



Equinor Response to EU Commission Call for Evidence for an Impact Assessment – Certification of Carbon Removals

Equinor pursues the ambition to become a net-zero energy company by 2050, by providing solutions and new technologies that also will enable other economic actors to reduce emissions and help deliver towards the EU's climate neutrality. Equinor is committed to working with governments to achieve emissions reductions consistent with the Paris Agreement and believes it is important for governments to establish climate strategies that are based on the objective of abating the highest volume of emissions at the lowest cost.

To keep global warming well below 2 °C and ensure the EU reaches climate neutrality by 2050, climate policy frameworks should enable the broadest possible set of solutions to mitigate and remove emissions, including nature-based- and technology-based, as well as carbon taxes, carbon pricing and the Voluntary Carbon Market (VCM). Anything short of this will make the achievement of our common goals and ambitions more difficult, delayed, and costly.

Equinor has a long experience with carbon sequestration solutions; we have been capturing and safely and permanently storing CO₂ for more than 20 years, and we are partners in what will be the first ever cross-border, open-source CO₂ transport and storage infrastructure network, the Northern Lights. Going forward, we will continue supporting and will invest in both nature-based and technology-based solutions.

Equinor welcomes the opportunity to provide input to the Call for Evidence for an Impact Assessment of the upcoming EU Certification of Carbon Removals, an initiative that we strongly support, and we would like to share some key remarks regarding the development of a high-quality scheme:

- **The mitigation hierarchy should always be prioritized**

The latest reports from the IPCC sixth assessment cycle show that carbon dioxide removal (CDR) will be needed to counter-balance residual emissions and that the most appropriate strategies for CDR depend on national and regional circumstances. However, it will be important to ensure that the mitigation hierarchy is applied. Reducing own emissions should be prioritised to minimise the need for offsetting in the first place. We welcome the Commission's clear statement that GHG emission reductions must remain the absolute priority and that there is also a need to support the development and deployment of carbon removal solutions to meet net-zero GHG emissions in the EU by 2050 and negative emissions thereafter.

- **Both emission reductions and removals should be supported**

We welcome the Commission's ambition to include both nature-based and technology-based solutions when developing a regulatory framework for the certification of carbon removals. To achieve net-zero across Europe in 2050 and enable negative emissions thereafter will require both carbon reductions and removals at unprecedented scale. Equinor supports a holistic approach to ensure all mitigation options are enabled through clear policy instruments.

Emission reductions will have benefits in the short, medium, and long term. As emphasized in the Oxford Principles for Net Zero Aligned Carbon Offsetting, the world should move towards removals, but an immediate transition to only removals is not necessary, nor cost-effective. Nature-based emission avoidance and reductions also provide other benefits like conservation of nature and biodiversity, benefits for local communities, etc. Protecting existing forests alongside sustainable agriculture are offered as examples of solutions with high potential for mitigation in the latest IPCC report. The report's finding that nature-based

solutions cannot fully compensate for delayed action in other sectors, strengthens the rationale for following the “mitigation hierarchy”.

With respect to technology-based solutions, the deployment of reduction technologies like CCS at scale will bring learning effects, drive volumes of captured CO₂ up and bring transportation and storage costs down and should therefore be also supported. The latest IPCC report underlines that the unit cost of low-emissions technology has fallen significantly over the past decade, enabled by innovation policy packages. Moreover, the development of CCS technology and CO₂ infrastructure will further enable and reduce the costs of carbon removals such as bioenergy with CCS (BECCS) and direct air capture (DACs), which are more costly and less available today.

Efforts to capture emissions after they have been emitted to the atmosphere should therefore not defer the more cost-effective solutions that capture emissions from point sources before they are released into the atmosphere. The need for reducing emissions using technology and nature-based solutions is also reiterated in the latest IPCC report along with the message that we need an increased build-up of removals to meet the 1.5°C target. As an example, the report states that global rates of CCS deployment are far below those in modelled pathways for 1.5°C or 2°C and that policy instruments and technological innovation could enable its deployment at scale¹.

