



## Commission approves €3 billion Swedish State aid scheme to support the roll-out of biogenic carbon dioxide capture and storage

Brussels, 2 July 2024

The European Commission has approved, under EU State aid rules, a €3 billion (SEK 36 billion) Swedish scheme to support carbon capture and storage ('CCS') aimed at reducing carbon dioxide ('CO<sub>2</sub>') released during the combustion or processing of biomass ('biogenic CO<sub>2</sub>'). The measure will contribute to the achievement of Sweden's climate targets and the EU's strategic objectives under the [European Green Deal](#), in particular the 2050 climate neutrality goal.

### The Swedish measure

Sweden notified to the Commission of its plans to adopt a €3 billion (SEK 36 billion) scheme to support projects removing biogenic CO<sub>2</sub> emissions through permanent CCS. The measure aims to enable CCS as a viable and effective tool to mitigate climate change. This is expected to increase investor confidence in CCS-technology, reduce costs for its future applications and thereby facilitate the development of a CCS value chain in the EU.

Under the scheme, the aid will be awarded through a competitive bidding process, with the first auction expected in 2024. Auctions will be open to companies that (i) carry out an activity in Sweden, emitting biogenic CO<sub>2</sub>, and (ii) implement projects with a capacity to capture and store at least 50,000 tonnes of biogenic CO<sub>2</sub> per year.

Under 15-year long contracts, beneficiaries will receive a grant per tonne of biogenic CO<sub>2</sub> that is permanently stored. The aid received will be adjusted taking into account possible revenues that might stem from the projects (e.g., thanks to voluntary carbon removal certificates), as well as other public support received for the same project.

The scheme will run until 31 December 2028. By enabling capture and storage of significant amounts of biogenic CO<sub>2</sub>, the scheme will contribute to Sweden's efforts to reduce its greenhouse gas emissions by 85% by 2045 compared to the 1990 level. It will also help Sweden and the EU to meet the objective of achieving climate neutrality by 2050.

### The Commission's assessment

The Commission assessed the scheme under EU State aid rules, in particular [Article 107\(3\)\(c\)](#) of the Treaty on the Functioning of the EU, which enables Member States to support the development of certain economic activities subject to certain conditions, and the [Guidelines on State aid for climate, environmental protection and energy](#) ('CEEAG'), which allow Member States to support measures reducing or removing CO<sub>2</sub> emissions.

The Commission found that:

- The scheme is **necessary** and **appropriate** to incentivise investments in projects concerning capture and storage of biogenic CO<sub>2</sub> in Sweden and thereby contributes to the national and EU climate targets.
- The scheme has an "**incentive effect**", as potential beneficiaries would not carry out the investments in biogenic CCS projects without the public support.
- The scheme has a **limited impact on competition and trade** within the EU. In particular, the aid is **proportionate** and any negative effect on competition and trade in the EU will be limited in view of the design of the measure, which will notably ensure that the aid amount is kept to the minimum.
- The scheme will be subject to an ex-post evaluation, which will verify, among other things, the effectiveness of the competitive bidding process.

On this basis, the Commission approved the Swedish measure under EU State aid rules.

## Background

The Commission's 2022 [CEEAG](#) provide guidance on how the Commission assesses the compatibility of environmental protection, including climate protection, and energy aid measures which are subject to the notification requirement under Article 107(3)(c) TFEU.

The Guidelines create a flexible, fit-for-purpose enabling framework to help Member States provide the necessary support to reach the Green Deal objectives in a targeted and cost-effective manner. The rules involve an alignment with the important EU's objectives and targets set out in the European Green Deal and with other recent regulatory changes in the energy and environmental areas and will cater for the increased importance of climate protection. They include sections on energy efficiency measures, aid for greenhouse gas emissions removal, clean mobility, infrastructure, circular economy, pollution reduction, protection and restoration of biodiversity, as well as measures to ensure security of energy supply, subject to certain conditions.

With the [European Green Deal Communication](#) in 2019, the Commission reinforced its climate ambitions, setting an objective of net zero emissions of greenhouse gases in 2050. The [European Climate Law](#) in force since July 2021, which enshrines the 2050 climate neutrality objective and introduces the intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030, sets the ground for the '[Fit for 55](#)' legislative proposals presented by the Commission on 14 July 2021.

More recently, the Commission adopted the [2040 Climate Target Communication](#), which recommended reducing the EU's net greenhouse gas emissions by 90% by 2040 relative to 1990, to set the path for after 2030 towards climate neutrality by 2050, and the [Industrial Carbon Management strategy](#), which recognises the important role that CCS can play in the path to the 2040 climate target and the 2050 climate neutrality objective.

More information will be made available under the case number SA.107009 in the [State Aid Register](#) on the [DG competition website](#) once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [Competition Weekly e-News](#).

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Quotes:

*"This €3 billion scheme will enable Sweden to capture and to permanently store a significant amount of carbon dioxide generated by biomass combustion or processing. It will help Sweden and the EU to achieve their ambitious target of climate neutrality by 2050, while ensuring that competition distortions are kept to the minimum"*  
Margrethe Vestager, Executive Vice-President in charge of competition policy - 02/07/2024

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