

Brussels, March 2023

CO₂ Value Europe statement on Net Zero Industry Act: a much-needed initiative with crucial new policy drivers, but a true missed opportunity to consider CCU projects as ‘strategic’

The Net Zero Industry Act¹ (hereinafter ‘the Act’) aims to help deploying net-zero technologies throughout Europe to help the EU economy and industries to decrease their greenhouse gas emissions (GHG). It sends a strong political signal for Europe to accelerate its climate transition, which we very much welcome.

The Act distinguishes *net-zero technologies* from *innovative net-zero technologies* based on their Technology Readiness Level (TRL); the former having TRL at least 8 and the latter below 8. Carbon Capture and Utilisation (CCU) is indeed included in this definition and since it encompasses a variety of technologies, certain CCU value chains can be considered net-zero technologies and others innovative net-zero technologies.

The Act takes a step further defining another category for net-zero technologies, the net-zero ‘strategic’ projects, where, contrary to working versions of the document that were reported in the press, when it comes to carbon capture, only Carbon Capture and Storage (CCS) technologies are considered and not CCU. This category will benefit from priority treatment from national authorities in terms of permitting procedures, public procurement, access to financing, etc. Article 10 of the Act lays down the criteria for the recognition of net-zero technologies as “strategic”, i.e. they have to contribute to technological and industrial resilience, contribution to increasing manufacturing capacity of net-zero technologies, increasing sustainability, increasing workforce technical skills, and adopting low-carbon and circular manufacturing systems. **For the CCU community, it is hard to comprehend why CCU projects, while being recognised as net-zero technologies, are not considered as fulfilling the above-mentioned criteria, and thus are not included under the ‘strategic project’ category, contrary to CCS.** Even more when the inclusion of CCU in the ‘strategic project’ category would also help to ensure the ‘strategic’ nature of carbon capture technologies as such.

Indeed, CCU represents an array of technologies, some of which are not only already commercially available but also contribute to increasing the resilience of industrial production systems by reusing captured carbon and providing an alternative carbon feedstock to produce fuels, chemicals and materials and replace fossil-based equivalents. By doing so, they contribute to EU’s independence from (imports of) fossil resources, provide significant emission reductions (even carbon removals in some value chains depending on the carbon source and pathway), increase circularity in manufacturing systems and help maintaining both EU’s leading role in cleantech and foster skilled workforce in Europe.

CCU is not only recognised in the 6th Assessment report of the IPCC as an important technological solution to mitigate climate change but has also been recognised in a series of legislative efforts within the realm of the EU Green Deal, precisely because of its role in reaching EU’s climate goals. Indicatively:

- In its proposals on **REDIII, FuelEU Maritime and ReFuelEU Aviation**, the Commission suggests a clear role with mandatory targets for CCU fuels to contribute to decrease emissions from hard to abate sectors like aviation, maritime, and industry at large

¹ https://single-market-economy.ec.europa.eu/publications/net-zero-industry-act_en

- In the **ETS revision** as adopted in December 2022, EU authorities recognised the role for CCU for example by binding CO₂ permanently in construction products via mineralisation, and avoiding double counting of CO₂ for other CCU processes
- In its proposal for a **certification framework for carbon removals**, the Commission included in the definition of removals the permanent binding of atmospheric or biogenic CO₂ in products, e.g. through mineralisation
- In the **Sustainable Carbon Cycles Communication**, the Commission refers to CCU, CCS and carbon removals, as “*innovative clean technologies*” and calls for “*at least 20% of the carbon used in the chemical and plastic products should be from sustainable non-fossil sources by 2030*”
- The European Commission, through the work of the CCUS Forum, announced the publication by the end of 2023 of a **strategy on CCU and CCS** to highlight the importance of both technological value chains to help decrease emissions from hard to abate sectors

Importantly, the Innovation Fund has been funding CCU projects (AGGREGACO₂, HySkies, C2B, AIR, CO₂ncrEAT), thereby recognising the maturity of the technology at pre-commercial, first-of-a-kind, TRL 8 level as per definition of eligibility for the Innovation Fund and aligned with the definition of net-zero technologies under the Act. Further CCU projects have reached maturity levels where the system is complete and qualified (e.g. [Steelanol](#) in Belgium, [Fairfuel](#) in Germany); European-based CCU technologies reach commercial maturity but are moving outside the EU (e.g. [CRI's methanol plant](#) in China); and a series of projects in EU are expected to start commercial operation within the next 2-3 years (e.g. [Columbus](#) in Belgium with IPCEI status; [FlagshipONE](#) in Sweden).

We are therefore urging EU policy-makers to reconsider the decision to remove CCU from the strategic net-zero technologies category and allow CCU projects to benefit from the priority status so that they can realise their potential for emission reductions and carbon circularity and also maintain and enhance the skilled technical workforce in Europe.

Furthermore, while we welcome the development of regulatory sandboxes for innovative net-zero technologies and we believe that many CCU technologies at lower TRL can profit from them, we disagree with the Commission's suggestion to leave it up to the initiative of the Member States to create them, as this will not stimulate the capacity-building of Member States, especially those that have not so far included CCU and CCS in their national plans. This provision contradicts the very own intention of the Commission to avoid fragmented action and create a uniform support landscape for net-zero technologies as has been repeatedly mentioned in the text of the Act. The regulatory sandboxes for innovative net-zero technologies need to be developed across all Member States and be centrally monitored by the Commission with the same level of governance provisions as for the net-zero technologies.

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