



Brussels, XXX  
[...] (2025) XXX draft

**COMMISSION DELEGATED REGULATION (EU) .../...**

**of XXX**

**supplementing Regulation (EU) 2024/1735 of the European Parliament and of the Council by specifying the rules on the identification of authorised oil and gas producers who are required to contribute to the objective of reaching the Union-target for available CO<sub>2</sub> injection capacity by 2030, on the calculation of their respective contributions, and on their reporting obligations**

*This draft has not been adopted or endorsed by the European Commission. Any views expressed are the preliminary views of the Commission services and may not in any circumstances be regarded as stating an official position of the Commission.*

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE DELEGATED ACT**

On 29 June 2024, the Regulation (EU) 2024/1735 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724 (the "Net Zero Industry Act") entered into force<sup>1</sup>. Inter alia, the Net Zero Industry Act aims to contribute to the creation of a Union market for CO<sub>2</sub> storage services.

The Net Zero Industry Act sets the Union level objective of reaching an injection capacity of 50 million tonnes of CO<sub>2</sub> per year. All storage sites shall be designed to operate for a minimum of five years, comply with the principles of fair and open access, and not be combined with Enhanced Hydrocarbon Recovery.

To achieve this 2030 objective, the Net Zero Industry Act requires the EU-based oil and gas producers to contribute to the development of operational geological CO<sub>2</sub> storage sites in the EU in proportion to the volumes they produced during the period 2020-2023.

By 30 September 2024, Member States had to notify to the Commission the entities that held an authorisation within the meaning of Article 1, point 3, of Directive 94/22/EC, and the volumes of oil and gas that have been produced under these authorisations between 1 January 2020 and 31 December 2023.

After consulting Member States and interested parties, the Commission will specify each obligated entities' contribution to the 2030 Union CO<sub>2</sub> injection capacity objective.

This Delegated Regulation defines the rules for the identification of entities subject to a contribution obligation, including the production threshold below which entities are exempt from contribution.

By 30 June 2025, the obligated entities shall submit to the Commission a plan specifying in detail how they intend to meet their contribution to Union CO<sub>2</sub> injection capacity objective by 2030 in terms of targeted volume of new CO<sub>2</sub> storage and injection capacity commissioned by 2030, specifying the means and the milestones for reaching the targeted volume.

The Commission Communication of 6 February 2024 '*Towards an ambitious Industrial Carbon Management for the EU*' states that, based on the modelling of the impact assessment for the 2040 climate target, an increase in the annual CO<sub>2</sub> injection capacity for geological storage to at least 250 million tonnes of CO<sub>2</sub> per year in 2040 in the European Economic Area is needed. This projection underlines the urgency to enable in the Union by 2030 the injection capacity to annually store 50 million tonnes of CO<sub>2</sub> permanently underground to support decarbonising industries in reducing hard-to-abate emissions.

### **2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT**

The Commission relied on the assistance of the Expert Group on the Geological Storage of Carbon Dioxide (the 'CCSEG') for the preparation of this draft Delegated Regulation.

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<sup>1</sup> REGULATION (EU) 2024/1735 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 June 2024 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724.

In September 2024, the Commission discussed with Member States in the CCSEG the envisaged approach for the methodology and the next steps for the notification of production data.

In November 2024, the Commission presented the Member States with the results of the production data notifications and the approach for identifying obligated entities in the CCSEG and invited written feedback in view of the drafting of the Delegated Regulation. The Commission then processed and integrated the feedback received.

[...]

### **3. LEGAL ELEMENTS OF THE DELEGATED ACT**

The objective of the delegated act is to define the minimum threshold, clarify the pro-rata calculation of the individual injection capacity contribution to the entities and define the content of the annual reports from the obligated entities.

