Feedback on the Proposal Establishing a Union Certification Framework for Carbon Removals

Position Paper

Bioenergy Europe welcomes the **European Commission's proposal for a Carbon Removal Certification Framework** (CRCF) put forward in November 2022 with the goals of developing a trustworthy system to quantify and valorise removals and achieving climate neutrality by 2050. The proposal outlines the start of a process, and we support a sound and harmonised governance framework that is much needed for this essential sector. There is too much fragmentation in the voluntary space for carbon certification; and having a scheme developed at the EU level will provide greater certainty, transparency and clarity for the industry. It is also a chance for the EU to set the standard and lead the way in establishing a carbon removal certification framework that could be used as a blueprint across the world. Bioenergy Europe also welcomes the EU Commission's proposal for the certification of carbon removal, which allows for the clear differentiation between fossil carbon and renewable biogenic carbon.

However, as it is right now, the proposal requires further improvement to ensure that the QU.A.L.ITY (Quantification, Additionality and baselines, Long-term storage, Sustainability) criteria it includes produce reliable and high-quality net removals:

Cost-effective and permanent removals can only be delivered through transparent operations and procedures (optimal monitoring, reporting and verification). However, the main purpose of the certification should be the promotion of carbon removals, while the certification activity itself must not become unreasonably complicated. Among other things, the proposal should minimise the administrative burden on businesses, by developing standardised approaches for various technologies. The Commission should also not underestimate the administrative requirements this new framework will entail, and the necessary additional staff too, in order to avoid the problems encountered with the RED II implementation. This is true in the case of technological removals – for which the cost of the investment and operation of equipment is so high that, without a framework enabling reward for that investment, they will not materialise. This must be based on clear indicators and guidelines regarding specific types of removal technologies.

The proposal acknowledges that providers of carbon removals face barriers to accessing finance, but it does not adequately cover all aspects of insufficient funding. There is no mention of the incentive/market framework/business models, especially for engineered/technology-based carbon removals (besides the EU Innovation Fund). The proposal seems to indicate that the certification mechanism itself will be sufficient incentive to carry out removals, and that the Voluntary Carbon Market will provide the demand and hence the needed remuneration. The development of support schemes, such as Carbon Contracts for Difference, will be as, if not more, important for the development of these technologies.

As concerns the Commission's delegation power, which is at the heart of this proposal (since the main criteria stemming from the QU.A.L.ITY architecture will be provided through delegated acts thanks to article 8), resorting to delegated acts does not increase the operational reliability of the scheme. Delegated acts, by their very nature, are only supposed to amend or supplement the non-essential elements of the legislation in order to address technicalities. However, many of the questions related to QU.A.L.ITY are fundamental questions of how the certification system should be designed and structured and must therefore be addressed directly in primary legislation. The proposal also foresees several delegated acts setting out the certification methodologies for various carbon removal activities (e.g., Annex II for permanent removal, carbon farming and carbon storage products). In addition, the proposal foresees implementing acts (e.g., 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). Not only will these be technical in nature but will also include political issues, which would normally be subject to the ordinary legislative process. Therefore, in our view, the mandates of the Commission should be specified in the Regulation in such a way that the inclusion of potentially political aspects in secondary legislation is kept to a minimum. Furthermore, Article 8 should be complemented with guarantees that the Regulation does not retroactively affect already-established contracts or that there is a transition period for existing projects. This risk of retroactivity applies especially to biomass plants where operation is based on raw materials and their procurement contracts, and where retroactive implementation of the criteria would undermine the project's finances.

Through this proposal, the European Commission is establishing a 'voluntary framework'. For BECCS, the proposal refers to the zero rating of biomass under the EU ETS Directive and the sustainability criteria in the Renewable Energy Directive. It is important, from a 'better regulation' point of view, that this regulatory coherence be maintained. The EU ETS text also includes: *"By 31 July 2026, the Commission shall report to the European Parliament and to the Council on the following, accompanied, where appropriate, by a legislative proposal and impact assessment: (a) how negative emissions resulting from greenhouse gases that are removed from the atmosphere and safely and permanently stored could be accounted for and how these negative emissions could be covered by emissions trading, if appropriate, including a clear scope and strict criteria and safeguards to ensure that such removals are not offsetting necessary emissions reductions in accordance with Union climate targets as laid down in Regulation (EU) 2021/1119"*. Since it affects investor certainty, the potential future interplay between carbon removal certification and the EU ETS should be hinted at.

