

Commission consultation on the proposal for a regulatory framework for the certification of carbon removals

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We appreciate the opportunity to comment on the proposed EU regulatory framework for the voluntary certification of carbon removals. Overall, we support the proposal. The development of a robust certification system across the EU is an indispensable first step in achieving a net contribution from carbon removals in support of the EU climate-neutrality objective.

We also share the Commission's view that strong action to reduce emissions should not be undermined by shifting focus to carbon removals. Our first and foremost objective should remain to promptly reduce greenhouse gas emissions across the different sectors of the economy and in that respect, we do welcome the revised EU ETS Directive, which broadens the scope of the EU carbon market.

We agree with the Commission's preference for developing detailed certification methodologies for the different carbon removal activities at the EU level. We would recommend broad consultation with the relevant stakeholders to ensure that the detailed methodologies are comprehensive and robust. We also agree with the proposal for a recognition process for certification schemes managed by the Commission. This would be the most efficient way to ensure the harmonised implementation of the certification framework and to create trust in the certification system.

However, it has to be ensured, that the political influence via the delegated acts is as limited as possible (delegated acts should focus on technical, not on political issues) to avoid delaying the implementation. The split between the political and the technical process is essential: the technical working group – as stated during its first meeting - is the one focusing on the technical work to develop methodologies, while the framework (criteria and rules) are negotiated between the Parliament and Council.

In developing the detailed certification methodologies, it would be important for the working group to build on existing schemes, standards and methodologies, adjusted to harmonised EU requirements. That would ensure consistency across EU level climate policies (e.g. CCS, LULUCF directive), speed up the development of carbon removal technologies and allow the trading of carbon removal certificates in a liquid market, while avoiding putting in place a whole new layer of rules. In addition, as such schemes and standards evolve over time, we think that provisions need to be included to ensure that the delegated acts on the

certification methodologies are updated accordingly with best practices developed internationally.

The proposal, however, suggests even stricter sustainability criteria than the Taxonomy Regulation by demanding that carbon removals have an at least “neutral impact on or generate co-benefits for all the following sustainability objectives.” Although a robust certification scheme is essential for the trustworthiness of the credits, even stricter requirements than the existing rules may hinder the development of negative emissions.

The market for technology solutions for carbon removals is at an early stage of development and in this phase of the ramp-up, the solutions are still expensive. At the same time, technology solutions have a greater potential in terms of delivering reliable carbon removals and ensuring the permanence of removals. Therefore, in our view, the quality criteria, elaboration of certification methodologies and framework for ensuring proper audits and monitoring offered by the proposal need to be complemented by a framework with policy incentives for industrial removals. This would help to ensure that the most high-quality and cost-efficient carbon removals solutions can grow.

We would also recommend fast-tracking the development of methodologies for industrial (technology-based) carbon removals. This should be possible, bearing in mind the existing EU legislation that they can build upon, the higher reliability in measuring emissions, etc. We are also of the view that the EU should aim for a higher 2030 ambition than 5 M tonnes of CO₂ from industrial removals.

Furthermore, transparent rules on the usage of CDR certificates have to be developed. It should also be ensured/clarified that it is the company that captures the CO₂ that will receive the certificates.

We are concerned about the 5-year limit on schemes recognition decisions. Crediting periods across different technologies may vary. Carbon removal projects may also have a longer investment cycle. In our view, a regular review of recognised schemes to ensure the methodology continues to be of high integrity, and the possibility to revoke the recognition if the scheme no longer fulfills the respective requirements, would be more appropriate.

Furthermore, an EU level standard facilitates the trading of certificates, and tradability is important as it creates greater opportunities for project developers to monetise the climate benefit of their projects, thereby increasing incentives to innovate and scale up carbon removals solutions. It also enables the consumer-led growth of such solutions. We feel it should be noted that there is no tradeoff between tradability and credibility. Clear and robust certification rules and procedures, transparency, technology solutions to prevent fraud and cooperation among the authorities involved, are all mechanisms that can help to build a trustworthy certification system.

We would support strong action to prevent fraud and double-counting of carbon removals. In this respect, the European guarantees of origin system offers a good example how measures to prevent fraud and enhance transparency can be deployed to tackle such challenges and improve trust.

On terminology, in our view, definitions need to be aligned between the Proposal and the recently revised EU ETS Directive. In particular, those include definitions of direct air carbon capture and storage and of what constitutes permanent removals (which can be strengthened).

Lastly, we think that potential future integration of carbon removals in the EU ETS may be beneficial. However, this should happen only after such a certification system has proved its

robustness, as well as its ability to deliver tangible climate benefits. Otherwise, such a move would risk damaging the image and integrity of the EU ETS.

In summary, the field of carbon removals is currently filled with a multiplicity of initiatives and markets. It is important to bring these initiatives together and deploy market-based mechanisms and quality criteria (in line with international developments and best practices) to ensure harmonisation and that a portfolio of reliable solutions is deployed in parallel in order to scale up sustainable carbon removals. That would help to achieve the block's climate targets and deliver a common EU standard and a reliable certification framework with high integrity.