neutrality by 2050 and the increased 2030 greenhouse gas (GHG) emissions reduction target. As noted in previous responses¹, ZEP believes that urgent action needs to be taken to put the EU on a cost-efficient pathway towards net-zero by 2050.

The revision of the EU ETS directive will bear several consequences for CCS and CCU projects. As geological storage sites are not evenly distributed among member states, the large-scale deployment of European cross-border CO₂ transport and storage infrastructure is crucial to reach the European Union's objective of net-zero GHG emissions by 2050. This infrastructure will enable clean, competitive energy and industrial sectors, early large-scale clean hydrogen and, not least, the delivery of significant volumes of carbon emission removals. To ensure an effective implementation of the directive, ZEP would like to make the following remarks:

- The transfer of captured CO₂ to a storage site by ship, truck, train or pipeline should be included in the Monitoring and Reporting Regulation Article 49 (a) (ii) or (iii). This calls for alignment between all pieces of legislation connected to the EU ETS, including the TEN-E regulation. ZEP notes that the European Taxonomy for Sustainable Finance allows CO₂ transportation by all modalities – pipeline, ship, barge, truck, and train. Harmonisation and consistency will be needed.
- Some applications of CCU where CO₂ is captured and stored in a manner intended to be permanent, should be included in a revised EU ETS, e.g. for mineralisation and utilisation of CO₂ for products with a lifetime of at least 100 years.
- ZEP stresses that primary decarbonisation remains the focus of climate action, which should be supplemented by carbon dioxide removals.
- Mitigation efforts should be supplemented with the active removal of CO₂ from the atmosphere². Both actions are needed to achieve the ambitious target of net-zero GHG emissions by 2050 and they should be seen as complementary. The development of Europe-wide CO₂ transport and storage infrastructure is needed to deliver carbon dioxide removals (CDR) at the scale that will be required for Europe to achieve climate neutrality.
- Currently, there are no incentives to capture and permanently store biogenic CO₂ emissions, despite the clear climate benefit of doing so. This is effectively hampering the necessary development and diverting investments in the different parts of the CCS value chain from the industry and energy sectors. There should be acknowledgment in EU policy that any industrial or energy installation that uses CO₂ from atmospheric or biogenic sources, verified through a robust life-cycle analysis, and stores it in a manner that is intended to be permanent, realises carbon dioxide removals.
- Thorough and transparent monitoring and carbon accounting is crucial to ensure that CO₂ is being removed and kept away from the atmosphere.

¹ ZEP response to 2030 Climate Target Plan, Available at <https://zeroemissionsplatform.eu/zep-response-to-2030-climate-target-plan/>, 2020

² ZEP report, [Europe needs robust accounting for carbon dioxide removals](#), 2020



About the Zero Emissions Platform

The Zero Emissions Platform (ZEP) is a European Technology and Innovation Platform (ETIP) under the Commission's Strategic Energy Technology Plan (SET-Plan) and acts as the EU's technical adviser on the deployment of Carbon Capture and Storage (CCS), and Carbon Capture and Utilisation (CCU) under Horizon2020 R&I programme (grant agreement 826051).

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.