

IOGP Europe key principles on a future regulatory framework for CO₂ transport infrastructure

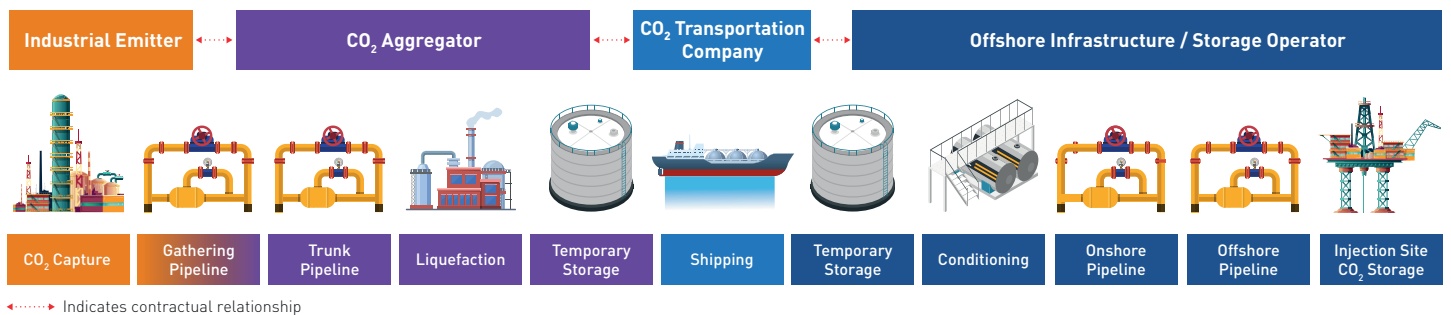
General comments:

For CCS to reach commercial scale, it is crucial to develop a reliable infrastructure, both onshore and offshore, to ensure the transport of captured emissions from the source to storage. To facilitate this, risks and rewards between entities operating along the value chain need to be properly allocated, including through long-term contractual arrangements. In addition, dedicated funding and de-risking mechanisms will be needed at least during the industry build-up phase to complement incentives from the EU ETS. (Please see also IOGP Europe’s policy brief [‘Creating a sustainable business case for CCS value chains – the needed funding and de-risking mechanisms’](#)).

The Communication Industrial Carbon Management (ICM) recognises the crucial role of CCS in reaching climate neutrality and includes a list of actions to ensure its deployment at scale. In particular with regard to CO₂ transport infrastructure, the Communication indicates that the Commission plans to start already in 2024 working on a possible future CO₂ transport regulatory package.

In this context, we recommend the Commission to take a balanced approach when developing such a regulatory framework: some investments may benefit from regulation, while others may be hampered or even not done at all because of unfit-for-purpose-regulation.

It is important to keep in mind that there are key differences between the regulation of the natural gas and electricity infrastructure (which largely existed when it was regulated) and regulating a yet to be established CO₂ infrastructure. CCS value chains are complex and involve many entities, including emitters who capture the CO₂, multiple transportation companies, temporary storage service providers, CO₂ hubs, shipping companies, CO₂ processing companies, and storage service providers. In a nascent market, such as for CCS, negotiated tailor-made commercial solutions between parties along the value chain may balance risks/uncertainties and rewards more effectively than regulation may be able to.



There is a risk that the time it takes to develop and effectively implement an EU regulation can delay or even deter the needed investments into CO₂ infrastructure rather than supporting them.

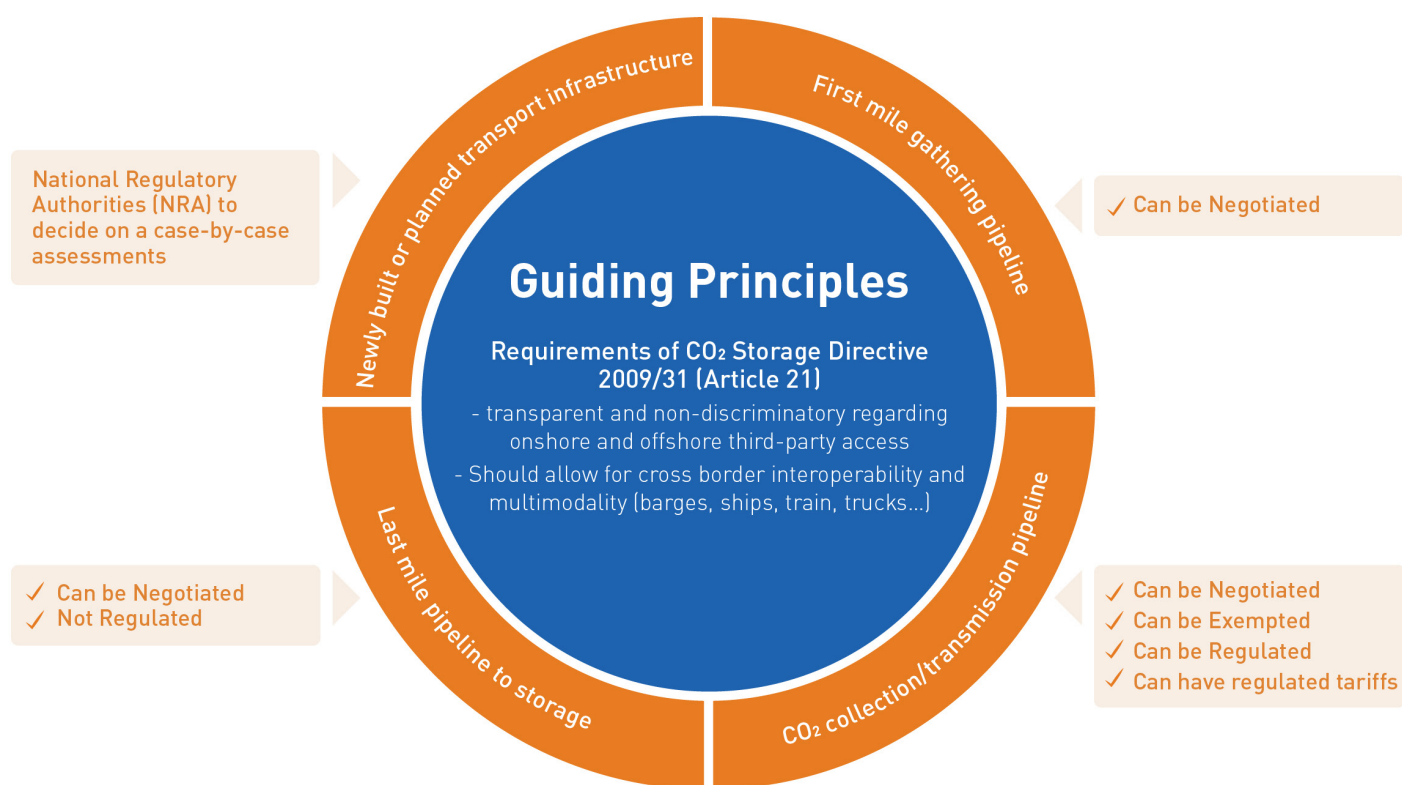
If nevertheless a regulatory framework will be put in place already at an early stage of CCS development, it must be clear and stable for the duration of the amortization period of investments and geared towards incentivizing investments into CO₂ infrastructure.

