

Addressed to:

Executive Vice-President for a Clean, Just and Competitive Transition, Mrs. Teresa Ribera
Executive Vice-President for Prosperity and Industrial Strategy, Mr Stéphane Séjourné
Commissioner for Climate, Net Zero and Clean Growth, Mr. Wopke Hoekstra
Commissioner for Energy and housing, Mr. Dan Jørgensen

Brussels, 29th April 2025

Subject: Accelerating investments in CO₂ infrastructure.

Dear Excellencies,

To allow EU industry to help achieve European climate objectives, the development and affordable access to CO₂ capture, transport and storage infrastructure is vital. Developing a regulatory framework that contributes to minimising cost for CCS across Europe will be of utmost importance for a successful carbon management strategy. The Net-Zero Industry Act and the Industrial Carbon Management Strategy of the European Commission set clear CO₂ storage targets for 2030, 2040 and 2050. To achieve these targets, the co-signatories of this letter – representing biogenic and non-biogenic CO₂ emitters, CO₂ transport operators, CO₂ storage operators and CO₂ utilisation companies – call for action to build much-needed infrastructure and carbon capture facilities.

The co-signatories of this letter stand ready to enable CCUS technologies along the whole value chain, contribute to strengthening the competitiveness of our industry, provide clean and safe decarbonisation solutions, and unlock the potential for negative emissions.

To achieve these common goals, the co-signatories call on the European Commission to:

- Enhance EU support for investments in CO₂ infrastructure by making use of the Connecting Europe Facility (CEF), plus additional financing and de-risking instruments.
- Develop a regulatory framework that enables first movers and gives long-term investment certainty.
- Support right-size investments in CO₂ infrastructure that align with future demand and contribute to reducing total (future) system costs.

Investigating the topology, dimensioning and characteristics of the future CO₂ network

To plan future infrastructure, more clarity is needed on the topology, dimensioning and technical characteristics of the future CO₂ network.

To this effect, we welcome the efforts of the Commission in inviting Member States to create conditions for further development of CO₂ injection capacity, to make sure that the transport infrastructure planning is coherent with industry plans for capturing CO₂ and storage development plans.

While the future CO₂ network would be built to enable CCS, it can also facilitate CO₂ transport for CCU and supply and demand of biogenic CO₂ – sourced e.g. from the existing integrated pulp and paper mills, and a growing number of biomethane production installations across the EU. Over

time, biogenic CCUS would help to create negative emissions and supply zero-emission synthetic fuels production. To this end, delivering on the announced legislative interventions¹ on the valorisation of carbon removals is desirable.

The industry associations that have signed this letter support investments in such projects, under a framework where the risks and revenues of project investments are well balanced and allow the market and infrastructure to develop.

Investments in CO₂ infrastructure need EU support

Given the early but accelerating stage of the CCUS sector, finalising the EU framework for CCUS is essential to provide regulatory clarity to enable FIDs (Financial Investment Decision) and thus to translate CCUS's well-understood potential into concrete project development. A clear regulatory framework would reduce investment risk, help prioritise infrastructure deployment, and ensure a more efficient allocation of public funds.

The CCUS market is still in its infancy, and different scenarios exist for its development. Investors need financial incentives and regulatory certainty to minimise investments risks. To accelerate investments in CO₂ infrastructure, as recommended in the Draghi report², EU support will be crucial. Therefore, under the upcoming Multiannual Financial Framework, the budget allocation should be prioritised to projects that provide the quickest reduction gains in CO₂ emissions under CEF, promoting the ones with lower abatement cost, both onshore and offshore, and as Draghi recommends, ETS revenues can be allocated to finance CCS.³

Currently, there are already well-advanced projects. The scale of these projects is considerable, but they are not at a stage advanced enough to ensure that they contribute to reaching CO₂ emission reduction, CO₂ storage capacity targets and to fully harness the potential of negative emissions. Therefore, the European energy system would benefit from building the infrastructure based on what is needed in the future rather than what can be contracted today. Incentive schemes (e.g. Contracts for Difference (CfDs), IPCEI CCUS) are also needed cross-borders to ensure timely implementation. Such schemes would reduce costs (i.e. supporting early developments of bigger dimensioned pipelines rather than sequential and uncoordinated multiple pipelines) and reduce local impact, because there will be no need to lay additional infrastructure later.

Creating an enabling regulatory framework

Beyond dedicated public funding for CO₂ infrastructure, a regulatory framework that addresses demand risk and uncertainty for infrastructure operators is vital to successfully support CO₂ infrastructure. These measures are crucial to effectively scale up the market and support it in the early stages. CO₂ infrastructure, especially transport pipelines⁴, should ensure fair market conditions and non-discriminatory access. Compared to natural gas, the CO₂ network will not be connected to households, and therefore, needs a different regulatory framework based on its own

¹ Such as the development of certification methodologies under the Carbon Removals Certification Framework and the potential accounting of negative emissions in the EU ETS as proposed in the ICM Communication.

² Mario Draghi, The future of European competitiveness (September 2024), p. 50

³ Draghi, the future of European competitiveness, p. 51.

⁴ Which have characteristics of a natural monopoly.

principles and criteria, with learnings from the frameworks for natural gas and hydrogen but taking into account the specific characteristics of CO₂.

CO₂ infrastructure projects demand substantial upfront investment capital and must achieve economies of scale to become bankable and cost-competitive. Since the CO₂ market is still in its early stages, the co-signatories recommend a gradual approach towards regulation, that ensures stability to allow for investment decisions. In order to support initial projects, a flexible, but fit-for-purpose, regulatory framework should be adopted in the early phase, allowing for adaptability as the market develops. In the long term, as the market matures and infrastructure extends across borders, clear rules and definitions will be welcomed to provide certainty and facilitate cross-border cooperation. A future CO₂ infrastructure regulation must allow for options for grandfathering clauses.

The regulatory framework should ensure access to CO₂ transport infrastructure based on non-discriminatory, open and fair access rules, as well as (tariff) regulation and transparency, in line with requirements stipulated in the CO₂ storage Directive 2009/31.

Additionally, it is crucial for the EU to cooperate with neighbouring third countries, such as those located the North Sea (i.e. UK and Norway) and the Mediterranean, that provide potential for large CO₂ storage sites. Ratifying the London Protocol to enable cross-border transportation of CO₂ for the purpose of permanent geological storage as well as mutual recognition of permanent carbon storage between EU and non-EU European countries will enable mutual cost savings and efficiency gains for emitters accessing CO₂ transport and storage infrastructure.

Yours faithfully,

