

Economic, regulatory, policy and MRV considerations for implementation of CCUS in the Baltic Region

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Inspired by findings from



HORIZON-CL5-2021-D3-02-12.
CCUS in hubs and clusters

Work Package 2

But any errors are my own

Social and Political challenges



- Social acceptance of CC(U)S when the technology is unknown to the public and to decisionmakers.
- Lack of trust in communicators of big projects or policies – industry actors, investors, or politicians.
- Opportunity: Trust in communicators from research and NGOs tends to be high also in the Baltic Sea region.
- Where trust in government actors is low, information about CC(U)S may preferably come from academics and NGOs
- Communication also needs to include challenges and listening to (local) concerns

International Law



- National regulatory frameworks vary in maturity despite relevant guidance from EU CCS Directive.
- To export CO₂ for storage Parties to the London Protocol need to apply 2009 Amendment.
- Parties involved need an agreement following criteria in the Protocol (obligations differ if export is between two LP Parties or if CO₂ is exported from a LP Party to non-LP Party).

Natl. Regulatory Improvements



- Poland: CCS legislation and regulations are being amended to allow for commercial scale storage
- Latvia only allows for R&D, but Latvian Ministries are currently working on changing the CCS regulations.
- Germany: Restrictive CO₂ storage law is being reconsidered and capture for storage abroad clearly politically desired; carbon management strategy expected shortly.

Economic and MRV challenges



- GHG inventory guidelines lack detail for removals esp. when crossing national borders
- Comprehensive MRV for voluntary carbon markets (incl. emissions reductions and removals) – emerging under Verra's Voluntary Carbon Standard (VCS).
- Awareness of carbon market MRV requirements limited among CCUS actors – it will be important to consider them early in the development of CCUS projects
- The EU CCS Directive outlines guidance on monitoring and reporting for physical leakage, but the operationalization of the Directive varies with national capacities.
- The Paris Agreement Article 6.4 Carbon Market could become important international standard – in 2024/2025.

Will ETS incentivize Biomass – CCS?

- Without recognizing negative emissions from biomass-processing installations under the ETS, the ETS fails to incentivize BECCS.
- To include removals in the EU ETS either:
 - 1) include new activities in Annex I of the EU ETS Directive, or
 - 2) allow use of carbon removal certificates for compliance in the EU ETS.
 - 3) both

Role of the EU Carbon Removal Certification Framework?

- The framework could in theory become a revenue source for CCU/S projects in the long term
- Fundamental problems at the stage of defining the frameworks scope undermine its credibility
- Unclear embedding in overall EU policy landscape
- Voluntary carbon markets may ignore the CRCF as irrelevant and given added transaction costs



Outputs: <https://www.ccusnetwork.eu/>

- Interactive mapping of non-technical issues
(economic, legal, regulatory, acceptance)
- Stakeholder Workshop Summary
- Synthesis white paper with recommendations



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