

Supplier-neutral and ownership-neutral: making the ETS carbon removal mechanism work for every capture plant

Position on COM(2026) 616, revision of Directive 2003/87/EC · September 2026

KEY MESSAGES

- › **PRIORITY** Make own use under Article 14(1a) ownership-neutral: eligibility follows where the biogenic emissions are captured and how the units are allocated by contract, not who owns the capture plant.
- › **PRIORITY** Recognise third-party-owned capture under long-term service agreements (CCSaaS) as a qualifying decarbonisation investment under the free-allocation conditionality, including plants completed before 2031.
- › **PRIORITY** Define “domestic” removals so that removals in EEA EFTA States participating in the EU ETS, such as Norway, count as domestic.
- › Make Commission procurement early, frequent and predictable; treat the 250 million as a floor, not a ceiling; secure the funding; bridge the pre-2031 gap.
- › Permit a capped 1 % direct route for CRCF-certified permanent removals from any certified supplier, cancelled one-to-one against allowances and additional to the 250 million.
- › Confirm the inclusion of waste incineration and reflect its biogenic share in the design of the removals programme.

PRIORITY marks the three changes Carbon Centric regards as essential for service-based capture.

A welcome step

The Commission’s proposal to revise the EU ETS, published on 17 July 2026, introduces a new mechanism for integrating domestic permanent removals into the EU ETS through Commission procurement. Carbon Centric welcomes this direction. Done right, it can create durable demand for permanent carbon dioxide removal (CDR) while accelerating capture investments across the waste-to-energy and bioenergy sectors.

Carbon Centric is a Norwegian carbon capture project developer, building plants at existing waste-to-energy and bioenergy facilities in the Nordics. Our model lowers the barrier to capture for small and medium-sized plant owners, including through service-based structures (Carbon Capture as a Service, CCSaaS) where the capture plant is financed, owned and operated by a third party at the emitter’s installation. The design choices below determine whether the proposal reaches that segment, or only the largest, best-capitalised operators.

Carbon Centric calls on the co-legislators to make six changes

★ PRIORITY

1. Make the framework ownership-neutral: clarify removals “generated from the storage of their biogenic emissions” (Article 14(1a)).

The own-use provision lets operators offset fossil emissions with their own biogenic capture. It is unclear who “generates” the removal when the capture plant at an operator’s installation is owned and operated by a third party. The criterion should be tied to where the removal physically takes place, or to contractual allocation between the parties, not to ownership of the capture equipment. The emission reduction at the installation is identical regardless of who holds the capex. Without this clarification, operators choosing a service model would lose the right their competitors retain, discriminating against precisely the financing structures that make capture accessible to smaller plants. Operators should also be able to transfer such units to other ETS entities, subject to CRCF certification and double-counting safeguards, and the acquiring operator should be able to use them against its own surrender obligation.

★ PRIORITY

2. Recognise CCSaaS under the free-allocation conditionality (Article 10a(3b) and (3e)) — including early movers.

The proposal conditions free allocation from 2031 on an Invest in EU decarbonisation plan and its implementation, and requires that decarbonisation investments “lead to significant emissions reduction at the level of the installation within the relevant five-year period” (Article 10a(3b)). Third-party-owned capture plants under long-term service agreements should be explicitly recognised as qualifying decarbonisation measures, and the form of financing should be irrelevant both to that qualification and to the volume of eligible costs attributed to the installation. A narrow “owner-investment” reading would exclude capital-light models with identical climate outcomes. Equally, decarbonisation measures completed before 2031, such as capture plants already in operation, must explicitly qualify for the 2031–35 allocation period, so the conditionality does not create an incentive to postpone investment.

★ PRIORITY

3. Define “domestic” removals and treat EEA EFTA States as domestic.

A clear definition of domestic versus international removals is needed so that project developers and investors know where their projects stand. Norway and the other EEA EFTA States apply the EU ETS and their installations surrender EU allowances; removals generated in these States should therefore be treated as domestic.

