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# UPEI and FETSA’s joint recommendations for the European Commission’s legislative initiative on $CO_2$ transportation infrastructure and markets

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## EXECUTIVE SUMMARY AND CONCLUSION

This joint contribution by FETSA (the European Tank Storage Association) and UPEI (the voice of Europe’s independent energy and mobility suppliers) responds to the European Commission’s ongoing regulatory work on $CO_2$ transportation infrastructure and markets. Building on the call for evidence published on 31 July, and responding to the public consultation, we provide input to help shape a framework that delivers legal certainty, supports investment, and enables market development.

We recommend:

1. *Establishing a competitive and integrated $CO_2$ transportation infrastructure (national backbones and interconnectors) and market to avoid a patchwork of national frameworks that fragment the market and deter investment*

2. *Enabling infrastructure investment*

3. *Clarifying how CO2 is defined at an EU-level in cooperation with relevant stakeholders*

4. *Rollout of a roadmap for integration of a CO2 market in the EU*

5. *Safeguarding industrial competitiveness by improving the business case offered by CCUS*

In conclusion, the legislative initiative on $CO_2$ transportation infrastructure and markets is a decisive opportunity to turn ambition into delivery. Without swift and coordinated action, the EU risks falling behind its climate targets, missing its 2030 $CO_2$ injection capacity goal, and jeopardising industrial competitiveness.

FETSA and UPEI call on the European Commission to adopt a robust framework that establishes a competitive market, enables repurposing and investment, coordinates infrastructure planning, and safeguards industrial competitiveness.

## BACKGROUND

The Communication on a 2040 climate target and its impact assessment underscores the essential role of carbon capture, utilisation and storage (CCUS) in delivering the EU's 2050 climate neutrality objective. The Industrial Carbon Management Strategy, adopted in February 2024, recognised the need for a legislative initiative to establish competitive $CO_2$ markets and transport infrastructure.

The challenge is formidable. The EU must capture 50 million tonnes of $CO_2$ annually by 2030, 280 million tonnes by 2040, and up to 450 million tonnes by 2050. Nearly all captured $CO_2$ until 2040 will require permanent storage. A functioning $CO_2$ transport and storage market is essential to deliver Europe's industrial decarbonisation objectives. However, the market remains at a very early stage, with fragmented national approaches, high investment risks, and uncertain regulatory conditions. In essence, developing CCUS means building a market from scratch—one in which neither supply nor demand currently exists. The best way to enable this is to make the system market-driven and financeable from the outset, ensuring that early projects can attract capital, scale efficiently, and form the backbone of a functioning European $CO_2$ market. To unlock private investment and accelerate deployment, the EU must establish a coherent, flexible, and investment-friendly framework that integrates market design, infrastructure development, and cross-border coordination.

FETSA and UPEI represent sectors that are ready to support this transition. Tank storage terminals and independent energy suppliers provide essential logistics infrastructure, connecting ports, inland waterways, rail, road, and pipelines. They already manage critical energy and chemical flows, provide resilience in times of disruption, and hold decades of expertise in safely handling bulk liquids and gases. With the right framework, this infrastructure and expertise can be leveraged to accelerate Europe's $CO_2$ transport and storage capacity, supporting both industrial decarbonisation and security of supply.

## RECOMMENDATIONS

### ESTABLISH A COMPETITIVE AND INTEGRATED $CO_2$ MARKET

As the $CO_2$ transport and storage market is still in its infancy, legal certainty at EU level is crucial to provide investors with confidence and prevent a patchwork of diverging national rules. At the same time, imposing full-scale regulation prematurely could slow down market uptake and hinder innovation. Local industrial clusters and networks often have specific technical requirements and should therefore retain the flexibility to develop tailored solutions. A harmonised framework should instead prioritise backbone and cross-border infrastructure, where system-level integration and international cooperation are most critical. This should include:

- **Negotiated Third-Party Access (nTPA**) should be the default in the early phase of market development. Early infrastructure deployment relies on long-term contracts with first movers to attract investment. A distinct timeline for CCUS must be established to reflect the sector's unique characteristics and ensure sufficient investor confidence. Unlike hydrogen, $CO_2$ infrastructure cannot rely on repurposing existing pipelines—most assets must be newly built or extensively rebuilt, leading to higher capital costs and longer payback periods. Accordingly, flexible, cost-reflective tariff structures under nTPA are crucial to attract investment while maintaining open and fair market access.
- **Independent regulatory oversight** should be coordinated at EU level, with responsibilities for tariff methodologies, market design, and dispute resolution. Oversight must also ensure that rules adequately reflect risk allocation, accountability, and liability for carbon leakage, establishing clear responsibilities across the $CO_2$ value chain and protecting both investors and the environment**.**
- **Alignment with the EU ETS should be ensured wherever applicable**, particularly concerning the monitoring, reporting, and verification (MRV) of captured and stored $CO_2$. Clear linkage between the $CO_2$ market and the EU's carbon pricing framework would enhance transparency, avoid double counting, and strengthen incentives for emissions reductions across industrial sectors.

### ENABLE INFRASTRUCTURE INVESTMENT

The EU's 2030 injection capacity target under the Net-Zero Industry Act cannot be met without a massive scale-up of infrastructure. Early-stage projects face financing gaps due to volume risk, high upfront costs, and uncertain demand. Slow and complex permitting processes create an uncertain investment landscape.

