GLOBAL CCS INSTITUTE

Consultation on the Draft New State Aid Framework to Support the Clean Industrial Deal (Clean Industrial Deal State Aid Framework – CISAF)

GCCSI Feedback

General comments

Please provide any comments you may wish to bring to the Commission's attention in relation to the draft proposal for a new Clean Industrial Deal State aid Framework – *5,000 character(s) maximum*

Simplified and fast-tracked State aid schemes are essential to accelerating the scale-up of industrial carbon management across the European Union (EU). The Global Carbon Capture and Storage (CCS) Institute therefore welcomes the European Commission's efforts to swiftly introduce a new framework for State aid under the Clean Industrial Deal (CISAF), complementing the existing Guidelines on State aid for climate, environmental protection and energy (CEEAGs).

In this context, we would like to highlight the following considerations:

- **Broader selection criteria in competitive bidding processes beyond cost efficiency**. Under point 9(d) in section 2, the provision enabling up to 30% of the total selection criteria to reflect factors other than pure cost-efficiency provides essential flexibility. It creates space to promote innovative, high-impact decarbonisation projects that may not initially be the most cost-competitive but are critical to accelerating climate action, particularly as first movers in hard-to-abate sectors. This balanced approach is already reflected in leading national carbon contract for difference (CCfD) schemes, such as those implemented in France and Denmark, which have incorporated non-price-related criteria into their project evaluations. These include elements like technological innovation, evidence of delivery capability and decarbonisation ambition.

- **Including support for operational expenses in CO_2 capture projects**: The term "*investments*" as used in point 90 of the draft CISAF appears to refer exclusively to upfront capital expenditure (CAPEX), thus excluding operating expenditure (OPEX) from eligibility. This exclusion could significantly limit the reach and effectiveness of the aid. Notably, most national CCfD schemes for CCS already support both CAPEX and OPEX. To ensure regulatory alignment and project viability, the draft CISAF should explicitly define "*investments*" to also include OPEX.

info@globalccsinstitute.com
+32 (0)2 550 39 61
globalccsinstitute.com

Level 12, Bastion Tower, 5 Place du Champ de Mars,
B-1050, Brussels, Belgium
ACN: 136 814 465

- **Allowing greater flexibility in the 36-month deadline for CO_2 capture projects**: The current 36-month deadline between the granting of aid and the start of operations, as outlined in point 79, may be challenging for CO_2 capture projects. These projects typically require a minimum of two years for construction alone. When factoring in additional time needed for permitting, engineering, and integration with other components of the CCS value chain, the deadline can be restrictive. To address these challenges, we recommend introducing an exemption for such projects under point 79 by granting them an extended deadline of 60 months, which would better capture real-life project timelines and support effective coordination across the CCS value chain. Furthermore, if a project is technically ready but cannot begin operations due to external factors – such as delays in CO_2 transport network connections or the unavailability of CO_2 storage sites – the penalties specified in point 80 should not apply.

- **Using consistent terminology between emission "*reduction*" and "*avoidance*" for CO_2 capture**: The terms "*reduction*" and "*avoidance*" of greenhouse gas (GHG) emissions are not used consistently across the CEEAGs and the draft CISAF. In the CEEAGs, "*reduction*" is used in reference to CCS and other decarbonisation technologies under point 83, relating to "*other aid for the reduction and removal of GHG emissions and energy efficiency*". In contrast, the draft CISAF uses the term "*avoidance"* under point 83(b) and 108(b) specifically in the context of CCS and carbon capture and utilisation (CCU). However, neither "*reduction*" nor "*avoidance*" are formally defined in either document, leading to potential ambiguity in interpretation and implementation. We recommend the Commission clarify and harmonise the use of these terms to ensure consistency across policy instruments.

