CARBON MARKET WATCH

Carbon removals in a revised EU Climate Law

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Proposal for a revision of the EU Climate Law

Key amendments to the text:

- **Art 2**: Climate neutrality and mandatory net-negativity;
- **Art. 4**: Separate targets for emissions reductions, biogenic sequestration and permanent removals by 2040.
- **Art. 4a (new)**: Role and mandatory protection of natural sinks.
- **Art. 4b (new)**: Role and binding targets for permanent removals.

Article 4

3 With a view to achieving the climate-neutrality and net-negativity objectives set out in article 2(1) of this Regulation, the binding Union-wide climate target for 2040 shall be a domestic reduction of net greenhouse gas emissions by at least [XX]% compared to 1990 levels by 2040. This net target shall be based on a **gross reduction of greenhouse gas emissions of at least [XX]%** by 2040, and the **contribution of net biogenic sequestration and permanent removals** referred to in Article 4a and 4b shall be limited to **[XX] and [XX] million tonnes of CO_2 equivalent** respectively.

Article 4a

Role of biogenic sequestration by natural sinks

3 EU targets and policies dedicated to the protection of natural sinks and the enhancement of their carbon sequestration, … , shall be kept separate from emissions reduction and permanent removals targets for the purpose of achieving the Union climate neutrality obligation set out in Article 2(1) of this Regulation. **Because of their temporary nature, biogenic sequestration by natural sinks shall not be used to counterbalance anthropogenic emissions** in achieving the Union climate neutrality objective by 2050.

Article 4b

Role of permanent carbon removals

4 In order to ensure that sufficient emissions reductions are deployed up to 2050, the **contribution of permanent removals … should be limited to the amount of residual emissions** referred to in paragraph (5). Any **overachievement of the permanent removal targets … shall not lead to a decrease in the ambition for reducing emissions**.

Permanence of carbon pools

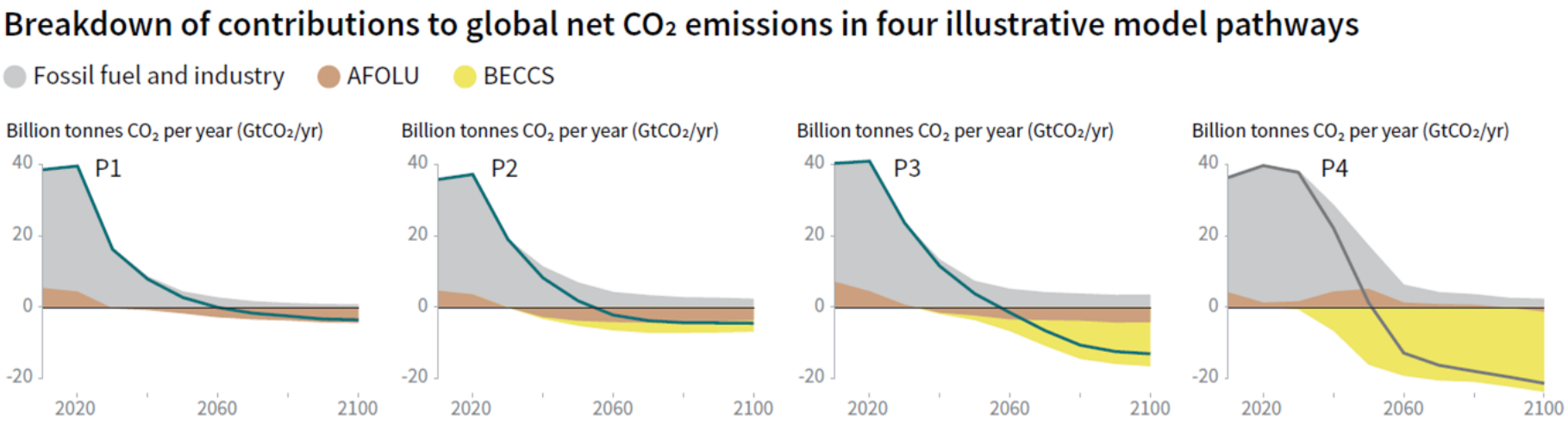
- Managed lands
- Harvested wood products
- Geological CO_2 storage
- Other

- Minerals (enhanced weathering, carbon negative cement)
- Marine sediments in the open ocean (biomass sinking)

Transparency

- Distinguish
  - Emission reduction from carbon removal
  - Carbon pools with different permanence
- Enhanced understanding of effort and mitigation achieved
- Allow for targeted policy to ensure that all targets are met
- Include in National Determined Contributions (NDC)

Negative emissions



- Long-term demand for carbon storage
  - <50%: Offset residual remissions
  - >50%: Address overshoot (negative emissions)
- Contribution of biogenic removals is decreasing with larger overshoot

C.3.3. Pathways that overshoot 1.5°C of global warming rely on CDR exceeding residual CO_2 emissions later in the century to return to below 1.5°C by 2100, with **larger overshoots requiring greater amounts of CDR** (Figure SPM.3b) (high confidence).

Benefits

- Provide clear signals to investors
- Ensure transition in limited time scale
- Prepare for negative emissions beyond 2050
- Squaring the circle
  - Developing carbon removals while
  - Preventing mitigation deterrence