

Eurogas recommendations on the Union Certification Framework for carbon removals

March 2023

Eurogas welcomes the European Commission's (EC) ambition to deploy a harmonised EU certification system to ensure the role of carbon removals solutions, both nature-based and technology-based, necessary to contribute to achieving the EU climate targets.

Eurogas firmly believes that the Regulation on the certification of carbon removals (the Regulation) should provide legal and financial certainty to the industry. This means defining a clear framework from the establishment of the certificates to their implementation, while developing minimum standard requirements to provide a necessary basis for continuous innovation.

Eurogas also believes that such a framework should urgently be developed to support the ongoing efforts to deploy carbon capture and use and/or storage (CCUS), whose transport and storage infrastructure, as well as scaled-up capture technologies, would enable and enhance the deployment of certain technology-based carbon removal solutions (e.g. BECCS, DACS). In that vein, this framework should outline the synergies between carbon removals and CCUS activities, with the common goal of reducing emissions and achieving EU climate objectives. In addition, any harmonised EU certification system to ensure the role of carbon removals should be both coherent and complementary with any CCUS certification systems.

Recommendations:

- **The Regulation should introduce clear and coherent definitions to ensure legal and financial certainty for the industry.**
- **A consistent framework should be established to further clarify the implementation of the certificates.**
- **Minimum standard requirements based on existing methodologies, that can serve as a basis for future innovation, should be developed in the Regulation.**
- **The Regulation should ensure consistency and complementarity with other EU policies, such as the EU Emission Trading System (ETS), Effort Sharing Regulation (ESR), Carbon Capture and Storage (CCS) Directive or the upcoming CCUS Communication.**

Definitions

The Regulation should introduce clear and coherent definitions to ensure legal and financial certainty for the industry. Some key definitions are still missing from the EC proposal, which risks diverging interpretations of the Regulation. Whilst "*permanent carbon storage*" is defined in Art. 2(g), no explicit definition is provided for "*long-term storage*" in Art. 6 – this creates a grey area around the potential difference between the two notions. Similarly, no clear definition of long lasting-products/materials is provided by the Regulation.

The Regulation should also further develop the notion of "*operator*", currently defined as "*any legal or physical person who operates or controls a carbon removal activity, or to whom decisive economic power over the technical functioning of the activity has been delegated*" (Art. 2.1(d)). In its current state, this definition does not specify whether it concerns the stakeholder capturing the carbon dioxide (CO₂) or the one in charge of transporting it.

Implementation of the certificates

A consistent framework should be established to further clarify the implementation of the certificates, especially in the below areas:

1. The QU.A.L.I.TY (QUantification, Additionality and baselines, Long-term storage and sustainabILLTY) criteria lacks clarity and should therefore be detailed further in order to establish a practical framework for the operators applying for EU certificates. In that regard, the notion of “*baseline*” – used for both the quantification and additionality requirements – and the notion of “direct and indirect emissions” should be further substantiated as soon as possible and must be consistent across EU regulations.
2. Eurogas notes that most of the details related to the certification framework are still to be defined by the EC by means of Delegated or Implementing Acts. The certification methodology (Art. 8), the structure, format and technical details of the rules related to compliance (Art. 9), the operation of certification schemes (Art. 11), the registries (Art. 12) and the recognition of certification schemes and reporting requirements (Art. 13) are yet to be developed by the EC. The Regulation should provide a clear deadline for these Delegated/Implementing Acts to be developed, especially considering that carbon removals might be integrated in the EU ETS in future reforms. These Delegated/Implementing Acts – as well as a clear Monitoring, Reporting and Verification regulation with regards to the ETS – should be adopted as soon as possible to ensure the uptake of this technology.
3. Eurogas welcomes the level of detail on how to apply for and acquire an EU certificate. Indeed, we consider it crucial that the certificate shall be easily tradable to facilitate the match between the demand and the offer. Nevertheless, the proposal could benefit from further information on the modalities associated with the final use certificates. These concepts are key for industry actors to define their business models and to help to incentivise market players to use these certificates.
4. The tradability of the certificates should be developed in tandem with the CRC framework. Indeed, the “*exchange of verified carbon removal units through voluntary carbon offsetting markets*” is only mentioned in recital 21. Whilst the provisions on minimum information to be contained in the certificate (Annex 2) aim at facilitating trading, the importance of such tradability should be further emphasised. Indeed, tradability of carbon removals certificates will enhance the business case for investing in this technology, since market participants will be able to create value and achieve a better understanding of the value that different carbon removals solutions provide in meeting climate targets. As mentioned later in the paper, such tradability could be linked to the EU ETS framework.

