

ZEP response to the EU ETS [Inception Impact Assessment](#)

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, carbon capture and storage (CCS) and carbon capture and utilisation (CCU) technologies play a crucial role. These technologies represent a readily available, cost-efficient pathway for the decarbonisation of industrial and energy sectors in the European Union.

Revision of the EU ETS will need to be aligned with climate neutrality by 2050 and deliver on increased 2030 ambitions

The upcoming revision of the EU ETS directive presents the opportunity to raise the ambitions of the EU ETS, aligning it to the objective of climate neutrality by 2050 and to the new, increased 2030 greenhouse gas emissions reduction target, as soon as the negotiations will be finalised. As noted in previous responses¹, ZEP believes that the 2030 target should 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 cross-border, European 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 (article 4 (e), annex I (12) and Annex II (4)). 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.

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

Upcoming CCS projects – including those in the fourth PCI list² – rely on CO₂ shipping to connect capture and storage sites. Without the possibility to transport CO₂ by ship and other modalities, these projects would be put at risk of not becoming operational. This scenario must be avoided at all costs, as CCS and CO₂ infrastructure are prime options for the decarbonisation of energy-intensive industries, where electrification is too costly or not feasible. This outcome is also particularly important to enable early, large-scale production of low-carbon hydrogen from reformed natural gas with CCS.

There should be acknowledgment that any industrial or energy installation that uses CO₂ from atmospheric or biogenic sources, verified through a robust life-cycle analysis and stored 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.

Incentives to support timely large-scale deployment of all parts along the CCUS value chain are needed. Such incentives include – but are not limited to – a revised and robust EU ETS Directive, which would ensure a functioning and relevant carbon price. A policy framework based on an adequate carbon price would attract companies and investments in the whole CCS value chain.

In this context – and until a functioning carbon price is in place, the EU ETS Innovation Fund represents an important tool in support of the development of CO₂ capture, transport and storage infrastructure. A forward-looking Innovation Fund should therefore build the foundations of CO₂ infrastructure that will be available for all CO₂ emitters across Europe. Supporting and investing in CO₂ storage while addressing the matter of counterparty risk for CCS projects is a priority for the next calls of the Innovation Fund³.

² European Commission, 2019, Annex to regulation amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest, https://ec.europa.eu/energy/sites/ener/files/c_2019_7772_1_annex.pdf

³ Zero Emissions Platform, 2020, Input to DG CLIMA on the Innovation Fund. Available: <https://zeroemissionsplatform.eu/input-to-dg-clima-on-the-innovation-fund-challenges-for-ccs-projects-and-lack-of-alignment-with-the-taxonomy/>