

To the attention of:

President of the European Commission Ursula von der Leyen
UK Prime Minister Keir Starmer

European Commissioner for Trade and Economic Security Maroš Šefčovič
European Commissioner for Climate, Net Zero and Clean Growth Wopke Hoekstra
European Commissioner for Energy and Housing Dan Jørgensen
Rt Hon Nick Thomas-Symonds MP, Minister for the Cabinet Office, Minister for the
Constitution and European Union Relations
Sarah Jones MP, Minister for Industry, Department for Energy Security and Net Zero,
and the Department for Business and Trade

The signatories to this letter welcome the EU and UK's commitment to work towards the linkage of their respective Emissions Trading Systems. In this context, we highlight the importance of ensuring that the scope of the linkage is clearly defined to avoid carbon leakage and competitive distortions.

Negotiations on the recognition of cross-border CO₂ transport and storage must advance as quickly as possible to ensure both the EU and UK meet their 2030 climate targets, and **industrial actors can have the clarity, predictability, and security** they need to enable making important investments towards decarbonising.

To this end, **we call for the creation of a Working Group under the Trade and Cooperation Agreement's Specialised Committee on Energy to focus on Carbon Capture, Utilisation and Storage (CCUS).**

The EU and UK have each recently highlighted the key role of CCUS in their respective decarbonisation strategies. To ensure efficient and comprehensive collaboration on this topic, a dedicated forum for consultation should be created, which would oversee matters including **CCUS and permanent Carbon Dioxide Removals.**

As the EU and UK begin working on the linkage of their respective ETSs, it is a particularly opportune moment for the **establishment of a new Working Group on CCUS.** This would allow for the discussions on ETS linkage and cross-border CO₂ trade to progress in parallel, accelerating the timeline for developing cross-border CCUS projects – benefiting both EU and UK industrial stakeholders in the decarbonisation of their activities whilst staying competitive in Europe.

In the context of the European Commission's preparatory work on ETS linkage, we recommend including the following elements:

- A framework which ensures that emission allowances eligible for compliance in one Emissions Trading System will be eligible for compliance in the other, and the establishment of a joint body to oversee registries and auctioning of emission allowances to maintain compatibility, avoid carbon leakage and distortion of competition between the linked systems
- Compatible market stability mechanisms
- Compatible phase-out of free allowances
- Alignment on transparency criteria considered by the ETS Authorities regarding intervention
- Coordination of respective CCUS regulatory regimes, and recognition of CO₂ transport and storage under both regimes. This is a crucial step to ensure that EU emitters, which struggle with imbalances between forecasted CO₂ capture volumes and storage capacities, can access UK storage sites. EU emitters would also benefit from significant **cost savings (on average) up to 28% (€16/t of CO₂)** according to CCSA's report [*Accelerating a Europe-wide CO₂ storage market*](#)
- A process to ensure compatible operating standards, including but not limited to areas such as CO₂ specifications, metering standards, integration of permanent carbon dioxide removals, and carbon removal certification methodologies

According to the Trade and Cooperation Agreement, the Specialised Committees have the power to establish Working Groups. This has already been done by the Specialised Committee on Energy, in lockstep with the evolving priorities of the EU and UK under the TCA. **We therefore call on the European Commission and the UK Government to recognise the importance and urgency of the work to be undertaken on CCUS, in the context of the recent announcements on ETS linkage.**

The signatories,

