The Carbon Management Allianz
on the EU consultation on the regulation of the CO_2 market and CO_2 transport infrastructure
09 January 2026

Statement on the EU consultation on the regulation of the CO_2 market and CO_2 transport infrastructure

The Carbon Management Allianz (CMA) welcomes the European Commission's initiative to develop a legislative framework for an integrated and competitive European CO_2 market. The demands on European industry are enormous: according to the European Commission's Communication on Industrial Carbon Management, hundreds of millions of tons of CO_2 must be captured by 2040. Without a clear regulatory framework, these targets cannot be achieved.

Carbon management is an indispensable component of any realistic decarbonisation strategy, particularly for industries with hard to abate emissions (cement, lime, waste management, steel, chemicals, refineries, etc.). Even with ambitious reduction strategies, industrial residual emissions remain that can only be offset by CCS or technical negative emissions (e.g., BECCS, DACCS).

Given the targets set and obligations created by the Net-Zero Industry Act (NZIA), a proper regulatory framework in the field of CO transport infrastructure is all the more necessary. Without legal clarity on CO_2 export and the existence of the relevant infrastructure, companies along the value chain will not have enough legal and investment security in order to launch their projects required for the fulfilment of the CO_2 injection capacity obligations. At the same time, while the CMA rejects the selected EU concept of retroactively imposing obligations on privately owned companies that legally operate in the EU – such as mandatory requirements to install CO_2 injection capacity – it supports the establishment of a legal framework that ensures legal stability and effectively attracts market-based, long-term investment.

Against this backdrop, a European legal framework is needed that gives industry a high degree of planning security, creates uniform standards and enables cross-border CO_2 infrastructure The CMA stresses that the coming years will determine the success or failure of the CO_2 value chain. Investments in infrastructure and storage sites require not only high initial capital, but also a regulatory environment that enables long-term business models, limits risks and facilitates innovation.

Effective EU regulation must therefore combine technological openness, economic feasibility, rapid approvals and cross-border cooperation. At the same time, it must avoid hampering this young market segment by laying down detailed rules too early. The CMA sees the consultation as a crucial building block for the creation of a functioning European CO_2 market that reconciles climate protection and industrial competitiveness.

1. Key requirements for the EU regulatory framework

1.1. Gradual and market-oriented regulatory approach

The CMA advocates a gradual approach that allows sufficient scope for early market development, but at the same time sets guidelines to prevent fragmentation and undesirable developments. The early phase should be characterised by general but clear regulatory principles, including transparency, investment protection, legal clarity and minimum standards for transport and storage.

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Overly strict rules or overly detailed technical specifications would increase the risk of creating false path dependencies or hindering private investment in this sensitive phase. A step-by-step approach protects innovation and allows insights from the first projects to be systematically integrated into later regulatory phases.

At the same time, the CMA points out that certain basic principles, particularly those relating to interoperability, access to infrastructure and cross-border transport, should be harmonised across the EU at an early stage in order to prevent national deviations and diverging regulatory landscapes.

This also creates planning security for European and international project partners.

Reliable grandfathering rules are also of central importance so that projects that are already making significant upfront investments today are not disadvantaged by a later regulatory decision. Without this safeguard, there is a risk of an investment gap during the market ramp-up.

1.2. Planning and investment security

A clear planning framework is a basic prerequisite for the rapid establishment of a European CO_2 market. Unlike in established energy markets, cost structures, transport routes and volumes in the CO_2 sector are still under development. Coordinated infrastructure planning across the EU can help to reduce risks for investors and operators and enable efficient transport solutions.

It is crucial that planning takes into account both pipeline-based and non-pipeline-based transport modes. Restricting the planning to pipelines would make it difficult for most first-mover projects to enter the market, as large-scale pipeline networks are only realistic in later phases.

The CMA expressly supports the demand for:

- Early harmonisation of technical standards for pressure, purity, interoperability and quality of CO_2 streams.
- European coordination that bundles national plans and prioritises cross-border connections.
- Regulatory protection for projects that are already making advance investments today (grandfathering).

European infrastructure planning can make a significant contribution to securing the supply of storage sites, balancing risks between different players and avoiding the emergence of costly overcapacity or undercapacity.

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2. Requirements for the future CO_2 market

2.1. Technology neutrality and focus on unavoidable emissions

The CMA calls for fundamentally technology-neutral regulation. The choice of the appropriate decarbonisation path must be made in a competitive environment, as different industries have different starting points and technical restrictions.

At the same time, there is consensus that CCS should be used in particular in hard-to-abate sectors where emission-free alternatives are not realistically available. Technology-neutral regulation must not be confused with a free pass for the continued use of fossil fuels but must take into account industrial policy and climate science requirements.

The CMA also advocates framework conditions that enable innovation and cost reductions: an overregulated market would weaken the economic attractiveness of new business models and jeopardise the achievement of EU climate targets.

2.2. Integration of storage, transport and negative emission options

The future European CO_2 market will be a complex network of different CO_2 streams, encompassing fossil and biogenic sources, industrial processes, BECCS and DACCS plants, and CCU pathways. The market architecture must reflect this diversity and ensure that all streams can be transported, stored or used according to transparent and uniform criteria.

BECCS in particular will play a key role in achieving the EU's climate targets, as this technology is the only scalable form of technical negative emissions. Clear integration into licensing, funding and market mechanisms is therefore necessary.

