CCSA Position Paper

Storage Obligations Schemes

20th July 2023

The CCSA upholds the progress made on funding models for CCUS deployment in the UK, the Netherlands, and Germany and emphasises that swift delivery of projects over the next seven years is vital if we are to meet our collective 2030 targets and establish Europe's leadership on CCUS. Further national funding programmes need to be developed and regulatory frameworks finalised as a matter of urgency to this end.

The CCSA is engaged in the considerations of storage obligations underway in the UK and the EU. We have previously envisaged that such a market mechanism could play an important role in identifying and creating a medium to long-term route out of subsidy[1].

We view the European Commission's proposed CO_2 injection capacity obligation as crucial to maintaining the EU injection capacity objective of 50 million tonnes of CO_2 per year by 2030. However, there is a need to recognise that circumstances outside of license holders' control could prevent them from fulfilling their contribution.

Storage obligation mechanisms typically involve the issuance of, and trade with, carbon storage units. These mechanisms must be carefully considered, alongside other existing and new policy and market levers such as business models, emissions trading systems, and the development of low-carbon product markets.

The ambition of a storage obligation scheme should be to ultimately develop an international market, with regard to:

- the need to develop a Europe-wide solution (covering the UK and the European Economic Area) with the ambition of a global system,
- the need to protect against the significant risk of carbon leakage, through a carbon border adjustment mechanism or similar measure, and
- the need to ensure that heavy industries, such as the cement, steel, or lime industry, are not at a cost disadvantage as a result of such a scheme.

[1] Lowest Cost Decarbonisation for the UK: The Critical Role of CCS, Oxburgh, 2016.