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Offshore Norge's feedback on Net Zero Industry Act regarding CO₂ storage capacity

Offshore Norge is an employer and industry organization for companies with activities on the Norwegian Continental Shelf, representing more than 100 companies within oil and gas, CCS, offshore wind, and marine minerals.

Offshore Norge considers the NZIA proposal as an important step to facilitate investments in the manufacturing and deployment of clean technologies in Europe. We particularly welcome the strong and timely recognition of CCS as crucial for achieving net zero emissions in Europe, and the effort to establish clear ambitions and project realisations.

We caution that it will be challenging for the industry to achieve the proposed capacity objective within 2030 as the CO₂ storage projects depend on factors partially outside the control of the obligated companies. Consequently, we recommend that the oil and gas entities in the EU are allowed to meet their contribution obligation under NZIA by using storage capacity available in Norway.

Further on, the imposition in NZIA of a CO₂ storage capacity obligation on oil and gas entities is assessed as an unprecedented and inappropriate investment obligation and may conflict with the emitter pays principle.

Norway has a significant storage capacity potential and extensive experience with CO₂ capture and storage (CCS)

Norway has a long history of CCS, safely storing CO₂ since 1996 at the Sleipner field. The CO₂ storage capacity on the Norwegian Continental Shelf is considered to be significant¹, and several exploration and storage licenses have already been awarded by the Norwegian Ministry of Petroleum and Energy. The industry has an ambition to develop further CO₂ storage projects on the Norwegian Continental Shelf in the coming years with the aim of

¹ <https://www.npd.no/en/facts/carbon-storage/>

connecting large emission sources in Europe with the extensive storage opportunities in Norway.

Several storage projects are known in the EU today with an indicative start-up by 2030, but most of the projects are in very early project development phases and need to be accelerated to be available by 2030. However, even if they were to receive needed permits and funding within the next years, it will depend on multiple external factors for them to become operational by 2030. There is currently only one substantial CO₂-storage project in Europe under construction, the Northern Lights projects² in Norway.

Offshore Norge is concerned that it will be challenging for the industry to achieve the capacity objective by 2030 as these projects to a large degree depend on factors outside the control of the obligated companies and can take many years, even if all project phases are managed within minimum periods. Consequently, storage projects in Norway will be important for delivering on the NZIA target, and Offshore Norge recommends that the oil and gas entities in the EU are allowed to meet their contribution obligation under NZIA by using storage capacity available in Norway.

[The emitter pays principle should be the basis for climate policy measures](#)

The emitter pays principle forms the basis for international and national climate policies, including the Paris Agreement. Climate measures must be targeted towards the emitters to deliver material, sustainable and cost-efficient GHG emission reductions. The proposed NZIA may challenge the emitter pays principle, as it places financial risk for storing CO₂ from final consumers on upstream oil and gas producers.

The imposition in NZIA of a CO₂ storage capacity obligation on oil and gas entities is assessed as an unprecedented and inappropriate investment obligation. The CO₂ storage capacity obligation will entail both legal and competitive challenges for oil and gas entities. It will distort the level playing field for European energy companies as compared to competitors outside Europe and could influence European energy production and prices negatively.

[Material and sustainable storage of CO₂ requires a value chain perspective](#)

Offshore Norge agrees that it is essential to address the “coordination failure” in the CCS value chain as recognized in the NZIA proposal. While the introduction of clear objectives for CO₂ injection capacity is welcomed, it is equally important that such capacity is built on

² <https://norlights.com/>

business decisions and following cooperation among industrial partners and competent authorities. This is an exercise of balance where storage and capture need to be developed in lockstep, and a primary focus on storage injection capacity only, as set in the proposal, also entails risks that should be well understood. Successful development of CCS value chains requires that all parts of the value chain – ranging from capture, gathering hubs, transportation, to storages – need a positive business case. Which for a CO₂-storage provider means security of demand for storage services, access to CO₂-storage licenses and a supportive framework. Not properly coordinating the entire value chain, creates economic inefficiencies and even potentially a risk of assets being built but not put into operation in time. Hence, there should be policies and incentives available to all parts of the value chains aiming at their synchronous and coordinated development.

Offshore Norge recognizes the proposed CO₂ injection capacity objective as a clear commitment from policymakers to develop and implement the needed frameworks which enable and support the establishment of CCS value chains in Europe. For CO₂ to be effectively captured, transported, processed, and permanently stored all entities along the CCS value chains need to have viable and sustainable market-based business cases with signed agreements underpinning investments and defining their locations, capacities, and timing. The establishment of stranded CO₂ storage assets across Europe must be avoided. To ensure fair distribution of financial risk, the EU needs to establish relevant and right balance of the incentives across the whole value chain.

We therefore recommend that the Regulation explicitly recognizes that we need a value chain approach when setting and delivering towards targets, meaning that we need matching ambitions for capture, transport, and storage. One without the others does not give coordinated CCS value chains.

[Flexibility on both location and timeline is needed](#)

Ambitious targets are inspiring, and as pointed out in the NZIA Staff Working Document, Europe must store exponentially more CO₂ in the years after 2030 and towards 2050. The ambition of negative emissions beyond 2050 will also require continued expansion of storage capacities. It is however important to not underestimate the considerable work and investments needed for developing robust CO₂ storages facilities. Developing CO₂ storage can take 5-10 years and is dependent on several factors not under the control of project development.

CO₂ storage development and financial investment decisions are dependent on multiple requirements, such as access to exploration permitting, securing of demand, an operational

transport infrastructure, a business case, and bi-lateral agreements under the London protocol. In addition to including CO₂ storage in Norway under the NZIA, Offshore Norge recommends that a flexibility on the timeline for the CO₂ storage capacity obligations is incorporated in the legislation.

Requirement on oil and gas entities should be conditional to CO₂ storage exploration licenses being available

According to the proposed NZIA, Member States are required to make available data on the availability of CO₂ storage sites in their territory, but they are not obliged to make that capacity available, nor are they expected to open for exploration licenses for new storage sites. On the other hand, hydrocarbon license holders are required to make available a certain capacity of CO₂ storage by 2030, regardless of that capacity being made available by national authorities in the first place. Obligation on oil and gas entities should be conditional on CO₂ storage exploration licenses or field repurposing licenses being granted by Member States, with the deadline for entities to meet the requirement being extended if not enough licenses have been made available by Member States.

In addition, the NZIA Regulation needs to be aligned with:

- Timely organisation of CO₂ storage licensing and field repurposing approvals by national governments.
- Timely progress of capture projects under development and solid business cases.
- The development of a Trans-European multi-modal network for CO₂ transport (pipeline infrastructure, ship, barge, train, and truck) in close dialogue with industry, and embedded in integrated 10-year network development plans (TYNDP) and aligned with similar plans for gas, electricity, and hydrogen markets (TEN-E Regulation).
- Clear and firm commitments of the CO₂ volumes captured and stored by member states incorporated in the National Energy and Climate Plans.
- Member states' ratification of the 2009 amendment to art. 6 of the London Protocol and the conclusion of bi-lateral agreements as a legal basis for cross-border export of CO₂.
- Governmental Incentives and support schemes.
- Expand scope to include exploration of saline aquifers.
- A clear definition of requirements for CO₂ storage capacity target.