International Association of Oil & Gas Producers

POSITION STATEMENT | SEPTEMBER 2025

IOGP Europe recommendations to address the implementation challenges of the Net-Zero Industry Act's (NZIA) 2030 CO_2 injection capacity objective

We welcome the European Commission's recognition of carbon capture and storage (CCS) as a critical tool for industrial decarbonization. While the NZIA goal reflects the urgency of emission reductions, it introduces an obligation to reach at least 50 Million Tonnes Per Annum (Mtpa) of operational CO_2 injection capacity by 2030 to be achieved by oil and gas producers as designated by Commission Decision.[1]

The scale and timeline of this unprecedented investment obligation under EU law ignores key technical, regulatory, and logistical barriers. It does not take into account the practical and legal constraints associated with its implementation and de facto imposes challenging expectations.

As it is currently, this injection capacity objective and the Delegated Regulation (DR) on identifying authorized oil and gas producers[2], risk undermining both the goals they seek to achieve and investor confidence, thus weakening decarbonisation efforts.

We call on EU institutions to ensure a pragmatic, market-driven approach to establish an attractive business case for the entire CCS value chain (capture, transportation, and storage), including all the flexibility needed for implementation.

Executive summary

This paper proposes targets and implementable solutions to make the NZIA CO_2 storage obligation achievable, without weakening the objective to develop the CCS value chain in Europe. This is necessary in light of some major challenges faced by obligated entities:

1) The obligation is imposed retroactively on oil and gas producers based on past production, regardless of their access to storage licences or proximity to viable storage sites. This creates legal and investment uncertainty, undermining investor confidence and deterring future oil and gas investments in the EU, which are needed to support security of supply.

2) The Commission Decision identifying the companies subject to a NZIA investment obligation was adopted at the end of May 2025, entering into force following only the minimum two-month legislative scrutiny period. At the same time, Article 23(4) of the NZIA requires these companies to submit to the Commission, by the end of June 2025, *"a plan specifying in detail how they intend to meet their contribution to Union CO_2 injection capacity objective by 2030."* In many cases, short deadlines make compliance difficult.

3) Experience demonstrates that completing a CO_2 storage project typically require over 10 years to progress from conception to first CO_2 storage injection. Setting, in 2025, an obligation on companies to bring storage operational by 2030 ignores the realities of operations on the grounds and is therefore very challenging to achieve.

1 European Commission Decision specifying the pro rata contributions to the Union CO_2 injection capacity objective by 2030 from entities holding an authorization as defined in Article 1, point 3, of Directive 94/22/EC of the European Parliament and of the Council.

2 European Commission Delegated Regulation supplementing Regulation (EU) 2024/1735 of the European Parliament and of the Council by specifying the rules on the identification of authorized oil and gas producers who are required to contribute to the objective of reaching the Union-target for available CO_2 injection capacity by 2030, on the calculation of their respective contributions, and on their reporting obligations (here).

4) The legal framework for the EU CO_2 transport is expected to be tabled by the European Commission in 2026; therefore, it is highly unlikely to be transposed into national law in time for 2030. This makes investing in the networks needed to transport CO_2 to storage sites problematic and risky on a timescale commensurate with the 2030 storage obligation.

5) There is currently very little incentive for EU industry to invest in CO_2 capture equipment and to contract for transportation and storage. The Emission Trading Scheme (ETS) price is not at the level needed to enable this, and whether it will be high enough by 2030 is, at best, uncertain. Whilst the European Commission has identified important potential de-risking support mechanisms in the Industrial Carbon Management Strategy (ICM) and in the Clean Industrial Deal (CID), it is unclear when and at what scale they will become effectively available.

To make the obligation practical, cost-effective, and implementable, this paper calls in particular to:

1) Provide flexibility and implement derogation through foreseen secondary legislation under NZIA Article 23 (12).

2) Enable access to CO_2 storage outside the EU.

3) Recognize CO_2 storage sites having taken Final Investment Decisions (FID) by 2030 as compliant.

4) Establish effective de-risking mechanisms for the entire CCS value chain.

5) Ensure cross-border interoperability in CO_2 transport.

These recommendations also focus on ensuring that the storage obligation is achieved in a cost-effective manner, reflecting the competitiveness objective introduced by the CID. Without the proactive adjustments and flexibilities regarding the storage target obligation, the target is unlikely to be achieved and will necessarily increase the cost of decarbonization for industry.

A. Current status and implementation challenges

As of June 2025, only 0.025 Mtpa of CO_2 storage capacity in Ravenna is operational and eligible to count toward the NZIA target. Only one other site, the EOR project in Croatia with a total capacity of 0.65 Mtpa, is currently in operation, but it is not eligible under NZIA. Two other projects have reached FID (Greensand and Porthos with a combined estimated capacity of 2.9 Mtpa[3]). Although the EU-wide assessment of Member States' National Energy and Climate Plans (NECPs) indicates a potential injection capacity between 27.1– 45.1 Mtpa by 2030, and 42 Mtpa of CO_2 projected to be captured, in practice, often due to inconsistent policy signals and a lack of enabling frameworks, most projects remain stalled in their early screening phases. Even projects that secure permits and short-term funding, such as pilot projects supported by the Innovation Fund, face numerous external obstacles that could delay their entering into operation beyond 2030. Successful CO_2 storage projects depend on many factors largely beyond the control of project developers, which must be reflected in a flexible and pragmatic approach in the implementation phase.

