



**MINISTÈRE
DE LA TRANSITION
ÉNERGÉTIQUE**

*Liberté
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CCS IN THE EU ETS

ICAP CCS paper launch event
23 February 2023

Current Legislation

CCS Directive 2009/31

- Regulates CCS in the EU
- Not modified since 2009
- Permits delivered by Member States to store CO₂
- Monitoring & Reporting

EU ETS Directive 2003/87

CCS

- Main provision: emitters covered by the EU ETS are **not obliged to surrender allowances in respect of emissions captured and transported for permanent storage to an EU regulated CCS facility** (with permit from CCS directive) – Article 12(3a)
- CCS storage sites and transport of CO₂ by pipeline included in the EU ETS (leakage) (Annex I)

CCU

- CO₂ emissions captured and used to produce *precipitated calcium carbonate* can be subtracted from the installation (article 49(1)(b) of MRV regulation) (due to Schaefer Kalk court case)

Ongoing Legislative Changes

Background on the ETS revision in the Fit for 55 package

Provisional agreement (trilogue) end of 2022; adoption to come in 2023

Many substantial changes (ambition, CBAM free allocation phaseout, maritime, ETS 2...)

CCS

- Same provisions
- Clarifies the possibility to transport CO₂ by other means than pipeline (ship, rail, truck)

CCU

- Same provisions than CCS (**not obliged to surrender allowances**) for CCU if carbon « permanently chemically bounded under normal conditions of utilisation, including end of life » (article 12(3b))
- Secondary legislation to come to define those conditions
- Otherwise, **the installation with captured CO₂ is still liable to surrender allowances even though emissions are not on site** (recital 13, definition of emissions release of GHG in the atmosphere)

Ongoing Legislative Changes

Sustainable fuels

- Advanced sustainable fuels with CO₂ captured from ETS industry **will be accounted downhill as zero emissions in the ETS** (ex: Aviation, Maritime)
- EU policies with mandatory use of sustainable fuels in those sectors

Negative Emissions

- **As for now, not included in the EU ETS**
- Review Clause in the EU ETS mid-2026 for the Commission to do an impact assessment and potentially a legislative proposal on the inclusion of **negative emissions** in the EU ETS
- Other legislative proposal (end 2022): **Framework for the voluntary certification of carbon removals in the EU**
 - **“Permanent Storage” (DACCS, BECCS)** part of the 3 carbon removal activities with carbon farming and carbon storage in long lasting products
 - Methodologies ; certification schemes recognitions...
 - Voluntary market (no link with EU ETS compliance at this stage)

Future challenges

Inclusion of negative emissions in the EU ETS

- Currently no incentives in terms of carbon price to have CCS from biomass (counted as zero emissions just like fossil CCS or biomass without CCS) or DACCS
- However those technologies can be supported with the Innovation Fund and the voluntary markets

Recognition of storage of CO2 outside the EU

- Link to the obligation of CCS Directive storage sites
- Recognition of storage sites similar to ETS linking agreements?

CCUS funding (linked to the use of ETS revenues)

- Funding of transport infrastructure for hubs
- CCFDs

Social acceptability of CCS (In priority of actions or locally)