

PRESS RELEASE

NET-ZERO INDUSTRY ACT: PROVISIONAL EU AGREEMENT CONFIRMS CO₂ STORAGE TARGET AND OBLIGATION ON OIL&GAS PRODUCERS, BUT FAILS TO EXPLICITLY INCLUDE CARBON REMOVAL

Key Takeaways:

- The deal struck between the European Parliament and Council set a target of 50 million tonnes of CO₂ annual injection capacity by 2030. It is the first EU target supporting the scale-up of carbon management technologies, including carbon removal.
- Co-legislators supported the obligation for EU-based producers of oil and gas products to contribute to the carbon storage target in proportion to their level of production. Member states are tasked with ensuring compliance with this requirement.
- Regrettably, carbon dioxide removal (CDR) technologies are not explicitly included in the list of net zero technologies introduced in the NZIA. Technologies on the list are treated favourably and become eligible for fast-tracking permitting procedures for expansion or construction and guidance to access financing. The failure to include CDR on this list could have negative consequences for the development and deployment of carbon removal in Europe.

Brussels, 14 February 2024 – Following the last trilogue on 6 February, the [European Parliament](#) and the [Council](#) reached a provisional agreement on the [Net-Zero Industry Act](#) (NZIA). Carbon Gap praises the Parliament and Council's efforts in reaching an agreement during a short and intense period of negotiations and welcomes the inclusion of ambitious provisions on CO₂ storage. Regrettably, the agreed text does not list carbon removal as a key net zero technology to receive special attention by member states.

HISTORIC CO₂ STORAGE TARGET & PRODUCER RESPONSIBILITY PROVISIONS

We welcome the agreement of an EU-level target of 50 million tonnes of annual CO₂ injection capacity by 2030, as well as the clear obligation of oil and gas producers to contribute to delivering on this target. The provision represents a first in EU policy that will hold polluters responsible for their current and historic contribution to climate change. The requirement for member states to define sanctions for non-compliance strengthens their ability to enforce this obligation. Unfortunately, the agreement does not specify who would be financially liable for reaching the storage target.

In the agreed text, the Council has introduced some exemptions for small producers to account for specific situations in some member states. To avoid diluting the ambition of the storage



obligation, these exemptions should not become too wide or generous, requiring continuous vigilance and monitoring as part of the NZIA implementation.

Carbon Gap welcomes the comprehensive approach taken to developing CO₂ capture and transport infrastructure, which is crucial for creating a value chain approach to CO₂ infrastructure in the EU that provides sufficient available CO₂ storage capacity for captured and removed carbon.

THE NZIA REGULATION SHOULD BE IMPROVED IN FUTURE REVISIONS

The NZIA can steer and accelerate the EU's green industrial transition, providing a strong tool for supporting the development of clean technologies in Europe. Two critical areas to address in the new political cycle will involve extending the NZIA's scope to include all CDR technologies and providing adequate financing resources at EU level for cleantech deployment.

By not including CDR explicitly in the list of net zero technologies in the NZIA, the Commission proposal and the subsequent agreement reached by co-legislators represent a missed opportunity to create a much-needed connection between NZIA and current plans for Industrial Carbon Management and 2040 climate targets.

We stress that while some removal methods share common processes with carbon capture, such as bioenergy with carbon capture and storage (BECCS) and direct air carbon capture and storage (DACCS), there is [a clear difference between carbon removal, carbon capture \(CCS\) and carbon utilisation \(CCU\) technologies](#). This distinction should be reflected by explicitly mentioning CDR in the list of net zero technologies. The revision of the net zero technologies list, due to happen four years after the Act enters into force, should therefore be amended accordingly.

The NZIA must be made future-proof. By considering injection capacity targets for the period after 2030, the revised Act could be instrumental in helping the EU to reach its climate goals by 2040 and climate neutrality by 2050. The Commission will have the opportunity to do so before the end of 2028.

The EU needs to significantly scale up its financial support for clean technologies. Realistically, the goals set in the NZIA will be hard to meet if the EU does not put fresh funding on the table in the near future. As of now, the Act – as well as the recent provisional agreement on the [Strategic Technologies for Europe Platform \(STEP\)](#) – falls far short in terms of funding.



*“The NZIA provisional agreement confirms the ambitious provisions on CO₂ storage, aiming to accelerate the deployment of carbon removal technologies while following the principle of producer responsibility, something we have consistently advocated for”, said **Matteo Guidi**, Associate Policy Lead at Carbon Gap. “At the same time, we regret the missed inclusion of CDR technologies in the scope of the agreed text. We call on the European Commission to address this issue in the upcoming revisions to develop a sound long-term vision for CDR”.*

Next steps

The provisional agreement reached now needs to be endorsed by both European Parliament and Council (EU Ministers) before it is formally adopted.

NOTES FOR EDITORS

[Carbon Gap](#) is a European environmental NGO focused on responsibly scaling up carbon dioxide removal, as an important complement to emission reductions.

Useful resources:

- Press release on ITRE committee vote on [NZIA](#)
- Press release on [2040 targets and Industrial Carbon Management Strategy](#)
- Reaction to the Commission’s proposal on [NZIA](#)

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