Developing carbon capture, utilisation and storage hubs in Australia

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What are CCUS hubs

Carbon capture, utilisation and storage (**CCUS**) technologies[1] are critical to decarbonising hard-to-abate sectors such as manufacturing, construction, shipping and aviation.

Facilities in these sectors are generally located within designated industrial zones. CCUS hubs provide a common user decarbonisation solution for these industrial zones.

CCUS hubs are centralised networks of the CCUS value chain, including the capture, transport and storage of carbon for multiple emitters and otherwise the utilisation of carbon. Utilisation is a broad term but significantly includes the manufacturing of synthetic fuels or as a feedstock for producing plastics. CCUS hubs allow multiple emitters, including smaller emitters, to share the costs and benefits of a carbon capture, transport and storage solution, accelerate decarbonisation efforts, and create economies of scale.

A joint 2023 report by CSIRO and the Global CCS Institute found that Western Australia is uniquely placed to lead in the development of hubs due to its combination of high emissions industries, geological storage opportunities and skilled workforce.

1 In this note, the terms CCS and CCUS are used, depending on the source quoted. For the purposes of this paper, a reference to either term is intended to refer to the broad range of carbon capture, utilisation and storage activities.

Opportunities and drivers

Climate

CCUS is a key decarbonisation pathway. The International Energy Agency (**IEA**) declared in 2020 that "reaching net zero will be virtually impossible without CCUS".

The IEA Net Zero Roadmap published September 2023 positions CCUS as part of the pathway to net zero by 2050. However, it notes the CCUS deployment projections for 2030 has decreased by about 40% compared to the 2021 projections, reflecting slower progress and persistent challenges. The IEA recently reinforced this view in its World Energy Outlook report issued 12 November 2025, noting that exceeding the 1.5°C limit is now inevitable, and any real pathway to stabilising long-term warming must involve widespread deployment of CCUS. According to preceding year's issue of that report, deployment must increase more than 100-fold by 2050 to meet the global net-zero target set by the Paris Agreement.

CCS remains an indispensable component of net-zero strategies for governments globally. For example, in a 25 November 2025 House of Commons debate on COP30, when asked about the UK government's reliance on early-stage technologies (i.e. CCUS), Ed Miliband (Secretary of State for Energy Security and Net Zero) pointed to the IEA World Energy Outlook report and stated:

> *It actually shows that we have overachieved on renewables, but we need to go further on some other issues. All the experts I respect say that there is no route to decarbonisation without carbon sequestration technology in different forms … We have existing technologies, such as solar, wind and batteries, and they can also help us. We have seen a driving down of the cost of those, and we need to do the same for these other technologies.*[2]

CCUS hubs can help achieve the upscaling that is needed. For example, the Moomba CCUS hub is designed to store up to 1.7 million tonnes of CO_2 per year, which is more than 10% of South Australia's total CO_2 emissions or taking 700,000 petrol cars off the road every year.

Domestic market opportunities

Australia is investing in the development of large-scale carbon capture projects.[3] Projects are generally co-located next to gas production facilities, where there are geologically suitable storage reservoirs.

CCUS hubs create a market for large-scale injection and storage operators, providing a revenue stream (and not just a means for ensuring a facility's compliance with the Safeguard Mechanism). We see from the Moomba project that injection site operators recognise the revenue potential for dealing with third party emissions and are planning to offer injection and storage services to third parties. One commercial model could involve facility owners contracting with CCUS hub pipeline and injection site operators[4] who provide transport and storage services for a fee per tonne of CO_2 (similar to a 'tipping' fee or tariff charged for waste disposal). Alternatively, the regulated asset base model (used for CCUS infrastructure in the UK) could be adopted, where infrastructure is developed on a common user basis and tariffs charged to users are set by a regulator. In the UK this is combined with government support to underwrite shortfalls in revenue, similar to the CIS scheme in Australia.

CCUS projects can earn and trade Australian carbon credit units (**ACCUs**). ACCUs have the benefit of reducing financial risk by providing an optional revenue stream if the ACCUs are sold, which may reduce a project's long payback period. For example, the Moomba CCUS Hub achieved its final investment decision after ACCUs were approved. In the first six months of operation, the Moomba project received over 600,000 ACCUs.[5] Following legislative reform in 2023, rules were changed to avoid the risk of double-counting by projects that abate safeguard-covered emissions,[6] replacing the capacity for these Safeguard facilities to earn ACCUs with Safeguard Mechanism Credits (**SMCs**). SMCs are more restrictive than ACCUs (as they are only eligible for trading among companies operating within the Safeguard Mechanism) although have traded at prices close to ACCUs.

