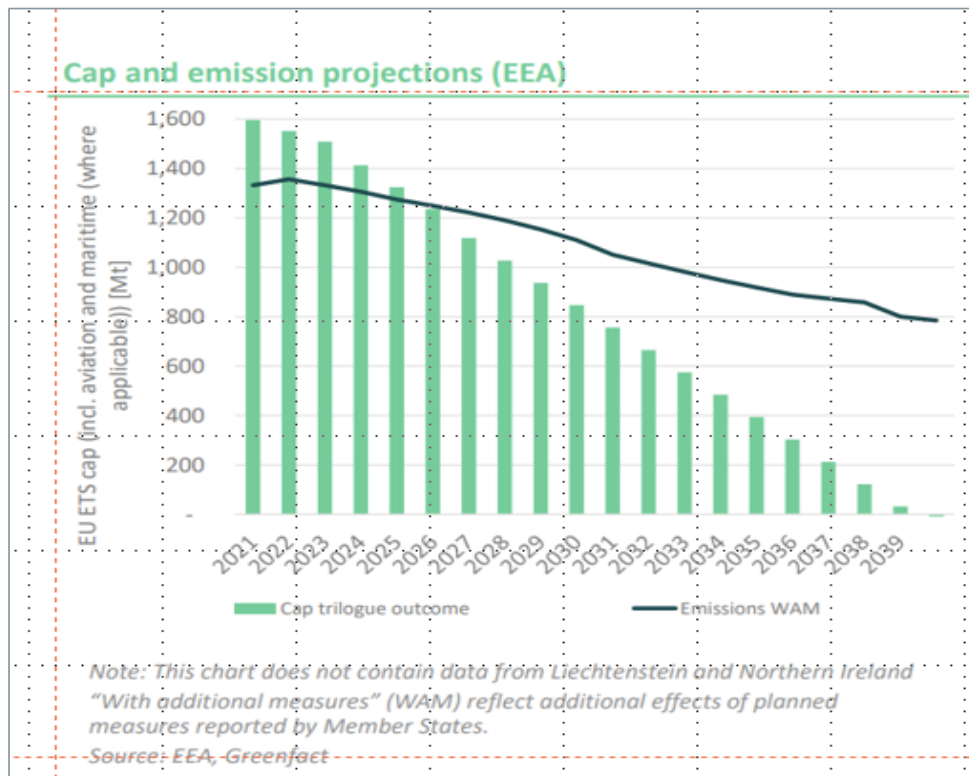


# The EU ETS cap might go to zero by 2040, but emissions will not!



New regulatory flexibility now



## Required reductions are dramatic

- Impossible for European industries to cut emissions fast enough to be within the cap.
- Today no compliance flexibility apart from CCS
- **New flexibility needed:** permanent DACCS/BECCS
- These are removals equal to CCS.
- New regulation should be developed now

# Hydro's views on Permanent Carbon Removals in ETS



Must come into the ETS before 2030

**Direct emission reduction will always be first priority**

**Removals are complementary and necessary for reaching 2030 ambitions and net-zero by 2050**

- Technology development and implementation take years
  - New regulation required to provide certainty for new technology development now

**Commission's policy on removals for after 2030 is too late!**

- Need to speed up certification for permanent carbon removal.
  - These are comparable to CCS – so duplicate regulation on CCS

**When Permanent Removals in ETS:**

- When a certification scheme is approved and a governance system is in place.
- Commission's report on removals in the EU ETS should be delivered before 31<sup>st</sup> July, 2026.
- Included in ETS **from 2027** when ETS requires new flexibility.

**How to include Permanent Removals in ETS:**

- Direct inclusion without any quantitative limitation - particularly if generated within European territory.
  - Issued following EU's Certification and Verification.