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724<sup>2</sup>, and in particular Article 23(12) ~~a and e~~ thereof,

Whereas:

- (1) Article 23(1) of Regulation (EU) 2024/1735 provides that entities holding an authorisation as defined in Article 1, point 3, of Directive 94/22/EC of the European Parliament and of the Council<sup>3</sup> are to contribute to the Union-wide target for available CO<sub>2</sub> injection capacity by 2030 in proportion to the volumes of natural gas and crude oil they produced in the Union between 1 January 2020 and 31 December 2023.
- (2) In accordance with Article 23(3) of Regulation (EU) 2024/1735, based on the information communicated by the Member States to the Commission under Article 23(2) of that Regulation by 30 September 2024, the Commission is to specify the individual contributions to the Union CO<sub>2</sub> injection capacity objective by 2030 from entities holding an authorisation.
- (3) To this end, it is first necessary to supplement the rules on the basis of which the authorisation holders subject to the contribution obligation should be identified, and their individual contributions calculated.
- (4) In accordance with Article 23(1) of Regulation (EU) 2024/1735, the Commission is to specify a production threshold below which an authorisation holder is exempt from the contribution obligation. The purpose of that threshold is to concentrate the administrative effort for the national authorities and for the obligated entities on those entities which, due to their significant activities in the production of hydrocarbons, have the financial and technical means to invest in the deployment of CO<sub>2</sub> geological storage sites. In accordance with Article 23(5), in order to meet their targeted volumes of available injection capacity, the obligated entities may invest in, or develop CO<sub>2</sub>

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<sup>2</sup> OJ L, 2024/1735, 28.6.2024, ELI: <http://data.europa.eu/eli/reg/2024/1735/oj>.

<sup>3</sup> Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons (OJ L 164, 30.6.1994, p. 3, ELI: <http://data.europa.eu/eli/dir/1994/22/oj>).

storage projects alone or in cooperation, may enter into agreements with other obligated entities and may enter into agreements with third-party storage project developers or investors to fulfil their contribution.

- (5) It is also necessary, when specifying the production threshold, to pay particular attention to SMEs and to ensure fairness in the distribution of the exempted injection capacity amongst obligated entities.
- (6) It is therefore appropriate to exempt authorisation holders that produced less than [...] of natural gas and crude oil from 1 January 2020 to 31 December 2023 and which represent a total production of natural gas and crude oil accounting for [...] of total Union natural gas and crude oil production over the period concerned.
- (7) The amount of each contribution should be calculated pro-rata by dividing the volumes produced by each obligated entity by the sum of the production of all obligated entities. This ratio should then be multiplied by the Union-wide target for CO<sub>2</sub> injection capacity by 2030, that is 50 million tonnes per year.
- (8) Some Member States allow more than one entity to hold the same authorisation. In such cases, the Member State concerned should indicate the production volumes of each joint authorisation holder so that the Commission can identify whether they are subject to the contribution obligation, and specify the amount of their contribution, or if they are to be exempted.
- (9) Authorisations may have been transferred from one legal entity to another between 1 January 2020 and 31 December 2023. To accurately divide the production volumes between the transferor entity and the transferee entity, it is appropriate to determine the relevant point in time for the division of the production and the corresponding contribution obligation between the holders of the authorisation.
- (10) In order that all production on Union territory between 1 January 2020 and 31 December 2023 is translated into an obligation to contribute to the development of CO<sub>2</sub> injection capacity, provision should be made with regard to authorisation holders who have ceased to legally exist on 29 June 2024.
- (11) To monitor the progress towards reaching the Union-wide target for CO<sub>2</sub> injection capacity, in accordance with Article 42(7) of Regulation (EU) 2024/1735, it is necessary to provide for a standard set of information required for the reports referred to in Article 23(6) of Regulation (EU) 2024/1735.
- (12) In accordance with Article 23(4) of Regulation (EU) 2024/1735, by 30 June 2025, the authorisation holders are to submit to the Commission a plan specifying in detail how they intend to meet their contribution to the Union CO<sub>2</sub> injection capacity objective by 2030. In order to allow authorisation holders time to prepare and submit that plan by 30 June 2025, this Regulation should enter into force as a matter of urgency,

HAS ADOPTED THIS REGULATION:

## Article 1

### *Definitions*

For the purposes of this Regulation, the following definitions apply:

- (1) ‘authorisation holder’ means a legal entity, notified by Member States to the Commission in accordance with Article 23(2) of Regulation (EU) 2024/1735 as the holder of an authorisation as defined in Article 1, point 3, of Directive 94/22/EC, that has operated the relevant authorisation during the period from 1 January 2020 to 31 December 2023, as well as the current holder, should they differ;
- (2) ‘obligated entity’ means an authorisation holder that is subject to an individual contribution to the Union-wide target for available CO<sub>2</sub> injection capacity set in Article 20(1) of Regulation (EU) 2024/1735;
- (3) ‘exempted entity’ means an authorisation holder that is not subject to an individual contribution to the Union-wide target for available CO<sub>2</sub> injection capacity set in Article 20(1) of Regulation (EU) 2024/1735.

