

# Carbon Capture and Utilisation (CCU) and EU ETS

CO<sub>2</sub> Value Europe represents the CO<sub>2</sub> utilisation community in Europe aiming to develop CO<sub>2</sub> re-use as a feedstock for a new industrial sector making a significant contribution to Europe's low-carbon economy.

We call for a financial recognition of CO<sub>2</sub> emissions that are avoided through putting CO<sub>2</sub> to use in different applications - generally known as CCU (Carbon Capture and Utilisation). CCU has the potential to reduce CO<sub>2</sub> emissions to the atmosphere. CCU is an important element in the innovation challenges for a low-carbon and circular economy and should therefore logically be recognised by ETS. In so doing, business incentives will be created to close the CO<sub>2</sub> loop by re-using CO<sub>2</sub> in applications such as mineralisation and e-fuels: (1) Mineralisation sequesters CO<sub>2</sub> in a permanent, stable form to make sustainable building materials (analogous to geological storage as the CO<sub>2</sub> is not released again) and (2) E-fuels transform CO<sub>2</sub> into gaseous or liquid fuels to make available and use renewable energy in traditional, well proven technology and avoid the release of new fossil CO<sub>2</sub>.

The EU ETS is a core instrument for the EU to reach its climate objectives and therefore it is essential that the role of CCU is correctly recognised, in such a way as to ensure that the integrity of the EU ETS and its fundamental concept of reducing cumulative CO<sub>2</sub> emissions to the atmosphere by limiting availability of EUAs is maintained.

CO<sub>2</sub> Value Europe requests that CO<sub>2</sub> from an ETS installation which is permanently stored through mineralisation is recognised as not having been emitted according to ETS and discounted from the installation's allowance obligations. Indeed, if CO<sub>2</sub> from an ETS installation is ultimately not released in the atmosphere, either because it is transferred for geological storage or mineralisation, that amount should be subtracted from the emissions of the originating ETS installation. This is already recognised for a mineralisation product: precipitated calcium carbonate (PCC) following the case initiated by Schaefer Kalk (C 460/15, EU:C:2017:29). This recognition should be extended to all CO<sub>2</sub> mineralisation products, in order to avoid different treatment on the market.

Furthermore, CO<sub>2</sub> Value Europe requests that CO<sub>2</sub>-based fuels produced with renewable electricity (e-fuels) and used in EU ETS installations be recognised as neutral in CO<sub>2</sub>, in the same way as biomass and biogas.

## About CO<sub>2</sub> Value Europe

CO<sub>2</sub> Value Europe is the industry-driven European Association which is committed to coordinate and represent the CO<sub>2</sub> Utilisation community in Europe and to build up an integrated vision and action plan to develop CO<sub>2</sub> Utilisation into a new industrial sector making a significant contribution to Europe's low carbon economy. Some background on Carbon Capture & Utilisation can be found in Annex 2.

## Contact

Stefan Gielis – EU Affairs Manager

CO<sub>2</sub> Value Europe, Avenue de Tervueren 188a, 1150 Brussels, Belgium

[www.co2value.eu](http://www.co2value.eu)

[stefan.gielis@co2value.eu](mailto:stefan.gielis@co2value.eu)

## CO<sub>2</sub> VALUE EUROPE

Avenue de Tervueren, 188 A / 1150 Brussels / Belgium / +32 (2) 761 16 48 / VAT: BE 0695.818.117

[www.co2value.eu](http://www.co2value.eu) / [contact@co2value.eu](mailto:contact@co2value.eu)

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