We recommend that reduction credits (e.g., CCS from fossil sources) which can quickly support the decarbonization of the industry and accelerate emission reductions in Europe are included in a future EU market of carbon credits, in a way that is compatible with the EU ETS.

We support and believe that a holistic approach that looks at how much CO₂ has actually been avoided/removed and how much energy is used to do so is needed, to ensure that carbon removals are being deployed at the scale needed in the future.

- **CO₂ storage is safe, and development of storage infrastructure is essential to deploy carbon reduction and removals at scale**

CCS is a safe, cost-effective and scientifically proven emissions reduction technology. Permanent storage of CO₂ in geological reservoirs is secure and available and is therefore essential when it comes to both carbon removal and emissions reductions with long-lived storage. Storing CO₂ utilises the same mechanisms that have kept hydrocarbons trapped in the subsurface for millions of years. Once stored, the CO₂ is trapped below impermeable cap-rock which prevents the CO₂ to escape upwards.

Equinor has developed successful monitoring programs through 25 years of CCS experience to assure the government and the public that CO₂ is stored safely. Storage capacity is available globally and in Europe. The IPCC, on its last report, estimates the world’s potential CO₂ storage capacity at 1000 gigatons, which is more than the CO₂ storage requirements through 2100 to limit global warming to 1.5°C. Conservative estimates suggests that the Norwegian Continental Shelf alone can store a significant share of CO₂ from European sources needed for Europe to meet 2050 net-zero ambitions. The support and development of European CO₂ transport and storage infrastructure is essential to deploy carbon reduction and removals at scale.

- **A high-quality Certification Scheme is essential**

In order to ensure a high-quality certification scheme, precise technical definitions are needed. Currently, there is still not an EU-wide definition for carbon removals, carbon avoidance and carbon reductions, meaning there is substantial confusion regarding what constitutes Carbon Dioxide Removal and what doesn’t. These definitions need to be clear and exhaustive to provide clarity to ongoing CCS projects and policy discussions, to enable large-scale deployment and avoid confusions and loopholes.

¹ https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_SummaryForPolicymakers.pdf

The use of existing standards and methodologies such as the Oxford Principles for Net Zero Aligned Carbon Offsetting, should be prioritized. The same criteria that standards for the Voluntary Carbon Market, should be applied to an EU certification scheme; namely:

- **Real** - emission reductions/removals (ER) must be proven genuinely to have taken place
- **Measurable** - ER must be quantifiable using recognized measurement tools against a credible emission baseline
- **Permanent** - minimize the risk of reversal
- **Additional** - must be additional to what would have happened under business-as-usual scenario
- **Independently audited** - ER must be verified to a reasonable level of assurance by an accredited validation/verification body
- **Unique** - with no double counting or double claiming
- **Transparent** - sufficiently and appropriately public disclosure
- **Conservative assumptions** - values and procedures must be used
- **Co-benefits** - solutions should strive to promote social and environmental co-benefits.

When developing a framework for certification of carbon removals, the Commission must find the right balance between requirements ensuring credible and reliable certificates and those driving costs (such as extensive monitoring and insurance programs), as cost driving requirements will be paid by the users through tariffs and challenge the implementation of carbon removals.

- **Ensure compatibility at global level**

Equinor welcomes the efforts to establish requirements and a certification for carbon removals and other offsetting efforts. There are already several private methods, standards and systems operating in current carbon markets with integrity. Equinor would encourage the Commission to build on these to the extent possible to ensure efficiency, transparency, credibility and learning, and to ensure sufficient consistency with global standards and certifications of carbon credits. Proper labelling is important for transparency and easy comparison. In addition, Equinor believes that clarity of roles will be key to a public/private partnership where the Commission works together with independent private entities to maximize the effort of bringing sustainable carbon cycles to Europe.