Considerations regarding the scope of CO₂ infrastructure regulation:

Transportation assets and storage assets are distinct parts of CO₂ infrastructure. On the one hand, **storage operators should be allowed to compete against each other, leading to cost-efficient market-driven solutions for customers seeking to store their CO₂.** On the other hand, access to the CO₂ transport network and storage sites should follow transparent and non-discriminatory conditions determined by Member States in line with the CO₂ Storage Directive 2009/31 (article 21). This can be complemented by a regulatory framework for CO₂ transportation infrastructure which should be flexible and might be useful to avoid monopolistic situations such as in case of onshore backbone pipelines or for transnational offshore pipelines.


Considerations regarding an EU level regulation of CO₂ pipeline transportation infrastructure:

Recommendations for an EU framework on CO₂ transport infrastructure



Care should be taken when setting out measures for the development of a regulatory framework for the access to CO₂ pipeline transportation infrastructure and for its tariffs. The framework must be fit-for-purpose, taking into account market conditions, maturity, and size, to deliver the swift establishment of the CO₂ transportation infrastructure needed to connect emitter sites with storage sites.

A one-size-fits-all regulatory approach would be inappropriate: any regulatory framework of CO₂ transportation pipelines would need to distinguish inter alia between: CO₂ gathering pipelines (which collect CO₂ from individual emitters), (private) point-to-point pipelines from single emitters to CO₂ networks or directly to storage sites, CO₂ networks in industrial clusters, multi-shipper/multi-modal transmission pipelines/grids, CO₂ hubs, and 'last mile' onshore or offshore pipelines (which can be an integral part of a CO₂ storage). The future regulatory framework on the CO₂ transport infrastructure should take a 'light-touch' with regard to access to transportation infrastructure and should take as a **basis the transparency and non-discriminatory principles already established in CO₂ Storage Directive 2009/31 (Article 21).** Regulation should provide certainty for investors, and future regulatory changes must not retroactively impact their investment decisions (possibly through grandfathering rights, exemption, or opt-in rights for investors).



The future regulatory framework should establish clear criteria for the assessment of which transportation assets qualify as 'essential facilities'. Depending on such assessments, access terms to transportation assets may be regulated, negotiated, or exempted from regulation: **clear and transparent exemption procedures are needed to provide certainty for investors** and should be valid for the duration of the amortization period of the exempted asset.

In areas where standards are necessary, it is essential to thoroughly assess the standards under development and planned to be developed by ISO and CEN, along with relevant industry best practices. While standards play a vital role in advancing industry practices, they may also lead to unnecessary expenses, such as the requirement for CO₂ purity, which may not be essential for either the transportation or storage operators.

The regulatory framework measures must create certainty and further facilitate cross-border CO₂ transport and provide for related agreements not only between EU Member States but also to/with the EEA and third countries. Some Member States have already established national legislation on CO₂ transport (BE, NL, GE, FR), therefore it is important to ensure that a future EU regulatory framework assures interoperability.

The deployment of CO₂ infrastructure is likely to progress in stages, suggesting a phased regulatory approach: Short-term, a comprehensive regulatory framework should be limited to infrastructures that needs to be built now and for cases where regulated TPA (rTPA) would be an inappropriate default model. In this phase, National Regulatory Authorities (NRAs) should be allowed to make regulatory decisions distinguishing different classes of transportation infrastructure: on a case-by-case basis, NRAs should have options when deciding which regulatory framework shall be applicable to a certain transportation asset (e.g. rTPA, nTPA, time limited derogations, no regulatory framework). Thereby the NRAs decision should consider the specific nature of the given asset (e.g. whether it is an essential facility or not). Such an NRA decision could be subject to European Commission comments and final approval. Longer-term, the development of a potentially more comprehensive EU level regulation should be based on experiences gathered during the CCS industry build-up and on relevant impact assessments, to cover all new infrastructure and assets not covered by the pre-existing mechanism.

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