Equinor response to the Commission proposal establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act)

Equinor is a broad energy company that aims to be a leader in the energy transition and pursues the ambition to become a net-zero energy company by 2050. Our efforts in providing new low-carbon solutions and technologies also have the potential to help other economic actors reduce their own emissions, and therefore contribute positively towards the EU's climate neutrality ambition.

Equinor welcomes the proposal for a 'Net Zero Industry Act' (NZIA) 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. Equinor has operated CCS technology for more than 25 years in the Norwegian North Sea, safely storing nearly 25 Mt of CO2 since 1996 at the Sleipner field, the world's first offshore CCS project. Further contributing to maturing CCS value chains and markets is one of the strategic pillars of our energy transition plan, and therefore the NZIA proposal aligns well with our position and ambitions with geologic storage of emissions as a key enabler of climate neutrality.

We welcome the opportunity to provide feedback to the Commission's proposal, and we would like to share some remarks to contribute to the development of a workable and efficient legislation:

A value chain approach for CCS is required to solve the 'coordination failure'

Science tells us we need CCS technology in the fight against climate change. We welcome and wish to underline the importance of the inclusion of CCS as one of the 'strategic net-zero technologies' and the possibility for CO2 storage projects to be recognized by Member States as 'net-zero strategic projects'. This will facilitate permit-granting processes and the obtention of priority status to projects for authorizations and permits under national and EU laws. Similarly, CO2 capture and transport projects are in need of lower administrative burden and faster and simpler permitting processes and should also be able to be recognized as 'net-zero strategic projects'.

While we welcome the introduction of clear objectives for CO2 injection capacity, it is equally important that such capacity is built on 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.

A more flexible CO2 injection location

According to IEA data, currently only one substantial CO2-storage project in Europe is under construction[1] (the Northern Lights projects in the Norwegian Continental Shelf, outside of the EU territory). The current EU storage "project pipeline", even if based on the most optimistic data (including all announced projects and PCIs, also those without funding and permit) is probably not enough to meet the 50Mt by 2030. Hence, storage projects from the full territory of the EEA will be important for delivering on the target and for kick-

[1] IEA defines projects under construction once FID has been announced and construction is ongoing or imminent.

starting large-scale CCS value chains in Europe. We therefore recommend that under Art. 18 (1), entities are allowed to meet their contribution by using storage capacity available in the whole EEA territory, or that they're able under Art. 18 (5c) to enter into agreements with third party storage developers that have been granted storage license under the CCS Directive.

Consideration of external requirements when setting the deadline for the contribution of authorised oil and gas producers

Ambitious targets are inspiring, and as pointed out in the NZIA Staff Working Document, Europe must store exponentially more 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 CO2 storages. Developing storage sites is dependent on many external factors outside the control of project developers and takes time. According to the recent draft of the revised EU CCS Guidance Documents prepared by DNV, it takes at best 4.5 years and up to 11 years to make injection capacity available[2].

As storage development (and Financial Investment Decisions) is dependent on multiple requirements outside the control of the entity – access to exploration permitting, securing demand (from emitters), having transport infrastructure operational, having a business case and bi-lateral agreements under the London protocol – we believe that the deadline for contributions to a storage injection ambition should be able to be prolonged when it can be demonstrated that these other elements in the value chain are not ensured or sufficiently matured, despite demonstrated best efforts by the entity. If the requirements that need to be met to achieve the target which are outside the control of the entities are not available by the date planned, entities should be able to prolong the date by when the related CO2 injection capacity is being made available beyond the date stipulated in Art. 16

The full value chain and deployment of net-zero technologies must be under the scope of the Regulation

We strongly welcome NZIA's focus on speeding up permitting and the granting of licenses. However, the successful decarbonisation of Europe cannot be achieved without a recognition of interdependencies between value chains and if we don't ensure that the manufactured net-zero technologies are deployed in Europe. Therefore, the deployment of net-zero technologies and value chains making use of these technologies must also be supported and included as 'net-zero strategic projects' and as 'net-zero technology manufacturing projects' under the scope of this Regulation.

We would like to stress the importance to facilitate the transport of hydrogen. Clean hydrogen that will be produced using technologies included in the proposal, such as electrolysers and CCS, will need to be transported to industries in order to be used. Hydrogen transport infrastructure projects such as pipelines are complex and dependent on numerous permits, further multiplying when projects are of cross-border nature. Facilitating the construction of such infrastructure will be crucial to develop successful hydrogen value chains, as without it, hydrogen produced will not reach markets and users.

Final remarks

Equinor believes that any mechanisms for establishing any form of mandatory contribution to any set target should be thoroughly assessed through an impact assessment and under competition law. The establishment of CCS value chains that enhance European competitiveness will have to be anchored in the fact that storage and transport is a market for services and that competitive forces should apply. Moreover, the contribution of authorized O&G entities under Article 18 may distort the level playing field for European energy companies as compared to competitors outside of Europe (e.g LNG from USA not having such obligation) and could influence European energy production and prices negatively.

[2] 0.5 – 2 years for assessment pre-exploration permit; 2 – 5 years characterisaiton of the storage complex leading to storage permit; and 2 – 4 years for the development of the storage site. *'Updated Draft Guidance Documents to the CCS Directive'*, DNV, June 2023.