- **Clarifying the eligibility of CO_2 pipelines under the definition of energy infrastructure:** The draft CISAF states under point 74 that energy infrastructure is eligible for support if it is either "*located on the project's site and dimensioned to the needs of the project*" or "*developed solely to connect the beneficiary to open-access third-party infrastructure.*" We note that pipeline infrastructure "*other than upstream pipeline networks, used to transport carbon dioxide from more than one source*" is eligible for aid under point 36(d)(i) of the CEEAGs. As such, if the intention is to provide aid through the CISAF to these upstream pipeline networks, the wording of point 74 should be explicit to align with the wording in the CEEAGs. This will ensure all connecting infrastructure, whether on-site or beyond the facility boundary, is eligible for aid under the CISAF. It should also be clarified whether a pipeline that is intentionally oversized for future expansion or cluster development still qualifies as "*dimensioned to the needs of the project*".

Aid to deploy industrial decarbonisation

Please provide any comments specific to section 5 of the draft framework ("Aid to deploy industrial decarbonisation") - *5,000 character(s) maximum*

The Global CCS Institute welcomes the Commission's efforts to establish a simplified framework that supports the deployment of industrial decarbonisation technologies, including CCS. However, we would like to highlight several areas within section 5 where further clarification and adjustment would enhance regulatory clarity and facilitate project development. Many of these remarks have also been raised in our general comments but are reiterated here for ease of reference:

- **Including support for operational expenses in CO_2 capture projects**: The term "*investments*" as used in point 90 of the draft CISAF appears to refer exclusively to upfront CAPEX, thus excluding OPEX from eligibility. This exclusion could significantly limit the reach and effectiveness of the aid. Notably, most national CCfD schemes for CCS already support both CAPEX and OPEX. To ensure regulatory alignment and project viability, the draft CISAF should explicitly define "*investments*" to also include OPEX.

- **Allowing greater flexibility in the 36-month deadline for CO_2 capture projects**: The current 36-month deadline between the granting of aid and the start of operations, as outlined in point 79, may be challenging for CO_2 capture projects. These projects typically require a minimum of two years for construction alone. When factoring in additional time needed for permitting, engineering and integration with other components of the CCS value chain, the deadline can be restrictive. To address these challenges, we recommend introducing an exemption for such projects under point 79 by granting them an extended deadline of 60 months, which would better capture the time required to coordinate with other parts of the CCS value chain. Furthermore, if a project is technically ready but cannot begin operations due to external factors – such as delays in CO_2 transport network connections or the unavailability of CO_2 storage sites – the penalties specified in point 80 should not apply. This flexible approach would help mitigate cross-chain risks and support the successful deployment of CO_2 capture initiatives.

- **Using consistent terminology between emission "*reduction*" and "*avoidance*" for CO_2 capture**: The terms "*reduction*" and "*avoidance*" of GHG emissions are not used consistently across the CEEAGs and the draft CISAF. In the CEEAGs, "*reduction*" is used in reference to CCS and other decarbonisation technologies under point 83, relating to "*other aid for the reduction and removal of GHG emissions and energy efficiency*". The CEEAGs also define "*CO_2 removal*" under point 19(15) as "*anthropogenic activities removing CO_2 from the atmosphere and durably storing it in geological terrestrial, or ocean reservoirs, or in products*", thus covering activities such as direct air capture and storage and distinguishing them from "*emission reduction*". In contrast, the draft CISAF uses the term "*avoidance"* under point 83(b) and 108(b) specifically in the context of CCS and CCU. However, neither "*reduction*" nor "*avoidance*" are formally defined in either document, leading to potential ambiguity in interpretation and implementation. We recommend the Commission clarify and harmonise the use of these terms to ensure consistency across policy instruments.

- **Clarifying the eligibility of CO_2 pipelines under the definition of energy infrastructure:** The draft CISAF states under point 74 that energy infrastructure is eligible for support if it is either "*located on the project's site and dimensioned to the needs of the project*" or "*developed solely to connect the beneficiary to open-access third-party infrastructure*." We note that pipeline infrastructure "*other than upstream pipeline networks, used to transport carbon dioxide from more than one source*" is eligible for aid under point

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