2 United Kingdom, *Parliamentary Debates*, House of Commons, 25 November 2025, 14:08:00 (Ed Miliband).

3 Since publishing "The Future of Large Scale Carbon Capture Storage Projects in Australia" in 2022, Australia has seen the commissioning of the Moomba CCS Project in South Australia and the continued scale-up of the Gorgon CCS Project in Western Australia. A number of other projects remain in development.

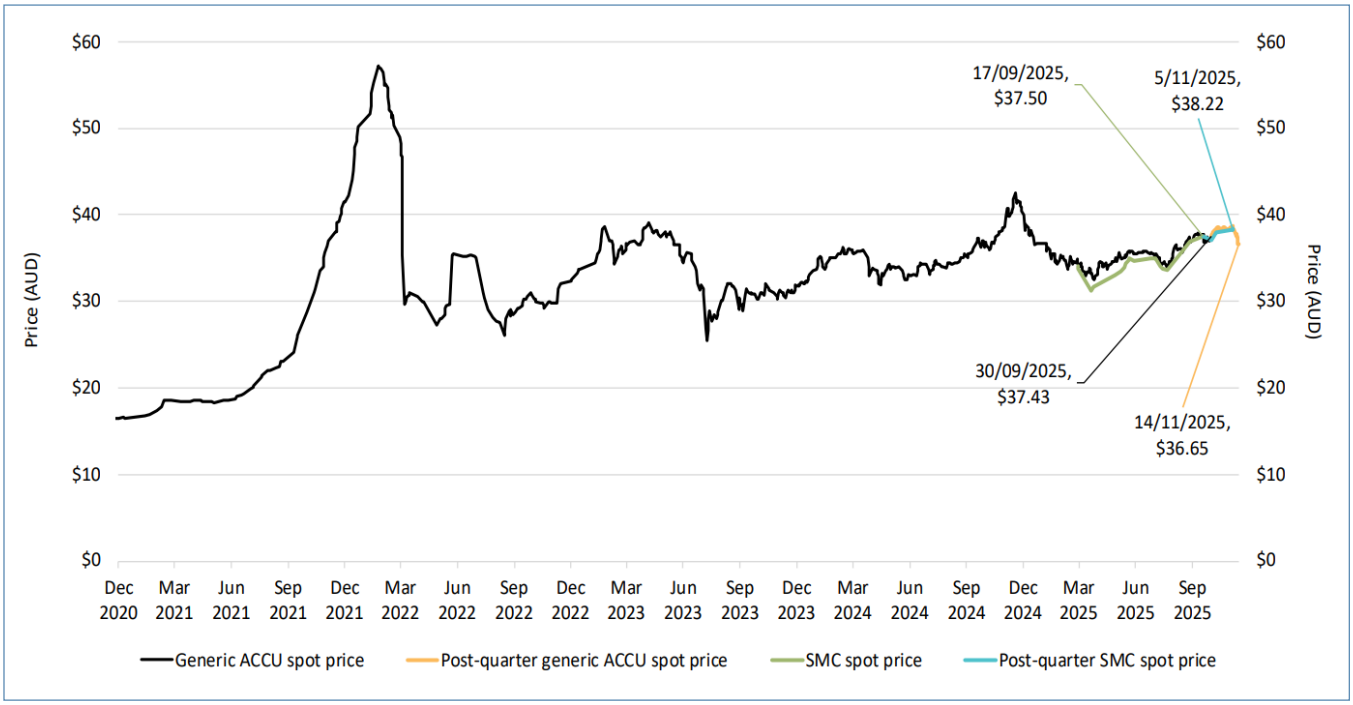
4 See discussion under heading "Hold legal right": *Clean Energy Regulator, Carbon Capture and Storage Method 2021 – Simple Method Guide* (Report, January 2024) 8.

5 614,133 ACCUs (comparable to SMCs), attributable to the Moomba CCS project, were issued to Santos for September 2024 to March 2025: see Santos Limited, 'Moomba CCS receives record Australian Carbon Credit Units after first year of operations' (Media Release, 3 November 2025).

6 *Carbon Credits (Carbon Farming Initiative) Rule 2015* (Cth) s 9(8): if a project reduces covered emissions (i.e. under the Safeguard Mechanism) at a designated large facility, it cannot generate ACCUs, with strict exceptions in subs (9).

