

## IFIEC Europe contribution to the consultation on the strategic vision for CCUS

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*IFIEC Europe welcomes the intention of the EU Commission to develop a strategic vision for the deployment of Carbon Capture, Utilisation and Storage (CCUS) in the EU. As part of the public consultation on Industrial Carbon Management, we appreciate the opportunity to provide feedback.*

The transition to a circular, low-carbon economy is a key priority on the EU policy agenda. Carbon removals and CCU – thereby ideally creating closed carbon cycles - will play a crucial role in transitioning to a climate-neutral society. While avoiding additional emissions is a priority, the role of carbon cycles is pivotal to make carbon circular. Various sectors currently require, and will continue to require in the future, carbon molecules as essential raw materials for their products. Therefore, the EU should allow actors to invest in carbon removal and recycling solutions, as these are key drivers in reducing emissions.

### **Recognizing CCU and industrial carbon removals: coherent legislation**

There is an untapped potential for promoting circular material use and emissions avoidance. IFIEC Europe calls for a robust framework that recognizes carbon removals, allowing industry to generate and use carbon removal certificates for compliance in ETS. In this framework, coherent legislation is crucial for accurate greenhouse gas (GHG) accounting, preventing gaps and double counting for each avoided, removed, or re-emitted GHG emissions, regardless of whether they fall under non-ETS, LULUCF or ETS sector. Currently, however, ETS and the carbon removal proposal disfavour recycled carbon products over fossil-based products by extra requirements on lifespan and end-of life criteria.

### **Infrastructure needs**

A bottom-up approach should be adopted to extend the infrastructure closely in line with the evolution of the demand side. Implementing a tendering process can be advantageous for constructing infrastructure tailored to specific requirement, thus achieving optimal cost efficiency.

Furthermore, in order to make well-informed decisions regarding future investments, it is imperative to develop a comprehensive long-term investment plan that encompasses financial resources. This plan should also proactively identify potential routes to anticipate future investments, fostering close collaboration with neighbouring countries.

In addition, to effectively address the needs of the market, it is vital to follow a step-by-step approach in developing the regulatory framework. This framework should be aligned with the requirements of the market, allowing for a systematic and well-coordinated development process.

### **Technology neutrality**

IFIEC Europe strongly advocates for a holistic, technology-neutral approach in climate and energy policies, that embraces all technologies and let them compete for cost-efficient deployment. The need to reduce GHG emissions is urgent so it is important to allow for diverse technological solutions rather than imposing a limited and favouring approach that will slow down developments and drive up costs.

### **EU-wide funding support + market uptake**

CCUS technologies are still in their early stages of development and are not yet economically viable. CCUS leads to higher production costs and more expensive products, potentially impacting the competitiveness of European industries on an international level. These technologies require further R&D, as well as cost reduction. To overcome these challenges, it is crucial to provide innovation and scale-up support aimed at reducing the cost of these technologies. To facilitate this support, an EU-wide funding mechanism should be organised and should include operational and investment support.

Furthermore, additional efforts are required to enhance the market uptake of CO<sub>2</sub>-based products. This is crucial in reducing the costs and strengthening the business case for recycling carbon, which would otherwise contribute to greenhouse gas emissions. One approach to achieve this is by implementing an end-consumer contribution that corresponds to the GHG emissions associated with the production of a given product. This would bring transparency regarding the climate impact of these products, in order to facilitate the widespread acceptance of low-carbon alternatives.

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