4. Make procurement early, frequent and predictable, adequately funded — and bridge the pre-2031 gap.

Projects need predictable revenues to reach FID. We therefore ask for early, frequent and predictable procurement rounds, with a published calendar, transparent award methodology and offtake agreements concluded well before 2031. The 250 million units should be a floor rather than a ceiling, and where auction revenues prove insufficient, the shortfall should be covered by dedicated complementary funding, so that the full quantity is in fact purchased. For projects that must take investment decisions now, a 2031 start is late: bridging mechanisms should support volumes delivered before 2031, so the rules do not penalise first movers.

5. Introduce limited, direct integration of CRCF-certified permanent removals from the outset.

ETS operators should be permitted to purchase CRCF-certified units from third-party suppliers and use them towards a limited, gradually increasing share of their surrender obligations. The CRCF (Regulation (EU) 2024/3012) already provides the EU-wide integrity framework needed for such use, and the CCS Directive governs storage liability. A capped share preserves the priority of direct emission reductions while creating decentralised, compliance-driven demand, enabling bilateral offtake agreements and improving bankability for project developers.

Eligibility should follow certification, not the supplier's corporate status or funding history. Restricting eligible units to those generated by ETS operators, or to suppliers supported by specific EU programmes, would fragment the market and disadvantage independent removal suppliers whose units meet identical integrity standards. Article 9c(8) of the proposal already identifies operator-led integration as a possible future development; we recommend introducing it in limited form from the start, with the consequential change to the surrender obligation in Article 12(3).

6. Confirm waste incineration's inclusion and reflect the biogenic share.

We support the inclusion of waste incineration in the ETS with the proposed 2031–34 phase-in, and the continuation of district-heating free allocation post-2030, which together give plant owners a clear business case for capture. Opt-out conditions (until 2035) should not create an uneven competitive playing field within the Nordics, and early clarity on the EEA timeline is needed. We also encourage that capture at waste-to-energy plants is able to access support under the Industrial Decarbonisation Bank, the Innovation Fund and the Modernisation Fund, and that the biogenic share of emissions at such plants, which the ETS does not price, is taken into account when the removals programme is designed.

The mechanism will only deliver at scale if it reaches every capture plant, whoever finances it. The proposed amendments follow in the Annex.

Annex: proposed Carbon Centric amendments

Amendments are listed in the order in which the provisions appear in the Directive. The three marked ★ **PRIORITY** are those Carbon Centric regards as essential for service-based capture: without them, the mechanism reaches only operators that own their capture plant, and removals generated in the EEA EFTA States have no defined place in it.

Insertions are shown in **bold italics**, [...] marks unchanged text. Amendments are drafted against the Commission text, COM(2026) 616 of 17 July 2026, unless stated otherwise.