According to the Clean Energy Regulator, *Quarterly Carbon Market Report,* September quarter 2025, during 2025 the spot price for generic ACCUs and SMCs gradually rose, and by end of the September quarter 2025 fetched $37.43 and $37.50 respectively.

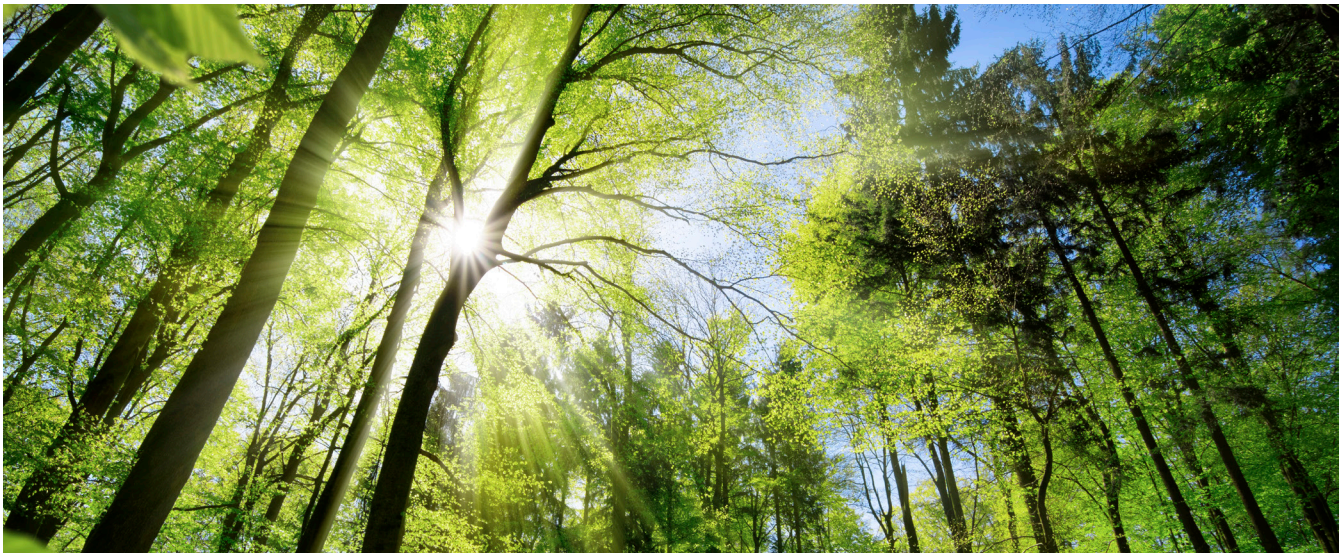
Figure 1: Generic Australian Carbon Credit Unit (ACCU) and Safeguard Mechanism Credit Unit (SMCU) volume weighted average spot price [7]



CCUS hubs create an opportunity for new, non-safeguard hard-to-abate carbon emitting facilities to share the cost of transport and storage infrastructure with other users, while generating ACCUs.[8] Revenue earned by hub users (emitters) from trading ACCUs can offset fees payable for third party transport and storage solutions.

However, this user (emitter) revenue model places significant risk on hub infrastructure developers and transport and injection operators, who would need to fund significant upfront capex while also assuming demand risk.

An advantage for Western Australia is that it has significant existing infrastructure that may be capable of being repurposed potentially at a fraction of the cost of implementing new infrastructure,[9] thereby reducing the cost of transport and storage solutions.



7 Clean Energy Regulator, *Quarterly Carbon Market Report September quarter 2025* (Report, 10 December 2025). Licensed from the Clean Energy Regulator, Commonwealth of Australia under a Creative Commons Attribution 4.0 licence.

8 Projects must meet certain eligibility requirements.

9 CSIRO and Global CCS Institute, CCUS Hubs Study – Key findings from the WA CCUS Hubs study undertaken by CSIRO and GCCSI for the Western Australian LNG Jobs Taskforce (Report, November 2023) ('WA CCUS Hubs Study').

International market opportunities

Asia-Pacific lags in CCUS storage capacity, opening a critical opportunity for Australia in bi-lateral CCUS deals. Wood Mackenzie estimates Australia could unlock up to A$600 billion in revenue by creating a CCS industry and becoming a storage hub for the Asia-Pacific region.[10]

The major barriers to this region's CCUS storage capacity are policy fragmentation, high costs, and lack of infrastructure.[11]

This is a significant opportunity for Australia which has enormous storage potential. Specifically, the CO_2 Storage Resource Catalogue Cycle 4 Report (2024) found that Australia had 31.4 gigatonnes of discovered CO_2 storage capability, and an estimated 471 gigatonnes of undiscovered storage.[12] Only a small fraction (0.1 gigatonnes) of storage is currently commercialised.

