EuLA's Feedback on the Commission's Legislative initiative on CO_2 Transportation Infrastructure and Markets

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EuLA, the European Lime Association, represents European non-captive lime production through its 24 covered Member States (companies & national associations). Lime is one of the essential building blocks of modern industry. It is used in many essential processes, such as making construction buildings, producing iron and steel, treating contaminated land, purifying drinking water, making sugar and even cleaning gases from powers stations. Lime and its derivatives are also important additives for making paper, glass, and agricultural products.

The European Lime Association (EuLA) welcomes the European Commission's initiative to establish an EU-wide CO_2 market and infrastructure framework. The lime industry is a critical part of Europe's economy and an essential supplier for steel, construction, chemicals, and environmental applications. At the same time, **the lime industry faces a structural decarbonisation challenge due to process emissions from limestone calcination**. This means that 69% of the lime industry's emissions cannot be abated through fuel switching alone. Therefore, EuLA strongly supports the development of a well-functioning, market-driven CO_2 value chain, ensuring secure and affordable access to transport and storage solutions.

Summary of EuLA's Recommendations

- **Guarantee Fair Access:** Enforce regulated third-party access and fair tariffs so small and inland emitters are not excluded.
- **Plan at EU Scale and beyond:** Establish centralised EU infrastructure planning across all modes, with cross-border links to non-EU storage hubs. Planning must ensure that dispersed industries like lime can connect, and support cross-border links to close by non-EU hubs (Norway, UK, Mediterranean). Onshore CO_2 storage must be fully enabled and incentivised, alongside offshore storage, to ensure timely and geographically balanced deployment.
- **De-risk Investment:** Deploy Carbon Contracts for Difference (CCfDs) to guarantee predictable CO_2 prices, expand Innovation Fund support to cover capture and transport/storage costs, and consider public guarantees or direct investment for backbone infrastructure. At the same time, address ETS leakage liabilities by developing risk-sharing solutions (insurance plus use of the MSR) to cap operator exposure and make CCS projects bankable.
- **Streamline Rules:** Treat CCS as a strategic climate investment with fast-track permitting. Harmonise cross-border procedures and clarify liability rules so emitters are not burdened beyond custody transfer.

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1. The Lime Sector's Decarbonisation Challenge

The lime industry is a medium-scale emitter sector (20–500 ktCO_2/year per plant) whose unique characteristics require tailored solutions within the EU CO_2 framework.

- **Unavoidable emissions**: 69% of lime's CO_2 emissions stem from the calcination process ($CaCO_3 \rightarrow CaO + CO_2$). These are a result of the production chemistry and cannot be mitigated by fuel-switching or efficiency measures.
- **CCS is essential**: Due to these unavoidable emissions, the lime industry has limited decarbonisation pathways outside of CCS. Lime recarbonation only delivers permanent removals when combined with CCS to address process emissions at source.
- **Dispersed emitters**: Lime plants are remote and geographically widespread, and often with significantly lower emissions than steel or cement installations, raising unique challenges for infrastructure access and cost-effectiveness.

Therefore, without affordable and reliable CO_2 infrastructure and access to storage, the lime sector's transition risks being delayed, undermining the EU's 2040 and 2050 climate targets.

2. Barriers Identified

EuLA echoes the Commission's analysis of barriers:

- **Infrastructure access**: Absence of a coordinated EU planning mechanism risks leaving small and medium emitters (like lime) disconnected. The absence of strategic planning could create a patchwork where gaps in the network prevent certain regions or industries from accessing CO_2 transport.
- **Investment risks**: High upfront CAPEX, limited business models, and uncertainty over future ETS carbon prices limit investment appetite.
- **Regulatory uncertainty**: Inconsistent permitting rules, complex and lengthy permitting processes and a lack of clarity for cross-border transport of CO_2 to close by non-EU hubs such as the UK, Norway and Mediterranean can create bottlenecks.
- **Market imbalance**: CO_2 pipeline infrastructure resembles a natural monopoly; without safeguards, smaller emitters may face discriminatory access or prohibitive tariffs.