Minimum standards based on existing methodologies

The Regulation should develop minimum standard reporting requirements based on existing methodologies that can serve as a basis for future innovation. Learning from best practices is key to developing robust methodologies, and for ensuring a smooth governance process that allows for updates in climate science and MRV. For example, under the Carbon Offsetting and Reduction programme for International Aviation (CORSA), units that are eligible for compliance are approved by an independent advisory body, whereby the methodologies are assessed. Under the CRC framework, a similar process should be applied where standard bodies must prove that their methodology meets the Commission’s minimum requirements for each technology type. Regular review periods should be built in to allow the Commission to leverage the expertise of independent standards/schemes. While defining EU minimum standards for methodologies, the EC should base its work on well-established existing methodologies, such as the [Puro.earth CO₂ Removal Certificates](#) that have already demonstrated their effectiveness in the past to help drive continuous innovation, while ensuring transparent certification of carbon removals activities. Eurogas believes that this could provide an effective level playing field for market participants and carbon removals solutions.

Consistency with existing and upcoming EU policies

The Regulation should ensure consistency and complementarity with other EU policies:

1. Synergies with the different existing EU policies are necessary to develop a harmonised framework that will incentivise GHG reduction and carbon removal solutions. The proposal would benefit from details on the Regulation's integration to the existing EU legislative framework. For example, as EU policy makers will likely explore the integration of carbon removals into the EU ETS in the 2026 review, clear links should be drawn between the Regulation and EU ETS. Indeed, a double liability for the leakage of CO₂ could arise on two fronts. First, the CCS directive provides that the storage operator should pay for the CO₂ re-emitted through the ETS framework. Second, the certificate owner (having integrated its carbon removals activity in its ETS accounting), risks, in case leakage, to see its certificate cancelled and thereby become subject to the ETS cost. In that respect, building a harmonised framework between the CRC certification and the EU ETS is key, such as some level of equivalence between ETS CO₂ equivalent quotas and carbon removal certificates.
2. Similarly, considering the potential overlap between the Regulation and the LULUCF (Land Use, Land Use Change and Forestry) Regulation on carbon removals provisions, consistency should be ensured. Finally, the Regulation should create an explicit link with the CCS Directive, notably on liability issues in the context of leakages from storage activities and on overall monitoring requirements.
3. The Regulation should recognise CCUS technologies as a complement and an enabler to carbon removals. As underlined by Commissioner Kadri Simson during the CCUS Forum plenary in October 2022, *"CCUS has incredible potential in our race to reach climate neutrality. And without CCS and CCU, it will be practically impossible to limit the global warming to the 1.5 degrees Celsius objective"*. CCUS technologies are necessary to lower GHG emissions and it is the EC intention to encourage all *"innovative clean technologies, including CCU, CCS and carbon removals"* to reinforce EU leadership as stated in the December 2021 Sustainable Carbon Cycles Communication. Industry-based carbon removals solutions such as BECCS and DACS would benefit from the development of CCUS infrastructure, which would facilitate their implementation. While Eurogas acknowledges the Regulation's focus is on carbon removals, the EC should ensure coherence and alignment with future CCUS policies, notably the upcoming Strategy Communication, e.g. on a common set of definitions.
4. The Regulation should encompass the geographical scope of the certification framework, taking into account the possibility to overcome the London Protocol limitations to foster the deployment of carbon removals solutions at scale.