



CO₂ VALUE
EUROPE






EU policy update on CCU

26 November 2021 – CO₂ Value Days – Dunkirk

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What is happening on CCU at EU level?

CCU directly addressed in Fit-for-55 Package

Policy instrument	Impact on CCU
 <p><u>EU Emissions Trading System (EU ETS) revision</u></p>	<ul style="list-style-type: none"> ✓ CO₂ which is chemically and permanently bound in a product under normal use (e.g. CO₂ mineralisation) is excluded from the obligation to surrender allowances ✓ Avoid double-counting of emissions released by the use of RFNBOs*
 <p><u>Renewable Energy Directive (REDII) revision</u></p>	<ul style="list-style-type: none"> ✓ At least 2.6% of the energy supplied to transport by 2030 is covered by RFNBOs ✓ 50% of the use of hydrogen in the industry is covered by RFNBOs
 <p><u>ReFuelEU Aviation</u></p>	<ul style="list-style-type: none"> ✓ Binding targets per volume shares for RFNBOs: min 0.7%, 8%, 28% of RFNBOs by 2030, 2040, 2050, respectively
 <p><u>Fuel EU Maritime</u></p>	<ul style="list-style-type: none"> ✓ Binding GHG reduction targets for ships: 2%, 6%, 26%, 75% in 2025, 2030, 2040, 2050, respectively, by including RFNBOs to reach these targets
 <p><u>Energy Taxation Directive revision</u></p>	<ul style="list-style-type: none"> ✓ Minimum taxation rate of zero for 10 years for RFNBOs for specific types of air and waterborne navigation

* RFNBO: Renewable fuels of non-biological origin (i.e. incl. CCU fuels)

CCU addressed in the broader Fit-for-55 Package

❑ Carbon Border Adjustment Mechanism

- Ensure that the price of imports reflects more accurately their carbon content
- Avoiding/addressing carbon leakage and encouraging countries outside of Europe to follow climate standards



❑ Energy Efficiency Directive

- No direct reference to CCU, but decarbonation of industries included as contribution to reduction of energy consumption
- Articulation with other legislations, e.g. ETS & ETD, to ensure consistency between legislations

❑ Deployment of Alternative Fuels Infrastructure

- Shift towards renewable and low carbon fuels in existing infrastructure

❑ Effort Sharing Regulation

- Pushing towards differentiated national plans for CO₂ emissions reductions to share the burden of climate action

Outlook on current and future EU actions



☐ Recognition of CCU in current REDII legislation

- Need under Renewable Energy Directive to adopt Delegated Act by end 2021
- Adoption likely to be delayed to Q1 2022
- CVE calling for removing constraints for access to renewable energy for hydrogen and CCU fuels production

☐ CCU inclusion in EU taxonomy

- EU taxonomy lists economic activities considered as sustainable under EU law
- CCU activities covered: 1) equipment for production/use of hydrogen 2) manufacture of hydrogen and hydrogen-based synthetic fuels 3) manufacture of other low carbon tech 4) R&D for direct air capture of CO₂
- But no holistic inclusion of CCU for now: we advocate for its immediate & full inclusion

Carbon removals and carbon cycles: the next horizon

❑ Carbon Removal Certification Mechanism (CRCM)

- Incoming discussion on specifications of removal of CO₂
- Timeline: final quarter (Q4) of 2022
- Consultations & contributions throughout 2022



❑ Communication on Restoring Sustainable Carbon Cycles (leak)

- Recognition of CCU: *“promote technological solutions for carbon capture and use (CCU) and the production of sustainable synthetic fuels or other non-fossil based carbon products”*
- Creating an internal market *“for capture, use, and storage of CO₂”*: *“the Commission will facilitate the development of a competitive CCUS market”*
- Setting up targets for replacing carbon feedstock: *“Reaching climate neutrality requires capturing carbon from the atmosphere for storage and for use as substitute to fossil carbon (...). At least 20% of the carbon used in the chemical and plastic industry should be from non-fossil sources by 2030”*

Other future priorities for CCU

□ Sustainable Products Initiative

- Revising Ecodesign Directive to ensure products placed on the EU market more sustainable
- Key product categories include steel, cement & chemicals
- EU support for industrial innovation climate neutral & clean production
- Expected publication in Q1 2022



□ Waste Framework Directive

- Latest revision from June 2018
- New revision underway, adoption expected Q2 2023
- Will be key in (re)defining waste, and in the case of CCU what can be used as input for mineralisation

Advocacy and coalition building

Engaging with EU institutions

Cabinet
Timmermans,
DG CLIMA, ENER,
GROW, FISMA,
RTD



Engaging with 7 MEPs and their staff and reaching out to more

Engaging with 5 national governments: Poland, Hungary, Netherlands, Belgium, Bulgaria and more to follow

Key learnings & take-aways from early engagement

- All genuinely interested on professional (& personal) levels to hear/learn more on CCU
- Some question the reality and scalability of CCU
- Some have little/no prior knowledge/awareness on CCU
- Many did not know of the CCU-related parts of FF55
- Many encourage CVE to communicate more and advocate further on CCU

Coalition building & engagement with other stakeholders

Our mentality: creating alliances & building mutual understanding

Engaging in coalitions on sustainable fuels and renewables fuels:

- Joint letters/declarations
- Advocacy coordination
- Exchange of intel on FF55

Relationship building with industry players, NGOs, think tanks



Working Group
Power-to-X
for Applications



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Policy analysis and advocacy: are we going in the right direction?

Blind spots: any other topic we should follow? e.g. other potential policy tools that can become enablers for CCU

Prioritisation: are our priority files the right ones?





Thank you!