From a technical standpoint, CO_2 storage projects are inherently complex and typically require over ten years to progress from conception to injection, even under ideal conditions.[4] The permitting process alone can take 2 to 5 years, depending on geographical and geological conditions and various technical, regulatory, and administrative factors varying across Member States. In addition, storage licences are awarded competitively and are not automatically allocated to oil and gas licence holders. From a commercial perspective, achieving the 50 Mtpa target by 2030 will rely on synchronized, EU-wide investments across the entire CCS value chain. Completing CO_2 storage projects in less than 5 years from inception to operation is unrealistic, especially for countries without CO_2 storage plans or in countries where political and legal barriers exist.[5]

Developing storage infrastructure in isolation risks creating stranded assets and wasting resources if there is insufficient CO_2 to store. The indivisible link between capture, transport, and storage requires coordinated investment and legal certainty, currently lacking under the NZIA framework. Incentives for industry to invest in CCS and pay for transport and storage, notably through commercial contracts, are essential to ensure that captured CO_2 can be reliably transported and stored, enabling meaningful decarbonisation of Europe's industry. While the NZIA framework refers to the need for a broader legal framework covering CO_2 transport, this legislation is unlikely to be developed and implemented in time to support the deployment of 50 Mtpa of operational injection capacity by 2030.

3 Greensand in Denmark (with an injection capacity at start date of 0.4 Mtpa) and Porthos in The Netherlands (2.5 Mtpa) reached FID; both plan to begin operations in 2026. See IOGP Europe's CO_2 storage projects map.

4 See CO_2 storage development phases in IOGP Europe report 'Creating a sustainable business case for CCS value chains', p.7.

5 For example, CO_2 storage is currently banned in Austria and Germany.

We would like to address some key issues arising from the current implementation framework:

- **Calculation of CO_2 storage contribution:** The DR adopted under Article 23 represents a step towards operationalizing the 2030 injection capacity objective by assigning obligations to designated oil and gas producers. However, this was based on a process that was not entirely transparent. In some instances, the data sets provided by Member States were insufficiently consulted with obligated entities and may have resulted in inaccuracies that require review and validation.
- **Narrow scope of obligation:** Contrary to the IOGP Europe proposed threshold of 1%[6], the current 5% threshold concentrates the obligation on a few companies, disproportionately burdening them.
- **Timing constraints and legal uncertainty:** The late adoption of the DR and the list of obligated entities left entities with just one month to develop compliance plans required under Article 23(4) of the NZIA, ahead of the 30 June 2025 deadline. The additional two-month scrutiny before the Decision enters into force exacerbates legal uncertainty, contradicting the EU's principle of legal certainty. This severely limits the time available for essential activities such as permitting, value-chain coordination, partner engagement, and investment planning.
- **Extensive reporting obligations:** The DR provisions regarding annual reports by obligated entities introduce reporting requirements that may involve commercially sensitive information, such as injection capacity forecasts, infrastructure routes, or third-party contract details.
- **Incomplete regulatory framework:** While the ICM Communication outlines steps toward an enabling framework, most of the proposals still need to materialize, such as adequate funding and de-risking mechanisms, a fit-for-purpose regulatory framework applicable to CO_2 transportation, and CO_2 accounting rules, especially addressing cross-border CO_2 value chains. Without these, conditions for a functioning CO_2 storage market will not emerge quickly enough to justify mandating early investments in storage capacity that may remain unused for years.

B. Towards a fair, proportionate, and effective implementation

The following actions are proposed to ensure a fair, effective, and proportionate implementation of the obligations pursuant to NZIA Article 23:

1. Provide flexibility and implement derogation through foreseen secondary legislation under NZIA Article 23(12)

IOGP Europe urges the European Commission to initiate work on additional Delegated Acts (DA) as foreseen by NZIA Article 23(12). These are crucial to bring clarity on key implementation phases. They address in particular:

i. **Defining the rules on how companies can meet their CO_2 storage obligations** under the NZIA, including within corporate groups and with third-parties. The framework should allow obligation transfers, aggregation of contributions, and joint ventures, reflecting the realities of how oil and gas producers operate, often involving multiple partners with varying ownership stakes. To ease the administrative burden and fairly share the obligation, **these rules should also attribute the injection capacity obligation to joint venture partners who shared production with obligated entities from 2020 to 2023.**

   The same DA should clarify that the term '**injection capacity' refers to the technical capacity as set out in the storage permit rather than contracted or marketed capacity.** This would allow the annual injection capacity of storage sites to count if the operator has reached FID and has plans to drill and complete sufficient injection wells to reach the NZIA objective. It should also ensure that storage operators are not responsible for making CO_2 transport infrastructure available.