These barriers highlight why a comprehensive EU legislative approach is needed. Just as the natural gas and electricity networks required regulation to guarantee open access and fair tariffs, emerging CO_2 networks need rules to ensure all sectors can participate on equal terms. Below, we present key recommendations to overcome these barriers and build an inclusive CO_2 infrastructure framework that reflects the lime sector's needs.

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3. Recommendations from the Lime Industry

To enable the lime industry's decarbonisation via CCS, EuLA urges policymakers to incorporate the following measures into the CO_2 transport infrastructure and market initiative. These recommendations aim to guarantee fair access, reduce investment risks, and tailor the system to accommodate medium-scale, dispersed emitters:

a. Guaranteeing Fair Access

- Introduce third-party access rules for CO_2 infrastructure, ensuring equal treatment of small and dispersed emitters.
- Establish transparent tariff structures that avoid disadvantaging smaller volume users or inland players. CO_2 transport fees should be regulated to avoid excessive costs for low-volume users and/or those with variable emission flows.

b. EU-wide Infrastructure Planning

- Develop a centralised EU mapping and planning mechanism for both CO2 transport and storage infrastructure as well as financing mchanisms. This will ensure a balanced competitive environment, promoting a fair and inclusive transition for all industrial sectors, including medium-sized emitters such as the lime industry. The planning should integrate all transport modes, including pipelines, shipping, rail, barge and trucking solutions for CO_2.
- Recognize and incentivise multi-modal transport (for example, by allowing shipped or trucked CO_2 to qualify for any infrastructure funding support or by setting standards for transfer between modes).
- Prioritise interconnectivity with close-by non-EU hubs and storage (UK, Norway, Mediterranean) to broaden access. Onshore geological storage is also a necessary and complementary requirement to offshore storage, particularly for landlocked and inland regions.
    - Over-reliance on offshore storage increases transport distances and costs, raises infrastructure bottlenecks and delays deployment due to permitting and maritime constraints

c. Risk-Sharing and Financing

- Deploy EU-level de-risking tools (e.g. Innovation Fund) to address early-stage project risks.
- Consider contracts for difference (CCfDs) or similar mechanisms to support CCS deployment in sectors with high abatement costs and no alternative decarbonisation pathways.

- Include CO_2 transport and storage in funding eligibility, as it is important that support mechanisms (grants, CCfDs, etc.) explicitly cover the OPEX costs of CO_2 transport and storage fees, not just capture equipment.
- There should be no open-ended liability for the emitter beyond the point of custody transfer (except in cases of negligence). To avoid double penalties under the EU ETS in case of CO_2 leakage, a risk-sharing mechanism using insurance plus the MSR should be developed to limit operator exposure and maintain ETS integrity. This approach is consistent with the recent joint initiative by industry and public authorities in Belgium and should be explored at EU level.

4. Call to Action

The lime sector's transformation depends on the timely roll-out of a robust EU CO_2 market and infrastructure framework. EuLA urges the European Commission to:

- **Guarantee fair, affordable access to CO_2 transport and storage for all emitters**, including medium and small installations, through regulated third-party access and tariff designs that prevent discrimination.
- **Plan and invest in EU-wide CO_2 networks**, using a strategic approach that covers all regions and transport modes, and actively support cross-border projects with funding and streamlined approvals**.** Lime operators should be left stranded due to lack of infrastructure.
- **Deploy EU-level financing and risk-sharing tools** (Innovation Fund grants, CCfDs, public infrastructure funding, guarantees) to jump-start CCS in sectors like lime where upfront costs are high and alternatives are few. To further de-risk early projects, integrate ETS-MSR to protect leakage liabilities and limit operator exposure.
- **Streamline permitting and harmonise regulations** across the CO_2 value chain, treating these projects as strategic climate investments. Clear and consistent rules on liability, monitoring, and cross-border movement are needed to reduce uncertainty and delay.

With the right regulatory and financial support, the lime industry can play a pivotal role in achieving Europe's 2040 and 2050 climate goals while maintaining industrial competitiveness.

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