

EC Consultation ‘Updating the EU Emissions Trading System’

Reply Total SE – Attachment on CCUS, carbon credits and negative emissions

Carbon Capture, Transportation and Storage Carbon Capture.

Transportation and Storage (or CCS) is key to decarbonization of hard to abate sectors (cement, steel, refineries, hydrogen, waste incineration ...). A sequestration requirement of about 300 Million tons of CO₂ per annum (Mta) by 2050 has already been identified in the in-depth analysis conducted in support of the commission communication com (2018) 773, “A Clean Planet for all. A European long-term strategic vision for a prosperous, modern, competitive and climate neutral economy”. The acceleration of the EU ambition within the Green Deal will further increase this requirement. In our Total Energy Outlook (<https://www.total.com/sites/g/files/nytnzq111/files/documents/2020-09/total-energy-outlook-presentation-29-september-2020.pdf>), we estimate 400 Mta of CCS is needed in Europe for a “Green Deal” scenario. Support like the “European Innovation fund” is important but a more solid regulatory framework to scale CCS is needed to attract long term investments. This includes:

- Providing an additional financial incentive for permanent Carbon Storage during the next 15 years to allow the development of business solutions when carbon prices will most likely not be sufficient yet. These solutions could be compared with the application of a multiplication factor for the most sustainable products in the Renewable Energy Directive :
 - Allowing the allocation of EUAs from the MSR for Carbon Storage, or
 - Developing CO₂ storage certificates than could be traded into ETS or claimed for corporate Carbon Neutrality
- Recognizing transport of CO₂ by other means than pipelines and facilitating the export between countries (including outside of EU, such as Norway and UK)

In addition, the ETS should extend the accepted Carbon Capture Utilisation and Storage (CCUS) technologies if they are able to deliver permanent storage, based on thorough life cycle analysis.

Domestic Carbon Credits

If International Carbon Credits offset has been a difficult experience in the past for the EU Commission, Total believes that developing an EU Domestic Carbon Credit mechanism for emissions reductions that are going beyond EU NDCs and enable the Carbon Credits to be traded into ETS is a paramount tool to meet 2050 Net Zero objectives. It could both accelerate the decarbonation pathway of the EU economy and reduce the associated economical cost.

Carbon Removals

According to the IIA (Ref. Ares(2020)6081753 - 29/10/2020) for the Amendment of the Land Use, Land Use Change and Forestry Regulation (EU) 2018/841, it is estimated that the EU carbon removals will need to nearly double from their current level to up to 500 Mt CO₂eq./yr

by 2050 to be in line with aspirations for a climate-neutral EU. Unfortunately, although allowed by this Regulation, no Member State has developed any crediting mechanisms:

- EU needs to develop clear EU rules for Carbon Removals market mechanism, being for:
 - Natural sinks (in particular Forestry and Agriculture)
 - CCS sinks for atmospheric CO₂ sources (like Bio Energie Carbon Capture and Storage, or Direct Air Capture)

In this respect we welcome the intention of the Commission to look into the possibility to subtract captured CO₂ from biomass from ETS emissions (DG Clima reply to Norwegian authorities – July 2020)

- ETS linkage, or alternative solutions like a carbon fund, or linkage with the Effort Sharing Regulation (ESR) should be considered to develop a Carbon Price signal for Carbon Removals