

IOGP feedback on the update of EU ETS monitoring and reporting rules (2021-30)

The International Association of Oil & Gas Producers' (IOGP) member companies account for approximately 90% of oil and gas produced in Europe. IOGP shares the Paris Agreement's goals and supports the EU's objective of climate neutrality by 2050 upon the implementation of enabling measures. There are many challenges on the road to meet this objective as the energy transition will require significant investments, new and innovative technologies, effective policies and substantial behavioural changes and all these require an adequate policy framework.

In this context, the EU Emissions Trading System (EU ETS) can be considered as the cornerstone of Europe's climate policy and a key tool for cost-effective greenhouse gas (GHG) emissions reduction.

We welcome the consultation on the proposed updated rules on monitoring and reporting (Implementing Regulation 2018/2066/EC) as an opportunity to ensure that the EU ETS design is fit for purpose to help delivering on Europe's climate ambition, address the economic crisis consequences of the COVID-19 crisis and contribute to Europe's economic recovery.

The EU ETS is a mechanism that, together with other policy measures, underpin the commercial viability of new CCS technologies. However, its current form does not allow the full realisation of their potential. **We would therefore like to highlight an important additional element to be taken into account, related to the transport of CO₂.**

Multimodal CO₂ transport in the EU ETS

The ETS could foster the deployment of CCS in Europe **by recognising the transportation of CO₂ by multimodal transport means, including ships, trains, or trucks, in addition to pipeline transport.** The definition of a CO₂ transport network in the EU ETS Directive (2003/87/EC), the EU ETS Implementing Regulation (2018/2066/EC) as well as the CCS Directive (2009/31/EC) is currently limited to a network of pipelines, effectively excluding other CO₂ transport modes, such as maritime or road.

This creates ambiguity with regard to the recognition of emissions verified as captured on the basis of CO₂ transport mode. As stated in Art. 12(3a) of Directive 2003/87/EC, installations that export their CO₂ emissions verified as captured and transported for permanent storage do not need to surrender ETS allowances. The provision is operationalised through Art. 49 of Implementing Regulation 2018/2066/EC where the capturing installation can still subtract the CO₂ transported via maritime or road transport according to Art. 49 (a) ii or iii (2018/2066/EC). However, in the definition of transport, modalities other than pipelines are not considered part of the transport network (while it should be the case). **This interpretation needs to be confirmed by the European Commission as soon as possible as it will have important implications for Europe's multimodal CO₂ transport and storage projects.**

This creates ambiguity with regard to the recognition of emissions verified as captured on the basis of CO₂ transport mode. As stated in Art. 12(3a) of Directive 2003/87/EC, **installations that export their CO₂ emissions verified as captured and transported for permanent storage do not need to surrender ETS allowances.** The provision is operationalised through Art. 49 of Implementing Regulation 2018/2066/EC. While transport modes other than pipelines are not part of the definition of CO₂ transport network, Art.49 does not prevent the right to subtract the captured CO₂ once is transferred to means

of transport (i.e ship or truck), and later on from this mode to a *pipeline transport network or directly to a storage site*. **This interpretation needs to be confirmed by the European Commission as soon as possible as it will have important implications for Europe’s multimodal CO₂ transport and storage projects.**

The next generation of CCS projects in Europe¹, most of them in advanced development phase, have particular features compared to projects developed in the past. They aim to transport CO₂ from one country to another for storage under different modalities. CO₂ capture, transportation and storage will take place in hubs and industrial clusters where different industries will share infrastructure. As example the [Northern Lights](#) and the [Ervia CCS project](#) anticipate the transport of CO₂ using ships. CO₂ transport along EU rivers and waterways towards the coast could therefore be made more economically feasible.

An EU ETS which considers all modalities of CO₂ transport will incentive CCS project development in Europe, allowing substantial emissions reductions while maintaining and creating jobs in the value chains in a number of industrial sectors (steel, cement, etc), in line with the European Green Deal objectives and the Recovery Package.

One option to achieve the required legislative change needed and allow CO₂ transportation in the EU ETS is to **amend the MRR definition of CO₂ transport as proposed below:**

Implementing Regulation 2018/2066/EC Article 3 'definitions' (55)	
Current text	Proposed text
'CO ₂ transport' means the transport of CO ₂ by pipelines for geological storage in a storage site permitted under Directive 2009/31/EC;	CO ₂ transport' means the transport of CO ₂ by pipelines all modes for geological storage in a storage site permitted under Directive 2009/31/EC

¹ For an overview of all existing and planned CCS projects in Europe see the IOGP map [here](#).