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 CO_2 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 CO_2 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 CO_2 injection capacity target. At the same time, demand for CO_2 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 CO_2 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 CO_2 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 Europe[1]
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 CO_2 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.