For storage access rules, non-discriminatory, transparent and reliable access is crucial. Regulators must recognise that transport and storage involve different business models and risk exposures.

Transport networks are capital-intensive and dependent on economies of scale, while storage facilities must meet high geological, regulatory and operational requirements. Separate but coordinated regulation therefore appears to be sensible.

3. Infrastructure development and regulation

3.1. Multimodal infrastructure approach

The CMA advocates an inclusive European CO_2 infrastructure model. Pipeline, ship, rail and truck transport must be considered equally, as they serve different market segments and geographical locations.

Non-pipeline transport modes will not only be relevant in the ramp-up phase, but they will also remain essential in the long term, e.g., for smaller sites, seasonal CO_2 volumes or regions with lower volumes. Sea

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transport will play a strategic role, particularly in the offshore sector, as maritime storage options in the North Sea represent the largest available capacity.

For a multimodal system to function, terminals, ports, liquefaction plants, transshipment points and intermediate storage facilities must be explicitly integrated into infrastructure planning. This is the only way to create a reliable CO_2 corridor that covers the entire value chain.

3.2. Accelerated and harmonised approvals

The CMA considers the simplification and acceleration of approval procedures to be one of the key factors for the successful implementation of the CO_2 market. Current approval practices are often lengthy, inconsistent and not tailored to the needs of large-scale industrial projects. Carbon management projects should be consistently regarded as net zero strategic projects with the corresponding acceleration in planning and approval as provided for by the NZIA.

That is why the CMA supports:

- Digitalisation and standardisation of procedures.
- Introduction of clear maximum time limits, both for the entire procedure and for individual stages (e.g., including the use of approval fictions).
- A permanent basic structure of approval rules that does not expire when the NZIA expires.
- SPOC or coordinated approval bodies that provide guidance to applicants without weakening the specialist authorities.

It is particularly important to give regulatory preference to repurposing projects: reusing existing energy infrastructure can significantly accelerate market ramp-up and reduce costs. However, simplified procedures are essential for this.

3.3. Use and repurposing of existing infrastructure

The CMA supports the use of existing energy infrastructure wherever technically possible. Repurposing offers significant opportunities, particularly for pipelines, ports, terminals and offshore platforms.

The advantages lie in:

- Acceleration of project implementation;
- use of existing corridors;
- lower investment costs; and
- faster approval processes.

At the same time, technical limitations must be taken into account: corrosion, pressure requirements, material fatigue and the continuing need for certain gas pipelines to ensure security of supply. It would therefore be unrealistic to expect repurposing to always be more cost-effective across the board.

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4. Overcoming legal barriers to cross-border CO_2 transport

The European CO_2 market can only function if cross-border transport and cross-border storage are legally possible. The CMA points to considerable uncertainties due to international agreements.

Particularly relevant are:

- The lack of or delayed ratification of the London Protocol amendment, which currently restricts the export of CO_2 for geological storage.
- The unclear legal situation under HELCOM, particularly regarding CO_2 storage in the Baltic Sea.
- Room for interpretation in other marine protection agreements, which can lead to legal uncertainty.

The CMA recommends a multi-layered approach:

1. An EU legislative act establishing clear rules for CO_2 export, import and storage access.
2. Binding European guidelines on the interpretation of international agreements.
3. EU-led bilateral and multilateral agreements with third countries, in particular Norway and the United Kingdom.
4. A political initiative that explicitly calls on Member States to conclude and ratify protocols relevant under international law.

Without this legal clarity, European projects risk significant delays and competitive disadvantages.

5. Economic efficiency, investment incentives and market mechanisms

The establishment of a European CO_2 value chain will only succeed if a viable business model is created that enables both short-term investment decisions and long-term refinancing mechanisms.

The CMA highlights:

- The need for a stable regulatory framework in the long term (at least 15–20 years).
- The introduction of de-risking instruments to secure high initial investments.
- The development of marketable business models that make transport and storage calculable.

In the initial phase, the EU ETS alone will not send sufficient price signals. Additional instruments are therefore necessary, such as:

- Contracts for difference (CfDs) for capture and storage;
- state credit and investment guarantees;
- investment subsidies;
- green lead markets and demand quotas;
- book-and-claim models; and
- integration of negative emissions (BECCS/DACCS) into the EU ETS.

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In particular, the ETS eligibility of CCU processes, e.g., via free allowances, is crucial to making these applications economically viable.

A modern CO_2 market architecture must also enable small and medium-sized enterprises to enter the market, for example, through cluster solutions, payment flexibility or guaranteed network access.

Summary

The CMA supports the European Commission's goal of establishing a functioning EU-wide carbon market and an efficient carbon infrastructure. Only by combining clear rules, fast approval procedures, reliable market mechanisms and international legal clarity can Europe achieve its decarbonization goals while strengthening its industrial base.

The key success factors according to the CMA are:

- A gradual but binding regulatory approach
- EU-wide coordinated infrastructure planning
- Non-discriminatory tariffs
- Faster approval procedures
- Multimodal transport solutions
- Investment protection and incentives
- International legal clarity for transport and storage
- Consistency with national strategies and the EU ETS

A strong European carbon market will form the backbone of industrial decarbonization for years to come. The CMA sees this consultation as a crucial step in this direction.

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