

Climate action: Council and Parliament agree to establish an EU carbon removals certification framework

Council and European Parliament negotiators reached a **provisional political agreement** today on a regulation to establish the first EU-level certification framework for permanent carbon removals, carbon farming and carbon storage in products. The voluntary framework is intended to facilitate and speed up the deployment of high-quality carbon removal and soil emission reduction activities in the EU.

Once entered into force, the regulation will be the first step towards introducing a comprehensive carbon removal and soil emission reduction framework in EU legislation and contribute to the EU's ambitious goal of reaching climate neutrality by 2050, as set out in the European climate law.

The deal reached today is provisional, pending formal adoption by both institutions.

Main elements of the agreement

Scope of the regulation

The regulation will include an open definition of carbon removals, in line with the UN Intergovernmental Panel on Climate Change (IPCC) and which only covers atmospheric or biogenic carbon removals. It will cover the following carbon removal and emission reduction activities and differentiate between four corresponding types of units:

- **permanent carbon removal** (storing atmospheric or biogenic carbon for several centuries)
- **temporary carbon storage in long-lasting products** (such as wood-based construction products) of a duration of at least 35 years and that can be monitored on-site during the entire monitoring period
- **temporary carbon storage from carbon farming** (e.g. restoring forests and soil, wetland management, seagrass meadows)
- **soil emission reduction (from carbon farming)** which includes carbon and nitrous oxide reductions from soil management, and which activity must overall reduce the carbon emissions of soils or increase carbon removals in biological matter (Examples of activities are wetland management, no tilling and cover crop practices, reduced use of fertilizer combined with soil management practices, etc.)

Compared to the Commission's proposal this means an extension of the scope of the regulation to soil emission reductions.

Temporary carbon storage from carbon farming and soil emission reduction activities must last at least five years to be certified and must not lead to land being acquired for speculative purposes negatively affecting rural communities.

By 2026, the Commission is tasked with producing a report on the feasibility of certifying activities that result in the reduction of emissions other than those related to soils (carbon and nitrous oxide). The report will be based on a pilot certification methodology for activities that reduce agricultural emissions from enteric fermentation and manure management.

Activities that do not result in carbon removals or soil emission reductions, such as avoided deforestation or renewable energy projects, are not included in the scope of the regulation. The co-legislators also agreed to exclude enhanced hydrocarbon recovery from the permanent carbon removal activities and to explicitly clarify that activities and operators in the marine environments are included in the scope of the regulation.

The new rules will apply to activities taking place in the EU. However, when reviewing the regulation, the Commission should consider the possibility of allowing geological carbon storage in neighbouring third countries, provided that those countries align with EU environmental and safety standards.

Certification criteria and procedure

The provisional agreement maintains the Commission proposal's requirement that carbon removal activities need to meet four overarching criteria in order to be certified: **quantification, additionality, long-term storage** and **sustainability**.

Based on these criteria, the Commission, assisted by an expert group, will develop tailored **certification methodologies** for

different types of carbon removal activities, with a view to ensuring the correct, harmonised and cost-effective implementation of the carbon removal criteria. The legislators have made some changes to define more precisely on the basis of which criteria the methodologies must be developed and included a list of indications as to which activities should be prioritised.

The co-legislators agreed to maintain the key elements of the **certification process** and the **voluntary nature** of certification, but included further clarification as to how the certification process works.

On sustainability for carbon farming, the co-legislators have added indications on how the sustainability objectives must be understood and have included that a carbon farming activity must always generate **at least a biodiversity co-benefit** (including soil health and avoidance of land degradation).

For carbon farming activities, the provisional agreement gives member states the possibility to provide advice to farmers on the application procedure and allows for synergies between the Common Agricultural Policy's identification system for agricultural parcels (LPIS) and the information generated by the certification process under this framework.

Carbon net benefit

Carbon net benefits will generate units corresponding to one metric tonne CO₂ equivalent of certified net benefit generated by one of the carbon removal or soil emission reduction activities.

The co-legislators have further agreed to include that the certified units can only be used for the EU's climate objectives and nationally determined contribution (NDC) and must not contribute to third countries' NDCs and international compliance schemes. These rules, including on the corresponding adjustments, will be reviewed in 2026.

Monitoring and liability

The regulation sets out clear monitoring obligations and liability rules for operators. The negotiators agreed to distinguish between the **activity period** and the **monitoring period** (which always covers at least the activity period) and clarified that **operators will be liable** to address any cases of **reversal** (i.e. the release of CO₂ back into the atmosphere) stemming from a carbon removal activity during the monitoring period.

The agreement calls on the Commission to include clear **liability mechanisms** when developing the certification methodologies. The liability mechanisms should address cases of reversal and the consequences of incomplete or interrupted monitoring and non-compliance by the operators during the monitoring period. They may include collective buffers or accounts of carbon removal units, and up-front insurance mechanisms.

EU registry

The text agreed by the co-legislators calls on the Commission to establish a common and transparent electronic **EU-wide registry** four years after the entry into force of the regulation to make information on the certification and units publicly available and accessible, including certificates of compliance and summaries of certification audits. Until then, certification schemes under the framework must provide public registries based on automated and interoperable systems. The co-legislators also introduced rules on the financing of the EU registry, which will be funded by annual fixed user fees that are proportionate to the use of the registry.

Next steps

The provisional agreement will now be submitted for endorsement to the member states' representatives in the Council (Coreper) and to the Parliament's environment committee. If approved, the text will then need to be formally adopted by both institutions, following revision by lawyer-linguists, before it can be published in the EU's Official Journal and enter into force.

Background

While the EU's priority with regard to climate action is the rapid reduction of GHG emissions, in order to achieve climate neutrality by 2050, it will also need to compensate for residual hard-to-abate emissions by scaling up carbon removals from the atmosphere. As a first step towards the further integration of carbon removal schemes into EU climate policy, on 30 November 2022, the European Commission proposed a regulation creating a voluntary EU-wide framework to certify high-quality carbon removals.

The objective of the proposal is to encourage the development of carbon removal technologies and sustainable carbon farming solutions. It also aims to create new income opportunities for industries deploying carbon removal technologies or developing long-lasting carbon storage products, and for land managers engaging in innovative carbon farming practices. To that end, it sets out clear and reliable rules at EU level to quantify, monitor and verify carbon removals.

The Council adopted its negotiating mandate at Coreper level on 17 November 2023, while the European Parliament reached its position on 21 November 2023.

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