## **Article 2**

### *Additional rules for the identification of obligated entities*

1. Where an authorisation is held jointly by more than one entity, the relevant Member State shall indicate to the Commission the production volumes of each joint authorisation holder.
2. Where, during the relevant production period, an authorisation has been transferred between obligated entities, the date of the transfer shall be the relevant point in time for the division of the production and the corresponding contribution obligation between the authorisation holders.
3. Where an authorisation holder has ceased to legally exist on 30 June 2024, the contribution obligation corresponding to the relevant crude oil and natural gas production activities between 1 January 2020 and 31 December 2023 falls to the subsequent authorisation holder.

## **Article 3**

### *Identification of exempted entities*

1. Authorisation holders that produced less than [...] of natural gas and crude oil from 1 January 2020 to 31 December 2023 and which represent a total production of natural gas and crude oil, accounting for less than [...] of the total Union production of natural gas and crude oil over the period concerned, shall be considered exempted entities.
2. For the purpose of Article 23(5) of Regulation (EU) 2024/1735, exempted entities that operate CO<sub>2</sub> storage sites shall be considered as third-party storage project developers or investors in accordance with Article 23(5), point (c), of that Regulation.

## Article 4

### *Calculation methodology of the individual pro-rata contribution of obligated entities*

1. In accordance with Article 23(1) of Regulation (EU) 2024/1735 and for the purpose of the pro-rata calculation, the production of crude oil and natural gas is normalised in kilo-tonne oil equivalent (ktoe).
2. The share of the individual pro-rata contribution of each obligated entity is calculated on the basis of the following formula in kilo-tonne oil equivalent (ktoe):

$$\frac{(\text{Cumulative production 1 January 2020 - 31 December 2023 of the entity}) / (\text{non-exempted total EU production 1 January 2020 - 31 December 2023}) \times 100}{100} = \% \text{ of 50 million tonnes of annual CO}_2 \text{ injection capacity.}$$

## Article 5

### *Annual progress reporting by obligated entities*

1. The reports referred to in Article 23(6) of Regulation (EU) 2024/1735 shall contain at least the following set of information on the CO<sub>2</sub> storage projects under development by the entities:
  - (a) the location of the relevant CO<sub>2</sub> storage project(s) with coordinates in a commonly used GIS file format;
  - (b) the identity of the responsible deployment manager and contact information, in particular for potential storage customers;
  - (c) the expected total storage capacity (in million tonnes of CO<sub>2</sub>) per storage site;
  - (d) the expected annual injection capacity (in million tonnes of CO<sub>2</sub> per year) per storage site;
  - (e) the planned mode(s) of CO<sub>2</sub> transportation from the point of hand-over to the injection site;
  - (f) the planned CO<sub>2</sub> transportation infrastructures that will be needed to transport CO<sub>2</sub> to the hand-over point, including the expected start date of operation thereof, as well as the applicable CO<sub>2</sub> quality requirements;
  - (g) the planned sources of CO<sub>2</sub> that are to be stored, including the providers of captured CO<sub>2</sub> with whom commercial agreements have been reached for the use of the relevant injection capacity during the first 5 years of operation;
  - (h) the expected Final Investment Decision (FID) dates, and the expected injection capacity that will be made operationally available by the end of 2030 or earlier.

2. The information provided in the annual progress report referred to in paragraph 1 shall be kept updated between the annual reports and shall include a detailed description of the storage project, as necessary for the application for a storage permit in accordance with Article 7 of Directive 2009/31/EC of the European Parliament and of the Council<sup>4</sup> and the timelines and conditions under which the injection capacity of the storage project will be placed on the market to comply with the contribution obligation. That information shall include a detailed roadmap of the key technical and commercial decision points which potential commercial customers would need to know to advance their own investment decisions.

## Article 6

### *Entry into force*

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.  
Done at Brussels.

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*For the Commission  
The President  
Ursula VON DER LEYEN*

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<sup>4</sup> Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114, ELI: <http://data.europa.eu/eli/dir/2009/31/oj>).