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Feedback on the proposal for a regulation establishing a Union certification framework for carbon removals

Bioenergy ry - the Bioenergy Association of Finland welcomes the Commission's proposal for a carbon removal certification framework. There is a wide consensus globally that the emissions reductions alone will not be sufficient for us to reach our climate goals. There is an urgent need to slow down the increase of and, eventually, to reduce the concentration of CO2 in the atmosphere. In order to achieve that, we must deploy carbon removal solutions at scale as fast as possible. A common, harmonised framework for the activities capturing CO2 from the atmosphere and durably storing it in geological reservoirs, in terrestrial and marine ecosystems, or in products, is essential for this development. Considering the fragmentation in the voluntary carbon certification schemes, developing a scheme at the EU level will provide the needed clarity, certainty and transparency for the industry. It is also necessary that the certification framework allows for a clear differentiation between fossil and biogenic or atmospheric carbon.

We need to make use of all the methods to remove carbon dioxide from the atmosphere. According to the proposal, carbon can be removed and stored in three different ways: through "permanent storage", "carbon farming" and "carbon storage in products". The methods under these categories vary significantly e.g., on their permanence, risk of reversal and their accounting accuracy. Therefore, it is important that the certification framework distinguishes between different types of solutions.

When preparing the methodologies, we need to have a learning curve and develop as we go. The certification framework should consider the potential of evolving technologies and research, which could lead to possibilities that are yet unidentified or considered otherwise difficult to bring to action, both in the development of technological methods and in natural sinks. Detailed criteria that may exclude this development should not be set. For example, the scope of the certification framework should not exclude individual project types or activities or define the scope in such a way that it would otherwise hinder the development of a range of instruments. Therefore, it is favorable to set criteria, that allow project evolution.

The main objective of the framework should be the promotion of carbon removal solutions at scale. Cost-efficiency, permanence and transparency related to monitoring, reporting and verification are essential operational goals. The certification scheme should focus on its main purpose and the certification activity itself must not become unreasonably complicated. It is also imperative that no overlapping or conflicting requirements are

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introduced within this legislation in relation to the legislation already in place. It remains important to minimise administrative burden via harmonisation with relevant frameworks such as the Renewable Energy Directive.

The proposal leaves some fundamental questions unanswered, e.g. by whom, how and why the certificates would be used. This question is the key for any larger uptake of the removal activities. It is especially important in the case of technological removals where the cost of the investment and operation of equipment that is needed for technological removals is on such a scale that, without a sufficient reward for the removal, it is difficult to see any investment taking place. Clear guidelines on how various types of removal certificate can and cannot be used are therefore necessary.

The proposal acknowledges that providers of carbon removals face barriers to access finance, but it does not sufficiently cover all aspects of it. There is no mention of the incentive/market framework/business model for technological carbon removals, besides the EU Innovation Fund. The proposal seems to indicate that the certification mechanism itself is an incentive to carry out removals and that the demand will be provided by the Voluntary Carbon Market. The development of support schemes, such as Carbon Contracts for Difference, will also be needed. It is also important that the integration of the technological removals within the EU ETS is considered at the latest in 2026 as suggested by the Commission.

Concerning the Commission's delegation power, the process has been thoroughly described, but from the point of view of operators, delegated power does not necessarily increase operational reliability of the scheme. Elements should be added to the Article 8 that ensure that the regulation does not retroactively affect contracts already made or that the effect has a transition period. This risk applies especially to biomass plants where operation is based on raw materials and their procurement contracts.

The proposal also foresees several delegated acts setting out the certification methodologies for different carbon removal activities (e.g. for permanent removal, carbon farming and carbon storage products, Annex II). In addition, the proposal foresees implementing acts (e.g. to set out rules for the certification of carbon removal activities, for the governance of certification schemes and for the set up and management of public registries of carbon removals). These will not be only technical in nature but will include also issues of political nature, which normally should be subject to ordinary legislative process. Therefore, the mandates of the Commission should be specified in the Regulation in such a way that the political questions would be narrowed to a minimum.

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European actors are at the forefront of development of technologies for carbon removals. The EU is therefore going to set the way and provide solutions not just in Europe but globally. However, to achieve this, the EU urgently needs a clear view forward especially on the use of technological removals. It is crucial that the European Commission provides a strategy and a roadmap supporting the wider uptake of these technologies as part of the CCUS Vision document expected in 2023. The governance model of carbon removals in the broader context of the EU climate policy needs to be clarified parallel to the process of setting the EU's 2040 target.

