

Open Letter: Call for the rapid implementation of penalties in Member States under Article 23 of the Net-Zero Industry Act

We, the undersigned organisations representing hard-to-abate industries, infrastructure operators, storage developers, carbon removal and negative emissions stakeholders, civil society organisations and other stakeholders across the carbon capture and storage (CCS) value chain, write to encourage rapid action on a matter of shared importance: establishing penalty regimes under Article 23 of the Net Zero Industry Act (NZIA).

The Net Zero Industry Act (NZIA) requires Member States to adopt penalties for non-compliance that are *effective, proportionate and dissuasive* in order to enforce the obligations placed on oil and gas producers to contribute to the deployment of 50 million tonnes of annual CO₂ injection capacity across the European Union by 2030. Member States were required to publish and implement these penalties by 30 June 2026. Introducing penalties is essential to ensuring the NZIA's enforcement framework functions as intended and remains one of the central mechanisms to reaching the Union's CO₂ storage target. It is furthermore of vital importance that these penalties are sufficiently high to ensure it is more financially prudent for the obligated entities to comply with their obligations than not.

The European Commission's first progress report has already indicated that current efforts are not sufficient to deliver the EU's 2030 CO₂ injection capacity target. At the same time, demand for CO₂ storage services is growing rapidly among industrial sectors that depend on Carbon Capture Storage (CCS) to achieve deep decarbonisation. There is therefore a genuine and pressing need for Member States to strengthen the framework.

For industries such as cement, lime and fertiliser production, access to CO₂ storage is not optional: it is a prerequisite for achieving deep decarbonisation. The Innovation Fund continues to support an increasing number of carbon capture projects, including more than 15 cement and lime plants selected for funding. These investments represent real commitments made in good faith on the expectation that the enabling framework for storage and transport will be in place. Complementing the implementation of Article 23 with credible penalty regimes is an important part of honouring this expectation.

Article 23 was introduced precisely to ensure that storage capacity develops to meet industrial demand. Its effectiveness depends not only on the obligation itself, but on the existence of credible enforcement mechanisms that provide certainty to all actors across the value chain.

We recognise that legislative and administrative processes differ across Member States, and that implementation takes time and resources. We do not underestimate these challenges. **At the same time, the window for ensuring that the 2030 target remains achievable is narrowing, and implementing penalties sends a clear and timely signal to investors, project developers, and industrial sectors that the EU is serious about its CO₂ storage objectives.**

We therefore invite all Member States that have not yet published and implemented their Article 23 penalty regimes to do so without further delay, and we stand ready to engage constructively with any Member States seeking to move this process forward. Together, we can ensure that Article 23 fulfils its purpose and that Europe's industrial decarbonisation ambitions are matched by the infrastructure needed to deliver them, ultimately safeguarding the EU's climate neutrality and competitiveness objectives.

Sincerely,

Bellona Europa

Bioenergy Europe¹
 Carbon Balance Initiative
 Carbon Gap
 CCS Europe
 Cement Europe
 Clean Air Task Force
 C-Questra
 Danube Carbon Storage
 E3G
 European Lime Association
 Margriet Kuijper
 Negative Emissions Platform
 Öresundskraft
 Sirona Technologies
 ZERO



¹ Bioenergy operators are legitimate suppliers of biogenic CO₂ to the storage infrastructure covered by Article 23 NZIA. The development of this infrastructure is also important for enabling BECCS, a key negative-emissions technology.