



Industrial Carbon Management: submissions review

ERCST event

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Roundtable on
Climate Change and
Sustainable Transition

The industrial carbon management initiative in the EU context

In the EU:

- (Nov 22) **Proposal for a Regulation establishing a Union certification framework for carbon removals** (adoption exp. in 2024)
 - Goals: to foster and accelerate the scale-up of sustainable carbon removals, as well as fight greenwashing, and harmonise carbon removal market conditions.
 - Open questions: eligible use of certificates/units; definition of permanence; methodologies for different types of removals; reversal and liability mechanisms; relation with the EU ETS; ...
- (Mar 23) **Net Zero Industry Act proposal** (adoption exp. in 2024)
 - Overall goal: to put Europe on a path to domestically manufacture at least 40% of its clean energy technology needs by 2030.
 - CCUS: one of the eight strategic net-zero technologies → Goals: to achieve achieve an annual CO₂ injection capacity of 50 million tonnes (Mt) by 2030 + contribution from O&G producers.
- (Mar-Jun 23) **Public consultation on the EU 2040 target** (adoption exp. in 2024)
 - New CCUS & removal-related objectives?
- (Jun-Ago 23) **Public consultation on Industrial Carbon Management** (adoption exp. by end 2023)
 - It should cover industrial carbon management through the transport, use, and storage of carbon dioxide (CO₂) captured from fossil fuel, biogenic and atmospheric sources.

The Industrial Carbon Management initiative

- The objective of the Industrial Carbon management initiative is to develop the Commission’s strategy on CCUS (end of 2023).
- The initiative will assess
 - what role these technologies can play in decarbonising the EU economy by 2030, 2040 and 2050, respectively; and
 - measures needed to optimise their potential, including in the deployment of EU-wide CO2 transport and storage infrastructures.
- Public consultation and Call for evidence closed on 31 August.
- The consultation is based on the work of the working groups of the CCUS Forum, particularly the WG on the CCUS Vision and the WG on CO2 Infrastructure.

Industrial carbon management – carbon capture, utilisation and storage deployment

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Call for evidence

Public consultation

Feedback and consultation period
08 June 2023 - 31 August 2023

FEEDBACK: OPEN

UPCOMING

Commission adoption

Planned for
Fourth quarter 2023

About this initiative

Summary Carbon capture, utilisation and storage plays an important role in achieving carbon neutrality in the EU by 2050. It provides a decarbonisation option for some hard-to-abate sectors and can be instrumental in advancing industrial carbon removals.

The initiative will assess:

- what role these technologies can play in decarbonising the EU economy by 2030, 2040 and 2050, respectively; and
- measures needed to optimise their potential, including in the deployment of EU-wide CO2 transport and storage infrastructures.

Topic Energy

Type of act Communication

Call for evidence

FEEDBACK: OPEN

Feedback period
08 June 2023 - 31 August 2023 (midnight Brussels time)

Public consultation

FEEDBACK: OPEN

Consultation period
08 June 2023 - 31 August 2023 (midnight Brussels time)

ERCST rationale (1)

Starting from the Paris Agreement:

- Goal:
 - Holding the increase in the global average temperature to well below 2°C above pre-industrial levels
 - Pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels
 - How?
 - by reaching global peaking of GHG emissions as soon as possible and undertaking rapid reductions thereafter to achieve a balance between emissions and removals in the second half of this century
- CCUS and removals must be deployed as fast as possible in order to be in operation by 2050.

ERCST rationale (2)

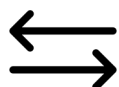
In the EU, there are still barriers to the deployment of CCUS and removals technologies:



CapEx and OpEx uncertainty



Public perception



Lack of a revenue model



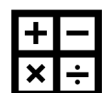
Policy uncertainty



Chicken-and-egg dilemma



Regulatory uncertainty



Issues of additionality and permanence

→ Solutions can be found on applying a market-based approach.

Example: a market based on carbon storage units (CSU) with storage operators as the main market players, while CO₂ capture and transport operators as service providers.

ERCST feedback to the public consultation

The way questions were posed raised some concerns:

- Definitions of concepts, technologies and use of the technologies are missing.
- Some answers would need extensive explanation as they depends on conditionalities, models and context that were not expressed in the questionnaire.
- Many questions are subjected to interpretation as their goal is unclear.
- Questions do not differentiate between technologies – CCS, CCU and Industrial Carbon Removals and within Removals – and do not always respect the technology neutrality principle.
- Whenever stakeholders are asked whether they agree with the setting of new targets the context provided is not sufficient to allow them to provide a thoughtful and meaningful response.