The EU should remove barriers to investment and make repurposing attractive. Specifically:

- **Streamlined permitting** through a permanent EU-wide framework with maximum timelines, building on TEN-E best practices. The current delays, uncertainty, and lack of predictability across Member States discourage investors and hinder project planning, underscoring the need for a stable and transparent permitting environment to accelerate deployment.
- **De-risking tools must be developed at EU level,** such as guarantees, contracts for difference, or risk-sharing mechanisms to address demand uncertainty and early-stage financing risks.
- **Innovation support must be strengthened** by expanding the Innovation Fund criteria to include repurposing projects and early $CO_2$ transport infrastructure.
- **State aid alignment requires clear and predictable EU guidance to accelerate national support schemes for $CO_2$ projects** and to enable effective blending of private and public finance. At the same time, such support must be designed so that it does not distort competition or alter the fundamental business conditions and licence to operate for companies. A balanced approach is therefore essential to ensure that state aid facilitates investment while preserving a level playing field in the internal market.

## DEFINING CO2 AT EU-LEVEL

A future European framework must provide legal clarity on the definition of $CO_2$ for the purposes of transport and storage. At present, significant fragmentation exists across jurisdictions regarding what constitutes "$CO_2$ streams," leading to uncertainty for project developers and investors. This is particularly evident in the context of international maritime transport: under the London Protocol on the Prevention of Marine Pollution, ambiguities in the classification of $CO_2$ streams have created confusion about what can legally be transported and under which conditions. Such regulatory uncertainty risks slowing down the development of essential infrastructure, especially import and export terminals, and undermines cross-border cooperation. To facilitate a functioning market for $CO_2$ transportation and storage infrastructure, the EU should establish a harmonised definition

at Union level that is consistent with international obligations while removing existing barriers. This could be achieved by:

- **Establishing a clear EU-level definition of $CO_2$ streams** aligned with international best practices, in cooperation with relevant stakeholders.

- **Ensuring coherence with the London Protocol and other international agreements**, while providing guidance on how these obligations interact with EU law.

- **Engaging with industry** to align technical standards with the legal framework.

## A Realistic roadmap for EU co2 market integration

Geological storage capacity is unevenly distributed across Europe, and $CO_2$ networks are developing in parallel with hydrogen corridors, repurposed gas pipelines, and carbon removals markets. Without coordinated EU-level guidance, the risk is a patchwork of incompatible systems, higher costs, and persistent investment uncertainty. To provide long-term clarity on system architecture and ensure interoperability across Member States and parallel markets, the EU should develop a **Roadmap for $CO_2$ Market Integration**. This roadmap should include:

- **A coordinated planning framework** to map $CO_2$ sources and sinks, identify infrastructure gaps, and align $CO_2$ network development with hydrogen and repurposed gas corridors. This builds on TEN-E processes and strengthens investment clarity by showing how infrastructures are expected to evolve together.
- **EU-wide interoperability principles**, including:
    - cross-border access and connection rules,
    - $CO_2$ purity and quality standards,
    - safety, liability and monitoring principles,
    - consistent and coordinated permitting methodologies.
- **A structured governance coordination mechanism** linking TEN-E planning, the Industrial Carbon Management Strategy, ETS governance, and broader climate and energy policies. This improves coherence without merging regulatory regimes and gives market participants predictable guidance for long-term decisions.

## Safeguarding Industrial Competitiveness

CCUS complements but does not replace emission reductions at source. For hard-to-abate sectors (cement, steel, refining, chemicals, waste-to-energy), it may be the only viable option. Yet, immature commercial incentives, inconsistent policy treatment, and a lack of taxonomy recognition hinder investment. Carbon capture costs in many sectors remain higher than current ETS prices, limiting the business case. At the same time, CCU offers opportunities for circularity and alternative feedstocks, but requires stable policy recognition.

To ensure that European industry can make rational long-term investment decisions, the EU framework must strengthen **predictability for emitters**, complementing (but not duplicating) the system-level planning clarity provided by the Roadmap. Targeted measures should include:

- **Regulatory neutrality**, ensuring that emission reductions at source and carbon-capture-based solutions are treated consistently. This allows companies to choose the most effective decarbonisation pathway without implicit policy bias.
- **Taxonomy recognition of CCUS as an enabling activity**, unlocking access to sustainable finance for capture, transport, utilisation, and storage projects and lowering capital costs for industrial emitters.
- **A stable and credible ETS trajectory**, maintaining the EU ETS as the core long-term driver that underpins investment decisions in CCUS across industrial sectors.

**ABOUT FETSA**

Members of FETSA are businesses engaged in bulk storage and energy infrastructure across Europe. Bulk liquid and liquified gas terminals are present in ports, airports, logistics platforms and along rivers, canals and pipelines. In total FETSA represents 141 companies operating 743 terminals across Europe.

These tank storage terminals provide an essential interface between sea, road, rail, inland waterways and pipeline logistics. They are critical links in the supply chain for energy carriers, chemicals, animal feeds and fats, oils and other substances, helping to balance out supply and demand and ensure companies and consumers have access to these products.

Many tank storage terminals are designated as Critical National Infrastructure by the EU and national governments due to their importance in providing energy to society. The storage capacity represented by FETSA also includes strategic reserves held for emergencies (such as NATO stocks and IEA mandated reserves) and supply disruptions.

## ABOUT UPEI

UPEI, the voice of Europe's independent energy and mobility suppliers, represents nearly 2,000 European importers and wholesale/retail distributors of energy for the transport and heating sectors, supplying Europe's customers independently of the major energy producers. They are the interface between producers and consumers, using their own infrastructure and flexibility to supply existing demand for conventional and renewable liquid fuels, as well as non-liquid alternatives as part of the energy transition. They cover more than a third of Europe's current demand.

The organisation brings together national associations and suppliers across Europe. Independent energy suppliers bring competition to Europe's energy market and are able to respond rapidly to changes affecting supply, contributing to security on a local, national and regional level. They have developed and maintain a comprehensive infrastructure for the sourcing, storage and distribution of transport and heating fuels, with a commitment to delivering a high-quality service to all consumers, including those in remote areas.

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