In August 2025, BHP announced its participation in a global consortium, including Chevron and Mitsui & Co., to study pathways for CCUS hubs in Asia. The study aims to accelerate decarbonisation across the region by leveraging shared infrastructure and cross-border partnerships. This shows growing private sector interest in regional CCUS hubs, positioning Australia to play a pivotal role given its geological storage capacity and proximity to Asian markets.

The NT Government recently announced an agreement with Vopak to develop a common-user infrastructure including a CO_2 import, storage and handling terminal. This signals policy support for offshore CCS projects, particularly those that can leverage the Asian markets and need for carbon storage. Western Australia's proximity to Asian markets also positions it as a key player in cross-border CO_2 storage services, particularly for countries with limited geological storage.

Jobs

The hub model generates employment across multiple phases and sectors.

Construction of shared transport and storage infrastructure creates engineering, project management, and construction employment. Operational phases require ongoing technical personnel for monitoring, maintenance, and optimisation of capture, transport, and storage systems.

Vopak's proposed CO_2 import, storage and handling terminal in the Northern Territory is projected to create around 1,000 construction jobs and 70 ongoing operational roles, demonstrating the role of CCUS projects particularly in regional economic development. CCUS hubs in Western Australia could similarly create thousands of construction jobs in the Pilbara and Kimberley regions and ongoing technical roles in operations.

Sustains manufacturing capability and opens new industry

Governments are looking to make more, locally. COVID-19 and geopolitical instability have highlighted manufacturing capability as a sovereign risk. The WA Government announced a 'Made in WA' plan in February 2025. High emitting industries are the backbone of the Western Australian economy. Specifically, according to the Department of Jobs, Tourism, Science and Innovation, Western Australia's Carbon Capture, Utilisation and Storage Action Plan (20 November 2024) (**WA CCUS Action Plan**), heavy industries comprising minerals mining and processing, oil and gas extraction and processing, and cement, ammonia, and fertiliser manufacturing (heavy manufacturing) contributes nearly 48% of Gross State Product (the State equivalent of GDP) and around 57% of the State's emissions.

In order to make more, we must do more to abate and sequester carbon emissions. CCUS hubs enable these sectors to reduce emissions without halting production, maintaining global competitiveness and operational continuity. Infrastructure associated with these industries (pipelines, ports, skilled workforce, etc) may also be able to be leveraged to build CCUS hubs to mitigate costs. Specifically, Western Australia's existing LNG pipelines, ports (Dampier, Port Hedland), and skilled workforce provide a strong foundation for CCUS hub development, reducing costs and accelerating deployment.

