



Answer to the EC inception impact assessment (roadmap) on updating the EU Emissions Trading System (ETS)

25 November 2020

The European Lime Association (EuLA) acknowledges the EC announcement of the revision of the EU ETS under the 2030 GHGs emission target and manifests its willingness to contribute.

EuLA acknowledges the publication of the European Commission (EC) roadmap for the potential revision of the EU ETS to be aligned with a GHGs emission reduction target of at least 55% of 1990 levels by 2030. Through the upcoming, we call the EC to consider the impact an enhanced climate target will have on our daily activities. Lime is an essential enabling sector, with a central role in many industry value chains, thus a more stringent climate policy shall be accompanied by adequate carbon leakage protection measures.

OUR CALLS

Priority 1: inclusion of CCU into the EU ETS

The EU ETS directive must equally encourage CCU, which is indispensable to liaise climate objectives and circularity. The European Court of Justice has already two times ([Case C-460/15](#) and [Case C-561/18](#)) decided that the EC should not include CO₂ that is subsequently chemically bound and not emitted to the atmosphere in the CO₂ emissions reporting in the ETS. The impact assessment should dedicate one important part of its analysis on the contribution of CCU to determine the real net balance situation of GHG in Europe and to strongly promote any type of innovation to reuse CO₂ as a raw material or alternative energy replacing fossil fuels. Taking permanent carbon removals as lime applications in account in ETS would constitute an indispensable and powerful leverage to mitigate the impact of Hard to Abate sectors.

CCU was already mentioned in recital 14 of the DIRECTIVE 2018/410 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 March 2018 amending Directive 2003/87/EC¹. With accelerated ambitions, Europe must complement its current instruments to adequately consider the Utilisation of CO₂ and widely deploy circularity practices.

As part of its contribution EuLA is producing a scientific review conducted by POLIMI², which clearly evidences that usage of lime in certain applications absorbs ambient CO₂ to store permanently in

¹ "(14) The main long-term incentive arising from Directive 2003/87/EC for the capture and storage of CO₂ ('CCS'), for new renewable energy technologies and for breakthrough innovation in low-carbon technologies and processes, including environmentally safe carbon capture and utilisation ('CCU'), is the carbon price signal it creates and the fact that allowances will not need to be surrendered for CO₂ emissions which are avoided or permanently stored. In addition, in order to supplement the resources already being used to accelerate demonstration of commercial CCS facilities and innovative renewable energy technologies, allowances should be used to provide guaranteed rewards for deployment of CCS or CCU facilities, new renewable energy technologies and industrial innovation in low-carbon technologies and processes in the Union for CO₂ stored or avoided on a sufficient scale, provided an agreement on knowledge sharing is in place."

² Grosso M., Biganzoli L., Campo F. P., Pantini S., Tua C. 2020. Literature review on the assessment of the carbonation potential of lime in different markets and beyond. Report prepared by Assessment on Waste and

European Lime Association aisbl, in short "EuLA"

Established under the Belgian law under the enterprise/ VAT number BE0479.082.505

C/o IMA-Europe, Twin Gardens (6° floor), rue des Deux Eglises 26, Box 2, B - 1000 Brussels, Belgium

Tel : 32 2 210 44 10, E-mail : info@eula.eu, www.eula.eu



materials. This underpins on a scientific basic our view that carbonation should be taken into account in ETS reporting.

Priority 2: Infrastructure

Infrastructure plays a key role in the CCS/CCU deployment: the impact assessment should consider the extent to which collecting CO₂ for various sources is feasible in Europe, for large, medium or small sources. The impact assessment should consider technical constraints, permitting constraints, public acceptance, economical costs, with the option to consider collecting CO₂ as a public service accessible at fair and reasonable cost. The location and connection of CO₂ pipes might constitute a key parameter for industrial development in Europe in the future decades. Transportation networks in general, and the possibility to develop these close to the industry sites, will determine where industries of the 21st century will be located!

Different transportation methods besides pipelines should be taken into account in the ETS. Costs, availability and public services requirements of these processes should also be addressed by the impact assessment.

Priority 3: Burden sharing

The impact assessment should not limit its scope to the analysis of transposing the -55% target as such in the ETS sectors. The assessment should revisit the elements that initially determined the share of the global target to impose to industries (the ETS and the non ETS sectors), transport, agriculture, household consumption etc. Industries have already reduced a lot compared to the evolution of other emitters³. The global costs of the marginal additional effort should be re-evaluated taking additional accessible potential into account.

Priority 4: Functioning of the EU ETS

After already 15 years of functioning, the EU ETS still faces difficulties: prices are still volatile, , long term predictability is far from being reached and discourage investment, carbon leakage risk, etc.

Against that background, including maritime transports (internal or international), buildings and potentially importers in the EU ETS, should be carefully analysed, while aiming to guarantee stability, transparency, and confidence in the system.

The impact assessment should dedicate appropriate resources to deeply look for available alternatives to provide a price signal and just contribution of these sectors without necessary including them in a system which is yet not stable.

Resources (AWARE) Research Group at Politecnico di Milano (PoliMI), for the European Lime Association (EuLA). Pp. 333.

³ *Between 1990 and 2018, industry has reduced their emissions by 35%, while others like transport increased by 19%. Source: EEA (2019). "Total greenhouse gas emission trends and projections in Europe". Figure 2: Greenhouse gas emissions by aggregated sector. Accessible at: <https://www.eea.europa.eu/data-and-maps/indicators/greenhouse-gas-emission-trends-6/assessment-3>*