Section	Text proposed by the Commission	Carbon Centric amendment	Justification
★ PRIORITY Article 3 <i>New definition — removals in EEA EFTA States are domestic</i>	The proposal does not define the term. Article 9c uses “domestic permanent carbon removal unit” throughout without a definition in Article 3, and the recitals do not say whether removals in EEA EFTA States count as domestic.	<i>(ap) ‘domestic permanent carbon removal unit’ means a permanent carbon removal unit within the meaning of Article 2(19) of Regulation (EU) 2024/3012 generated by a permanent carbon removal activity taking place in the territory of the Union or in a third country to which this Directive applies by virtue of the Agreement on the European Economic Area.</i>	The term carries the whole scope of Article 9c but is defined nowhere, so project developers and investors do not know where their projects stand. Norway and the other EEA EFTA States apply the EU ETS and their installations surrender EU allowances; removals generated there should be treated as domestic. The formula “a third country to which this Directive applies by virtue of the Agreement on the European Economic Area” reaches the EEA EFTA States without opening the question of Article 25 linking. Article 2(19) of Regulation (EU) 2024/3012 is the definition of ‘permanent carbon removal unit’.
Article 9c(1) <i>Volume, calendar and pre-2031 bridging</i>	1. The Union-wide quantity of allowances referred to in Article 9 shall be increased by 250 million allowances. Those allowances shall be made available to the Commission to auction them from 2031 to 2040 to generate revenues for the purchase of an equivalent amount of domestic permanent carbon removal units generated by BioCCS and DACCS activities under Regulation (EU) 2024/3012 of the European Parliament and of the Council. The Commission shall purchase those removals units prioritising a portfolio of cost-effective, high-integrity projects with payment upon delivery of the certified units.	1. The Union-wide quantity of allowances referred to in Article 9 shall be increased by <i>at least</i> 250 million allowances. Those allowances shall be made available to the Commission to auction them from 2031 to 2040 to generate revenues for the purchase of an equivalent amount of domestic permanent carbon removal units generated by BioCCS and DACCS activities under Regulation (EU) 2024/3012 of the European Parliament and of the Council. The Commission shall purchase those removals units prioritising a portfolio of cost-effective, high-integrity projects, <i>through frequent and predictable procurement rounds conducted according to a calendar and award</i>	Projects need predictable revenues to reach FID. A published calendar, a transparent award methodology and offtake agreements concluded before 2031 give developers something to plan against. “At least” makes the 250 million a floor rather than a ceiling. For projects that must take investment decisions now, a 2031 start is late; making units generated and certified before 2031 eligible in the first rounds ensures the rules do not penalise first movers. Paragraph 4 already contemplates early auctioning of the allowances referred to in paragraphs 1 and 2, so the bridging can be operated within the Commission’s own design.

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		methodology published no later than 2029. Procurement rounds may be launched and offtake agreements concluded before 2031, with payment upon delivery of the certified units. Removal units generated and certified before 2031 shall be eligible for purchase under the first procurement rounds.	
Article 9c(1a) <i>New paragraph — capped direct route for certified removals</i>	No equivalent provision. Article 9c(8) requires the Commission, in a report before 31 December 2034, to assess the feasibility of gradually transitioning from an integration managed by the Commission towards a direct integration by operators, beyond own use.	1a. Operators, aircraft operators and shipping companies may surrender domestic permanent carbon removal units certified under Regulation (EU) 2024/3012, purchased from any certified supplier, in place of allowances for up to 1 % of their verified emissions. The Commission shall assess in the report referred to in paragraph 8 whether this share should be increased. Surrendered units shall be cancelled in the certification registry or, once established, in the Union registry referred to in Article 12 of Regulation (EU) 2024/3012 to avoid double counting, and a corresponding amount of allowances shall be cancelled from the Union-wide quantity referred to in Article 9. Removal units surrendered under this paragraph shall not be deducted from the quantity to be purchased by the Commission pursuant to paragraph 1. Units purchased by the Commission under paragraph 1, and units used in accordance with Article 14(1a), shall not be eligible for surrender under this paragraph. Eligibility under this paragraph shall not depend on the supplier's status as an operator under this	A capped direct route creates decentralised, compliance-driven demand alongside Commission procurement: bilateral offtake agreements become possible and bankability improves for project developers. The 1 % cap preserves the priority of direct emission reductions; one-to-one cancellation against the Union-wide quantity means no additional emission space is created; the route is additional to, and accounted separately from, the 250 million. Eligibility follows certification, not the supplier's corporate status or funding history. Restricting eligible units to those generated by ETS operators, or to suppliers supported by specific EU programmes, would fragment the market and disadvantage independent suppliers whose units meet identical integrity standards. Article 9c(8) already identifies operator-led integration as a possible development; this introduces it in limited form from the start and ties the review to that report. A consequential amendment to Article 12(3) is set out below.