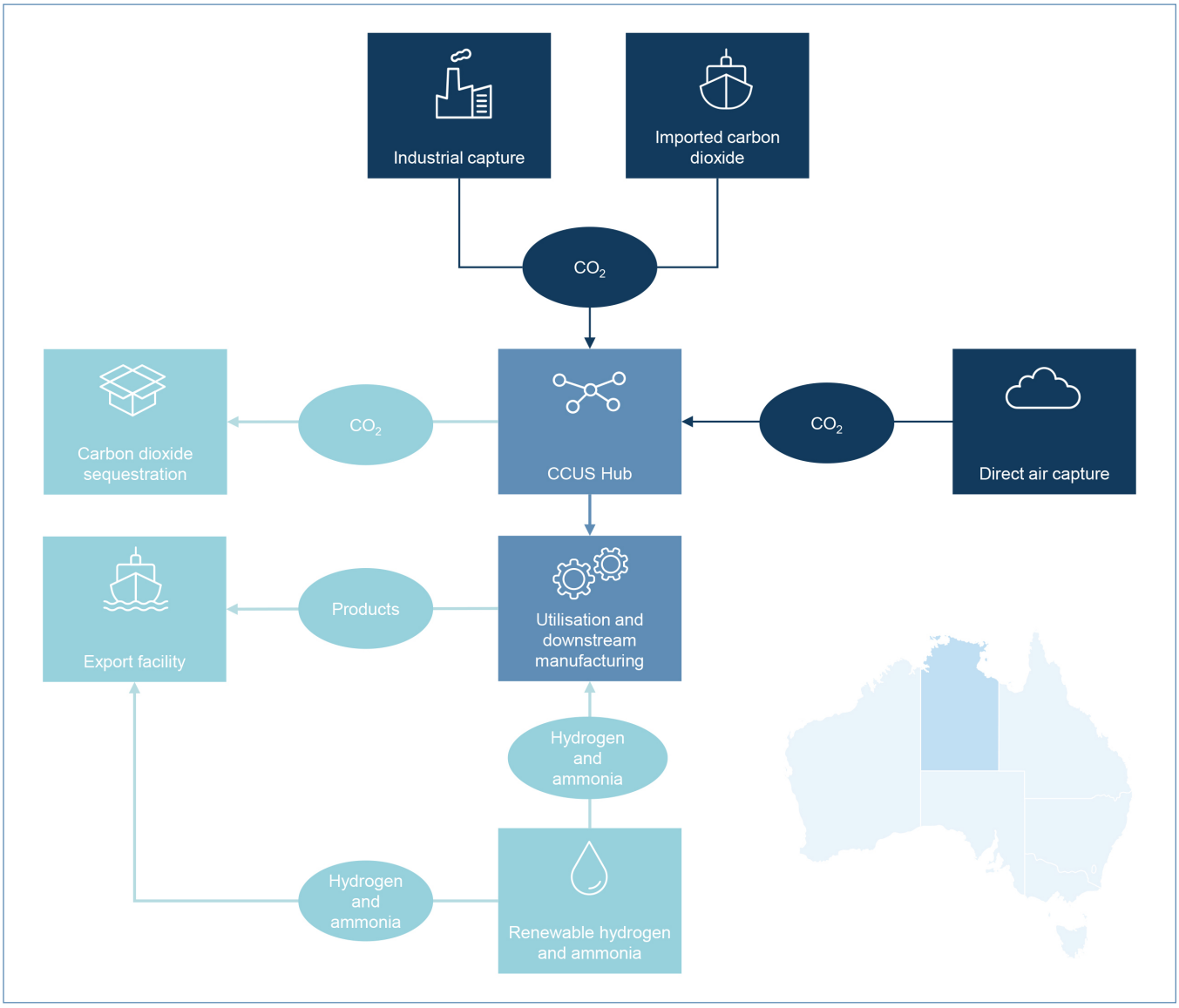
10 Stephanie Chiang, 'Can Australia become APAC's CCS hub of choice?' (2024) 64(2) *Australian Energy Producers Journal* S125. See also Australian Energy Producers, 'Australian carbon storage hub a $600 billion opportunity: Wood Mackenzie' (Media Release, 20 May 2024).

11 James Bowen and Neil Grant, Climate Analytics, *The global climate risks of Asia's expansive carbon capture and storage plans* (Report, October 2025).

12 Halliburton Manufacturing and Services Limited and the Global CCS Institute, *CO_2 Storage Resource Catalogue – Appendix E: Oceania* (Report, 15 July 2024) 1.

CCUS further supports the growth of ancillary industries such as hydrogen, synthetic fuels, ammonia, and urea production, being central to Western Australia economic diversification and clean energy transition strategy. Captured CO_2 can be used to produce synthetic fuels, building materials, and chemicals, fostering innovation and new manufacturing streams. Rather than transporting captured CO_2 to store in an injection site, it can be directed to other processing facilities and used as a feedstock. This approach is being explored with the North Territory Low Emissions Hub.[13] The following diagram shows the long-term vision for a Northern Territory CCUS and hydrogen hub involving CO_2 utilisation and storage.

Figure 2: Long-term vision for Northern Territory CCUS hub[14]



13 See CSIRO, *CO_2 Utilisation Roadmap (Report, 2021); CSIRO, Opportunities for CO_2 utilisation in the Northern Territory* (Report, 2023).

14 See ibid 44.

Barriers to CCUS hubs

Although CCUS hubs can deliver long-term returns, barriers in early phases of development are high initial capital expenditure, long payback periods and the lack of credit worthy third party users prepared to underwrite long-term revenue contracts, which leads to bankability issues.

High CAPEX

CCUS projects typically require capital investments from USD $100 million to exceeding $1 billion depending on scale and integration. Large-scale CCUS hubs accepting CO_2 from multiple industrial emitters, with import facilities for shipped domestic and international CO_2, require multiple billions in capital expenditure.

For example, the CSIRO business case project for a NT Low Emission Hub (**NT LEH**) estimate that total costs for development of the NT LEH would be around $7.3 billion, more than 70% of the costs being the capture facility costs.