ii. **Setting the detailed conditions under which the European Commission may grant an exemption or a derogation to entities under Article 23(7, 8, or 11).** Member States requesting those exemptions on behalf of operators should be equipped with transparent procedures to ensure flexibility if defined conditions are not in place to meet the obligation. A key element is defining **"substantial imbalance" under Article 23(11), as the absence of necessary CO_2 capture projects and/or transport infrastructure by 2030, based on binding contractual commitments**. Moreover, obligated entities must currently wait until the end of 2028 before requesting derogation, which can delay compliance based on 'market imbalances.' This timeline creates prolonged uncertainty. **We call for advancing the assessment in the relevant DA under NZIA Article 23(11) to 31 December 2026 to provide earlier clarity and support timely investment decisions.**

6 IOGP Europe response to the Draft Delegated Regulation on CO_2 Injection Capacity Obligations

2. Enable access to CO_2 storage outside the EU

It is critical to leverage the storage capacity being developed outside the EU, for instance, in Norway, the UK, and Iceland, as the projects there are among the most advanced in Europe and offer near-term and scalable injection capacity. The projects in these areas are cost-effective[7] and are already at an advanced stage of development, often storing CO_2 in offshore depleted oil and gas wells. Therefore, enabling access to non-EU sites is essential to meet the 2030 NZIA target, both in terms of timing and cost.

If storage is kept only in the EU, high costs will be passed on to EU industry, increasing the cost of decarbonization, contrary to the objectives of the CID's aim to protect industry competitiveness.

While the incorporation of Article 23 of the NZIA into the European Economic Area (EEA) Agreement remains uncertain, any such development should ensure that the total storage target aligns with emitters' needs and supports the case against raising the CO_2 injection capacity target.

3. Recognize CO_2 storage sites having taken FID by 2030 as compliant

The forthcoming Industrial Decarbonisation Accelerator Act (IDAA) aims to reverse current delays through investment, simplification, and strategic planning, particularly by streamlining permitting and promoting lead markets. These instruments could help establish a viable market for low-carbon products (lead markets) and unlock CCS, provided predictable, investable policies support early demand. This is essential to build a sustainable business case for CCS value chains and ensure stable CO_2 transport and storage demand. To support this, **the IDAA should introduce additional flexibilities within the NZIA framework, including extended timelines and recognition of FID milestones as valid compliance benchmarks,** as also proposed in the delegated acts above.

4. Establish effective de-risking mechanisms for the entire CCS value chain

The ICM outlines key actions to develop CCS at the needed scale, and the CID reaffirms this commitment. Despite this, implementation remains slow. The European Commission should continue to work on rapidly establishing funding and de-risking mechanisms for both CAPEX and OPEX for CCS investments.

While the EU ETS plays a role, volatility limits its effectiveness as a long-term price signal and it is currently not at the level that will incentivize industry to invest in and contract for CCS. Whether it will reach such a level by 2030 is, at best, uncertain. Without targeted support, CO_2 capture, transport, and storage is unlikely to emerge by 2030. Therefore, **de-risking measures such as carbon contracts for differences (CCfDs) as part of the Innovation Fund, should be prioritized, in line with the announced Industrial Decarbonisation Bank.**[8]

5. Ensure cross-border interoperability in CO_2 transport

In its upcoming CO_2 transport regulatory package, the European Commission should ensure open, non-discriminatory access and cross-border interoperability. This framework, aligned with the transparency and non-discriminatory principles already set by the CCS Directive, must take into account market conditions, maturity, and size to deliver the swift establishment of the CO_2 transport infrastructure needed to connect emitter sites with storage sites. A phased approach should be taken, starting with flexible, lighter requirements to stimulate early investments, followed by long-term rules that ensure market stability.[9] Regulation should provide certainty for investors, without retroactively impacting past investment decisions (e.g., grandfathering rights, exemption, or opt-in rights for investors).

7 See 'Accelerating a Europe-wide CO_2 storage market' which estimates that emitters in the EU-27 countries could, on average, benefit from a 28% reduction in transport and storage costs by accessing offshore CO_2 storage in the UK.
8 For more details, see IOGP proposal 'The Case for a European CCS Bank'
9 For more details, see 'IOGP Europe key principles on a future regulatory framework for CO_2 transport infrastructure'

C. Call for closer industry engagement

The oil and gas industry fully supports the EU's ambitious net-zero goals, provided the right supportive policy framework is in place and recognizes the critical role of CCS and CO_2 storage. To overcome current implementation challenges, we call on the European Commission to engage more closely with industry stakeholders through appropriate platforms and working groups in constant dialogue with Member States. This collaboration will help identify potential obstacles early, foster transparency, and develop pragmatic solutions that enable timely project delivery. We stand ready to work in open dialogue, sharing key data and lessons learned, with the ambition to build a flexible and effective framework that accelerates CO_2 storage deployment and supports Europe's industrial decarbonization.

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