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		<i>Directive or on whether the supplier has received Union funding.</i>	
Article 9c(2) <i>Complementary funding</i>	2. An additional 10 million allowances from the Union-wide quantity of allowances referred to in Article 9 between 2031 and 2040 shall be made available to the Commission to auction them to generate revenues for the purchase of those permanent carbon removals units, in the event the revenues generated from the allowances under paragraph 1 would be insufficient for the purchase of the total amount of domestic permanent carbon removals units.	2. An additional 10 million allowances from the Union-wide quantity of allowances referred to in Article 9 between 2031 and 2040 shall be made available to the Commission to auction them to generate revenues for the purchase of those permanent carbon removals units, in the event the revenues generated from the allowances under paragraph 1 would be insufficient for the purchase of the total amount of domestic permanent carbon removals units. <i>Where the revenues referred to in paragraph 1 and in this paragraph remain insufficient to purchase the full quantity of domestic permanent carbon removal units referred to in paragraph 1, the Commission shall ensure that the shortfall is covered by dedicated complementary funding, so that at least that full quantity is purchased.</i>	Where auction revenues prove insufficient, the shortfall should be covered by dedicated complementary funding so that the full quantity is in fact purchased. Without this sentence the 10 million allowance reserve operates as a ceiling, and the volume the programme promises can be defeated by the price gap between removals and allowances.
Article 9c(4) <i>Delegated acts — biogenic share at waste incineration plants</i>	4. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the detailed modalities for the purchase of the domestic permanent carbon removal units indicated under paragraph 1, including the timing of the auctioning of the allowances referred to in paragraphs 1 and 2; the forms of support, selection procedure and criteria, eligibility criteria and technological requirements for the different types of support and payment mechanisms, using competitive allocation where feasible and reporting	4. [...] <i>Those delegated acts shall take into account the biogenic share of emissions at installations for the incineration of waste, which is not priced under this Directive, when determining eligibility criteria and the design of the procurement rounds.</i>	Waste-to-energy plants have a large biogenic share of emissions, which the ETS does not price. Capture at those plants delivers permanent removals alongside fossil abatement. The delegated act setting eligibility criteria and the design of the procurement rounds should take that share into account, so that the removals programme reflects the removal potential of this segment rather than only its priced fossil emissions.

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	transparently on the outcome of the procedures; as well as the financial rules to ensure an appropriate implementation of the purchase. Those delegated acts shall ensure that any early auctioning of the allowances referred to in paragraphs 1 and 2 is balanced out through the auctioning of the allowances under Article 10 [...]		
★ PRIORITY Article 10a(3b) <i>Free-allocation conditionality — CCSaaS as a qualifying investment (new subparagraph at the end of paragraph 3b)</i>	For each five-year period for free allocation referred to Article 11, the decarbonisation investments referred to in point (a) shall correspond to a volume at least equivalent to the economic value of 100% of the amount of free allocation under the relevant five-year period. These decarbonisation investments shall qualify as eligible costs, be implemented in the EU and lead to significant emissions reduction at the level of the installation within the relevant five-year period for which that installation is applying for free allocation, in accordance with the list and criteria established pursuant to paragraph 3e of this Article.	[...] <i>Decarbonisation investments within the meaning of this paragraph and of the list established pursuant to paragraph 3e, point (a), shall include carbon capture installations financed, owned or operated by a third party under a long-term agreement with the operator. The form of financing or ownership of the investment shall not affect its qualification or the volume of eligible costs attributed to the installation. Decarbonisation investments implemented before the start of the relevant five-year period shall be deemed to lead to significant emissions reduction within that period where the resulting reductions are maintained throughout it.</i>	From 2031, free allocation is conditional on decarbonisation investments equal to 100 % of its economic value, qualifying as eligible costs and delivering significant emissions reduction at the installation. A narrow “owner-investment” reading would exclude capture plants financed, owned or operated by a third party under a long-term service agreement, although the emission reduction at the installation is identical regardless of who holds the capex. The amendment makes such plants qualifying investments, makes the form of financing irrelevant both to qualification and to the volume of eligible costs attributed to the installation, and ensures that measures completed before 2031 count for the 2031–35 period, so the conditionality does not reward postponing investment. The list and criteria adopted under paragraph 3e should follow the same principle.
Article 12(3) <i>Surrender obligation — consequential to Article 9c(1a)</i>	3. [...] (a) the operator of each installation surrenders a number of allowances that is equal to the total emissions from that installation during the preceding calendar year, as verified in accordance with Article 15; (b) each aircraft operator surrenders a number of allowances that is equal to its total emissions during the preceding calendar year, as verified in accordance with Article 15, reduced as set out in	3. [...] (a) the operator of each installation surrenders a number of allowances, <i>or of domestic permanent carbon removal units in accordance with Article 9c(1a)</i> , that is equal to the total emissions from that installation during the preceding calendar year, as verified in accordance with Article 15; (b) each aircraft operator surrenders a number of allowances, <i>or of domestic permanent carbon removal units</i>	Purely consequential. Article 12(3) requires a number of allowances equal to verified emissions; an operator presenting removal units under the new Article 9c(1a) would otherwise be in breach and exposed to the Article 16 penalty, whatever Article 9c says. The amendment aligns the surrender obligation with the new paragraph and changes no policy. Point (b) is