Long payback periods

As well as the high capital expenditure, CCUS projects have a long payback period. Carbon capture does not necessarily generate significant direct income unless it is paired with utilisation or strong carbon pricing. Sensitivity to regulatory uncertainty is naturally heightened where investment requires long-term operation to yield results.

Government policy, including funding and Private Public Partnerships may help to bridge that gap.

Demand risk and bankability

Until there is a mature CCUS industry and market and a willingness from third party users to enter into long-term revenue contracts with CCUS projects, demand risk will constrain significant private investment from hub developers and operators that service entirely third party emissions. That is because:

- without other sources of funding (such as sales of SMCs, government grants or revenue support agreements), developers and operators are dependent on revenue from users during operations;
- users may be reluctant for reasons outlined elsewhere in this paper to enter into bankable long-term contracts. For example, users' willingness to contract with CCUS projects may depend on the users' projects receiving ACCUs (to help offset the transport and storage fees); and
- the value of SMCs / ACCUs is determined by market factors and is not pegged to hub infrastructure capex and financing costs.

Projects like Moomba, that service their own emissions with some capacity to service third party emissions, can better manage the demand risk and are more likely to be viable in the short term. For the reasons outlined elsewhere in this paper, it can be challenging for projects which are principally directed as third party emissions to put in place long-term revenue contracts (potentially with both users and offtakers of ACCUs / SMCs) with credit worthy counterparties, without which such projects may struggle to attract external financing.

In other jurisdictions, governments have intervened to mitigate the demand risk until the CCUS market is well established. We discuss this below.

Transport and storage operators also typically assume title and risk in third party CO_2 at designated delivery points. Operators will expect to recover a premium for this risk, considering its injection permit requirements and statutory liability (which may include up to 15 years trail liability for injection sites[15]). These factors will influence the fee or tariff payable for dealing with emissions through CCUS hubs. If these costs are unregulated and uncertain, this may impact the commercial viability of new CCUS projects needed to reduce demand risk.

15 See for example *Petroleum Legislation Amendment Act 2024* (WA) sub-div 5 (long-term liabilities in respect of GHG storage).

Government initiatives

Funding

The two major federal financing bodies for decarbonisation, the Clean Energy Finance Corporation (**CEFC**) and Australian Renewable Energy Agency (**ARENA**), do not (and cannot) invest in CCS projects or technologies.

Specifically, the *Clean Energy Finance Corporation Act 2012* (Cth) expressly prohibits the CEFC from investing in carbon capture and storage. A Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017 was introduced in 2017 to remove this prohibition but was not passed and lapsed at dissolution.[16]

Attempts to broaden ARENA's remit have also not proceeded. The *Australian Renewable Energy Agency (Implementing the Technology Investment Roadmap) Regulations 2021* were introduced by the Morrison Government to allow ARENA to fund CCS technologies, but was disallowed by the Senate in 2022.

Because these two major federal financing bodies exclude CCS, large-scale CCUS hubs cannot access the same concessional finance or grant support available from these bodies to renewables and other forms of carbon abatement.

Safeguard mechanism and emissions reduction compliance

Facilities that are substantial CO_2 emitters must comply with various legislative requirements. The most significant emitters[17] must comply with the Safeguard Mechanism which requires them to keep emissions below legislated 'baseline' limits that are in line with Australia's emission reduction targets.

CCUS projects can qualify for Safeguard Mechanism Credits (**SMCs**) for reducing emissions below their baseline. By participating in a CCUS hub project, a heavy emitter industrial facility can receive SMCs to manage its scope 1 emissions and comply with the Safeguard Mechanism.

In some jurisdictions in Australia, new monitoring and requirements are also being introduced for lower emitting facilities. For example, the NSW Environmental Protection Authority has proposed new licensee requirements and policies that will mean, from 2026, that (amongst other things) Environment Protection Licence holders emitting over 25,000 tonnes of CO_2 annually are required to report emissions and publish Climate Change Mitigation and Adaptation Plans aligned with state reduction targets.

In WA, two regional CCUS hubs in the Pilbara and Kwinana are under consideration.[18] These hubs are critical for enabling WA's 70 facilities covered by the Safeguard Mechanism, which collectively emit ~46 million tonnes CO_2 annually, to meet their Safeguard Mechanism compliance obligations.