Key amendment suggestions for the text

Recitals or Article 2

Biochar should be defined as Biochar Carbon Removal (BCR) in the proposal. The definition could be under article 2 (1) g, article 2 (1) I or under a new separate recital. Research on the benefits of biochar is ongoing and studies have shown it can significantly reduce greenhouse gas emission by sequestering carbon in the soil permanently. The Commission should advance the necessary liability frameworks to grant the status of "permanence" to all CDR methods that credibly allow for it. In the current proposal, "permanence" is only foreseen for methods that have an integrated governance with the European CCS Directive. While this approach is suitable for Bioenergy Carbon Capture and Storage (BECCS) and Direct Air Carbon Capture and Storage (DACCS), it closes the door on processes such as biochar carbon removal and other novel processes that might still be under development today.

Therefore, the principles for permanent removals should be clarified and the label shouldn't be narrowed down to only a specific storage method. In the impact assessment report, the principles for permanence contain two key aspects: i) certainty in quantification, and ii) a corresponding liability regime or insurance mechanisms to cover reversals, during and ex-post. If applicable, such principles should also allow for "permanent" removals within other carbon pools. The application of those conditions could also enable to grant the "permanent" status to other carbon removals methods, in particular the one of biochar.

We welcome the analysis of biochar in the impact assessment, and we urge it to be allowed for the categorisation as permanent carbon removal and thus underline its importance in the implementation.

Suggested amendment (Article 2 (g)):

‘permanent carbon storage’ means a carbon removal activity that, under normal circumstances and using appropriate management practices, stores atmospheric or biogenic carbon for several centuries, including bioenergy with carbon capture and storage **(BECCS), biochar carbon removal (BCR),** and direct air carbon capture and storage **(DACCS)**;

Recital 6 & 15 and Article 7

The Bioenergy Association of Finland supports the principle that certified carbon removal activities need to be sustainable. However, the criteria should be similar to the existing legislation and not stricter as the proposal suggests. Article 7 refers to a sustainability criteria structure used in connection with the Sustainable Finance Taxonomy. However, it leaves these criteria to be defined in a separate delegated act pursuant to Article 8 related to the methodologies. The sustainability criteria related to bioenergy production should be based on the Renewable Energy Directive and the certification framework should not create overlapping or conflicting requirements.

It should be considered that carbon removal in itself is an activity that supports the fight against climate change. To maintain consistency between different legislations, in the Article 7.1 the wording should be the same as in the Taxonomy regulation’s (EU 2020/852) Article 3 which states that the projects should “not **significantly** harm any of the **environmental** objectives”. The Commission’s proposal for the article is stricter (=neutral impact) and broader (sustainability). This would possibly limit the number of activities eligible for certification without any basis for it.

In the Article 7.3 the wording needs to be amended in relation to the obligation to generate co-benefits. The objective for this legislation needs be to remove carbon dioxide from the atmosphere. The Commission's legislative proposal imposes significant obligations to generate additional benefits without their contextual linkage with carbon removal certificates being demonstrated or clarified. We should strive to have as much coherence with other legislation as we can and therefore suggest harmonising this with other EU policy to prevent having higher standards for the CDR markets than what sustainable investment has.

Suggested amendments:

Article 7.1.:
“A carbon removal activity shall **not significantly harm any of** the following **environmental** objectives”:

Article 7.3.:
“The certification methodologies **should** incentivise **where** possible the generation of co-benefits going beyond the minimum sustainability requirements, in particular for the objective referred to in paragraph 1, point (f).”

Recital 6:
“This Regulation should set out the requirements under which carbon removals should be eligible for certification under the Union certification framework. To this end, carbon removals should be quantified in an accurate and robust way; and they should be generated only by carbon removal activities that generate a net carbon removal benefit, are additional, aim to ensure long-term storage of carbon, and **do not significantly harm environmental** objectives. Furthermore, carbon removals should be subject to independent third-party auditing in order to ensure the credibility and reliability of the certification process. Mandatory Union carbon pricing rules established through Directive 2003/87/EC of the European Parliament and of the Council are in place which regulate the treatment of emissions from activities covered by that Directive. This Regulation should be without prejudice to Directive 2003/87/EC, except in relation to the certification of removals of emissions from sustainable biomass which are zero-rated in accordance with Annex IV thereto.”

Recital 15:
” Carbon removal activities have a strong potential to deliver win-win solutions for sustainability, even if trade-offs cannot be excluded. Therefore, it is appropriate to establish minimum sustainability requirements to ensure that carbon removal activities **do not significantly harm any of** the **environmental** objectives of climate change mitigation and adaptation, the protection and restoration of biodiversity and ecosystems, the sustainable use and protection of water and marine resources, the transition to a circular economy, and pollution prevention and control. Those sustainability requirements should, as appropriate, and taking into consideration local conditions, build on the technical screening criteria for Do Not Significant Harm concerning forestry activities and underground permanent geological storage of CO2, laid down in Commission Delegated Regulation (EU) 2021/2139, and on the sustainability criteria for forest and agriculture biomass raw material laid down in Article 29 of Directive (EU) 2018/2001 of the European Parliament and of the Council . Practices, such as forest monocultures, that produce harmful effects for biodiversity should not be eligible for certification.”