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	paragraph 3-f [...]; (c) each shipping company surrenders a number of allowances [...]. Member States, administering Member States and administering authorities in respect of a shipping company shall ensure that allowances surrendered in accordance with the first subparagraph are subsequently cancelled. (Point (b) as proposed by the Commission; points (a) and (c) and the second subparagraph as in the consolidated Directive, which the proposal does not amend on those points.)	in accordance with Article 9c(1a), that is equal to its total emissions during the preceding calendar year, as verified in accordance with Article 15, reduced as set out in paragraph 3-f [...]; (c) each shipping company surrenders a number of allowances, or of domestic permanent carbon removal units in accordance with Article 9c(1a), [...]. Member States, administering Member States and administering authorities in respect of a shipping company shall ensure that allowances and units surrendered in accordance with the first subparagraph are subsequently cancelled.	drafted against the Commission’s proposed text, which introduces the CORSIA deduction.
★ PRIORITY Article 14(1a) <i>Own-use provisions — ownership neutrality and transfer</i>	1a. The acts referred to in paragraph 1 shall provide for the possibility for operators, aircraft operators and shipping companies to compensate their fossil emissions with domestic permanent carbon removal units generated from the storage of their biogenic emissions under the scope of this Directive and certified under Regulation (EU) 2024/3012, while avoiding the double counting of those negative emissions.	1a. The acts referred to in paragraph 1 shall provide for the possibility for operators, aircraft operators and shipping companies to compensate their fossil emissions with domestic permanent carbon removal units generated from the storage of their biogenic emissions captured at their installations, or contractually allocated to them by the third party financing, owning or operating the capture installation at which those biogenic emissions were captured, under the scope of this Directive and certified under Regulation (EU) 2024/3012, while avoiding the double counting of those negative emissions. Operators may transfer such units to other operators under this Directive, and the acquiring operator may use them to compensate its fossil emissions under this paragraph, provided that the units are cancelled in the certification registry or, once established, in the Union registry	The own-use provision lets operators compensate fossil emissions with their own biogenic capture. It is unclear who “generates” the removal when the capture plant at an operator’s installation is owned and operated by a third party. The criterion should be tied to where the removal physically takes place, or to contractual allocation between the parties, not to ownership of the capture equipment; the emission reduction at the installation is identical regardless of who holds the capex. Without this clarification, operators choosing a service model would lose a right their competitors retain, discriminating against precisely the financing structures that make capture accessible to smaller plants. Transfer to other operators, with cancellation in the certification registry or the Union registry upon use, keeps the units inside the own-use accounting and preserves the double-counting safeguards.

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		<i>referred to in Article 12 of Regulation (EU) 2024/3012 upon use.</i>	

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