A key consideration for both hubs is how best to accept emissions from a variety of emitters into common flow and storage facilities, including whether each emitter will perform their own capture to a specified standard. Creating shared-use CCUS infrastructure presents opportunities for different hub locations, with different infrastructure requirements needed based on location, including how existing ports can manage import and export of shipped domestic and international CO_2 versus the need for new dedicated terminals.[19]

This shared infrastructure model would:

- reduce capital costs for individual facilities by sharing transport and storage infrastructure, making CCUS economically viable for a broader range of emitters;
- enable phased participation, allowing facilities to connect to hub infrastructure as it develops, aligning with the Safeguard Mechanism's gradual decline in emission baselines;
- provide flexibility for facilities to generate SMCs through permanent CO_2 storage, which can be retained for compliance or sold to other Safeguard facilities; and
- support future industries enabled by CCUS hubs, ensuring infrastructure can accommodate both existing Safeguard facilities and future emitters.

Increasing pressures on emissions reductions compliance means that facilities in the hard-to-abate sectors will depend on CCUS hubs.

16 See this status of the Bill: Parliament of Australia, Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017 (Web Page).

17 A facility that emits more than 100,000 tonnes of CO_2 equivalent per year.

18 Department of Jobs, Tourism, Science and Innovation, *Western Australia's Carbon Capture, Utilisation and Storage Action Plan* (Report, 20 November 2024) ('WA CCUS Action Plan').

19 WA CCUS Hubs Study (n 9) 6-7.

Policies

Historically, Australia's state and federal policies on CCUS have been limited and fragmented, without a coordinated national CCUS strategy.

In the 2021-22 Federal Budget, the federal government announced $263.7 million in funding under the 'Carbon Capture Use and Storage Hubs and Technologies Program' over 10 years to accelerate CCUS projects. This program was terminated and replaced in the 2022-23 Budget with the 'Carbon Capture Technologies for Net Zero and Negative Emissions' program, which committed $141.1 million in funding over 10 years. This program was also terminated in the 2023-24 Federal Budget, and the 2024-25 Federal Budget does not budget any amount specifically for CCUS.

However, in 2024, the federal government through the Carbon Capture Technologies Program (**CCTP**) announced $65 million of direct funding for projects using emerging carbon capture technologies to help reduce emissions from hard-to-abate industries, which rely on carbon capture critically to reduce emissions.

At the State level, in November 2024, Western Australia released its first CCUS Action Plan, supported by the Investment and Attraction Fund granting $26 million to two CCUS projects. The Action Plan explicitly states its role to provide policy certainty and attract investment. It has an early stage rather than large-scale deployment focus, meaning federal co-funding or private sector investment is necessary to move forward. While this is an important step, the level of support is modest compared to the level of capital expenditure required for the infrastructure.

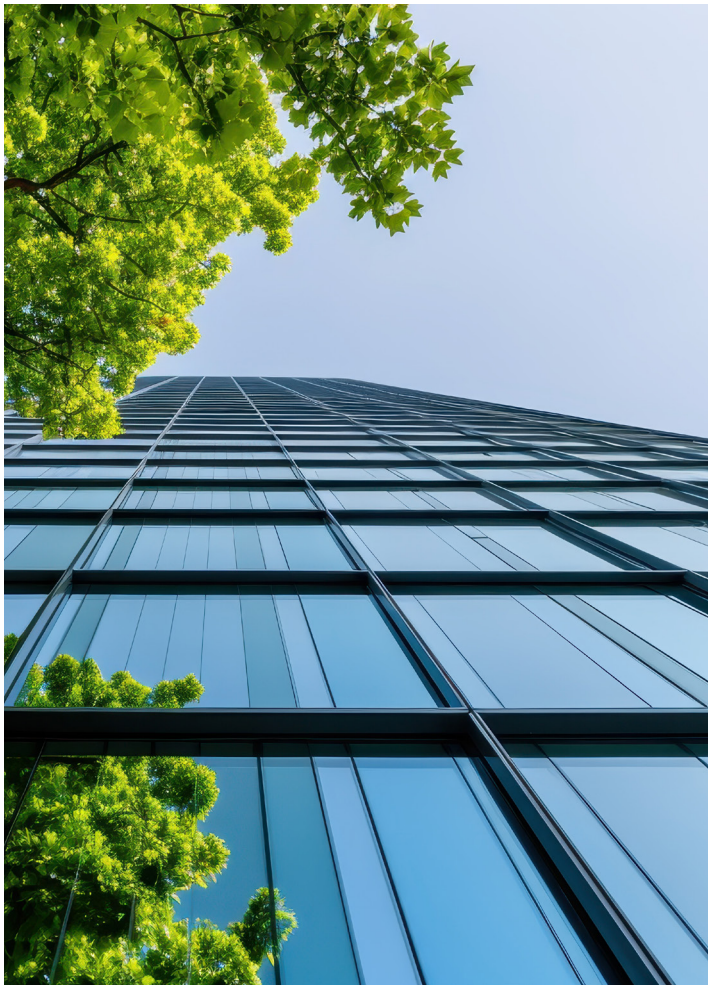
Otherwise, in terms of federal strategic frameworks, the CSIRO released its 'Australian Carbon Dioxide Removal Roadmap' in November 2025, which provides cost and capacity analysis for different approaches to CO_2 removal. Industry groups have called for a coordinated Commonwealth-State approach, clear sequestration targets, and infrastructure planning.

