



17 June 2024

## Letter of Support – Harnessing the Important Project of Common European Interest (IPCEI) mechanism to accelerate carbon capture, transport and storage infrastructure in Europe

Dear Member State representatives,

The signatories of the letter, representing the CCS and CCU value chain, would like to express its support to an **“Important Project of Common European Interest (IPCEI)”** in the area of industrial carbon management and in particular on CO<sub>2</sub> capture, removal, utilisation<sup>1</sup>, transport and storage in the next IPCEI round.

The European Union is committed to achieving economy-wide climate neutrality by 2050. Industrial carbon management is recognised as an essential pathway to reach these goals, as well as to help decarbonise production processes in industrial sectors that are critical to the European economy, complementing other climate mitigation efforts.

Industrial carbon management is an essential pillar of a sustainable and competitive economy in Europe, which has been legally and politically supported. The Commission’s Industrial Carbon Management Strategy (ICMS)<sup>2</sup> stresses the key role of CCS in reaching Europe’s climate targets and to decarbonise hard to abate sectors for which CCS might be the only decarbonisation option allowing climate neutrality by 2050. The Net Zero Industry Act (NZIA) recognises carbon capture and storage as strategic net-zero technologies and supports project deployment with regulatory measures, including accelerated permitting

<sup>1</sup> Where the CO<sub>2</sub> is intended to be permanently, chemically bound, as is legislated for in the EU ETS Directive.

<sup>2</sup> Communication Towards an ambitious Industrial Carbon Management for the EU, 6 February 2024.

procedures. The Act also includes a target for the EU to achieve 50 million tonnes per year of CO<sub>2</sub> storage capacity by 2030.

A key bottleneck in the development of industrial carbon management in Europe is the lack of a viable business case including funding and de-risking mechanisms in order the build-out of CO<sub>2</sub> transport and storage infrastructure. Developing infrastructure all over Europe is critical to European industries<sup>3</sup>. Failure to do so could risk undermining the competitiveness of industrial regions without access to transport and storage infrastructure, potentially risking the integrity of the Single Market. The ICMS acknowledges the difficulties in building a viable business case for CCS and CCU projects, outlining the significant up-front investment capital required and uncertainty of future CO<sub>2</sub> prices as a key barrier. Currently, the incentives for private and public investment to provide the business case for industrial carbon management are lacking.

IPCEIs have a demonstrated track record of accelerating industrial production and unlock private investment, as it has been already the case for sectors considered strategic, such as microelectronics, batteries, and hydrogen. For these reasons we believe that the large, cross-border and essential nature of CCUS projects makes the IPCEI instrument appropriately and efficiently suited to overcome the recognized market failure and to support infrastructure investments of unprecedented importance for the EU. Establishing CCUS at large scale in Europe will allow Member States to reach respective decarbonisation objectives, climate and NZIA target while at the same time supporting the competitiveness of industry, safeguarding jobs and contributing to employment growth.

Therefore, we would positively support the potential initiative of an IPCEI for CCUS infrastructure and stand ready to act decisively in such new public-private partnership cooperation. We would like to call for your support in bringing the CCUS domains high on the agenda during the upcoming JEF-IPCEI Technical meeting. Further, in order to allow the full value chain – from capture to storage – to be swiftly deployed, as needed, we also want to highlight the importance of making the process of IPCEI more efficient, in order to allow for effective and rapid contribution to decarbonisation of hard-to-abate sectors.

Sincerely,

AGROFERT, a.s. group

Bellona

Carbon Capture & Storage Association (CCSA)

Carbon Capture and Storage Europe (CCS Europe)

CEMBUREAU

Clean Air Task Force

Climeworks

ENERGY HUB Port of Wilhemshaven

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<sup>3</sup> For instance Clean Air Task Force has identified that [only 10% of current planned storage projects are located in Southern, Central or Eastern Europe](#).

Equinor

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Global CCS Institute

Groningen Seaports

Hafslund

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IOGP Europe and its members

Mitsubishi Heavy Industries

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Zero Emissions Platform and its members