In addition to the above considerations, we would like to outline the following issues that should be considered in preparation of the final EU document:

Definition of the notion of permanence is needed to enable a due recognition of biochar.

Within the current proposal, the notion of permanence is exclusively reserved for carbon removal methods that have an integrated governance with the European CCS Directive. While this approach is suitable for Bioenergy with Carbon Capture and Storage (BECCS) and Direct Air Carbon Capture and Storage (DACCS), it closes the door to processes like Biochar Carbon Removal (BCR) and other novel solutions that are under development today. Therefore, the principles that form a prerequisite for permanent removal should be clarified – without specifying which carbon removal techniques merit the assessment and hence the label.

In the impact assessment report, the principles that define the permanence status include two key points: (i) certainty in quantification, and (ii) a corresponding liability regime or insurance mechanism to cover reversals (during and ex-post). If applicable, such principles should also allow for permanent removals within other carbon pools and grant the permanent status to other carbon removals methods, in particular concerning biochar. Research into the benefits of biochar is ongoing, but studies have already shown that it can help reduce greenhouse gas emissions by sequestering carbon in soil. In addition, growing scientific consensus suggests that 75-80% of biochar consists of highly stable aromatic carbon rings with a durability of thousands of years. This means that BCR represents a durable and permanent CDR technology that can sequester carbon for thousands of years. Hence, we urge the European Commission to actively advance the necessary liability frameworks in order to grant the status of permanence to all CDR methods that credibly allow for this label. Given that the Commission's own impact assessment already included a detailed analysis of biochar, the latter should be taken into consideration now, while the former should initiate works on a liability framework to allow for the categorisation of biochar as permanent carbon removal.

Sustainability criteria and necessary harmonisation with existing legislation

Article 7 refers to a sustainability criteria structure to be defined in a separate delegated act pursuant to Article 8. Recital 15, that supports Article 7, specifies that *"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 CO_2, laid down in Commission Delegated Regulation (EU) 2021/213928 [Taxonomy Regulation], and on the sustainability criteria for forest and agriculture biomass raw material laid down in Article 29 of Directive (EU) 2018/2001 (...)"*

In our view, the carbon removal activity itself should be considered as contributing to the fight against climate change; hence, in order to maintain consistency between various legislation, Article 7.1 should use the same wording as Article 3 of the Taxonomy Regulation (EU 2020/852). This means that carbon removals activities should above all respect the principle of "no significant harm" to the environment, instead of impact and broader ("=sustainability") criteria.

Because some of the removals are related to bioenergy production, it is imperative that no overlapping or conflicting requirements are introduced, and that the requirements in this regard would be those already in place for sustainable bioenergy production and removals in RED. It is paramount to minimise additional administrative burdens through harmonisation with frameworks such as the Renewable Energy Directive. It is also important not to lose sight of the purpose of the legislation. While rewarding co-benefits is an interesting option, requiring them as a prerequisite is a significantly higher standard to meet, potentially gravely constricting many projects. We should strive to have as much coherence with existing legislation; therefore, we suggest harmonising this framework with other EU policies in order to prevent a situation where CDR market standards are much higher than what already characterises a very ambitious EU sustainable finance framework.

Conclusion

In summary, the CRCF represents an opportunity for building the right policy framework that will underpin investments in both natural and industrial carbon removals (e.g., BECCS, DACS and BCR). With this in mind, we welcome a discussion of how certified industrial carbon removals will be incorporated under the EU's 2040 GHG emission reduction target and the underlying scenarios.

It is vital that we encourage a wide recognition of the EU framework through adoption by internationally active certification schemes. The EC should therefore advance the harmonisation of removal certifications beyond European borders, while acknowledging opportunities for private contributions within the emerging Article 6 framework at the UNFCCC. We would like to see a future possibility for those projects which are based outside the EU to apply under the voluntary EU certifications scheme. While such certificates may need to be treated differently for the purpose of inclusion in a registry, this would speed up the process of harmonisation beyond EU borders and boost emerging markets.

We urge you to consider the recommendations presented above and we always welcome discussion to advance the issue. We extend our gratitude to the European Commission for its climate leadership and for inviting us to provide our response.

Contacts

Ennio Prizzi

Policy Officer
prizzi@bioenergyeurope.org

Bioenergy Europe is the voice of the European bioenergy industry. It aims to develop a sustainable bioenergy market based on fair business conditions. Founded in 1990, Bioenergy Europe is a non-profit, Brussels-based international organisation bringing together more than 40 associations and 157 companies, as well as academia and research institutes from across Europe.