Government support for CCUS projects in Australia remains mixed, but firmly on the radar

A second round of CCTP funding is opening in early 2026 with $52 million in grants to be available. While this is marginally less than the first round of CCTP, it signals ongoing support for CCUS development.

The WA CCUS Action Plan also signalled ongoing future funding, although there is no certainty as to grants that will be announced. The Cook Government described the CCUS Action Plan as the 'first' Action Plan and explicitly states its intention to position Western Australia as a world leader in CCUS and attract further investment into the State. The plan also notes that Western Australia has numerous CCUS projects proposed for development over the next decade, and the government intends to accelerate deployment.20 With an understanding of the level of funding required, the implication is that ongoing funding will be announced beyond initial grants.

With support from governments, Western Australia could see the roll out of CCUS hubs catch up with international trends.

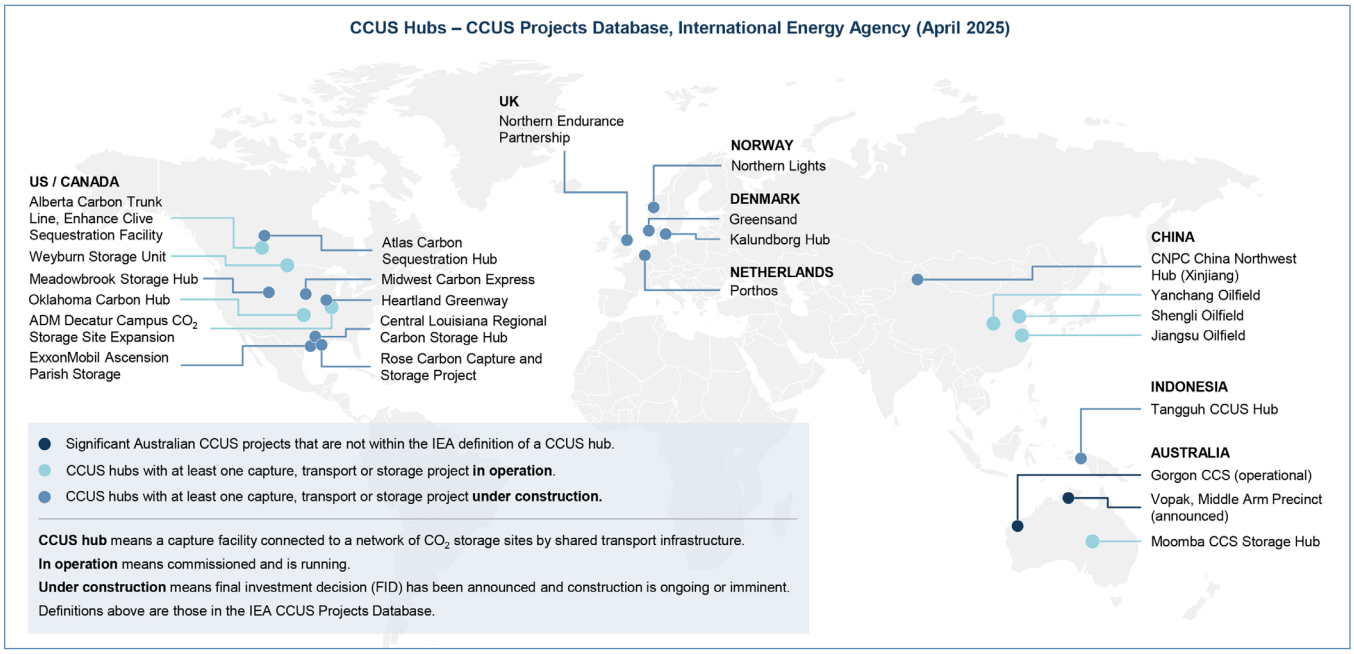


20 See WA CCUS Action Plan (n 18).

Global approaches to hubs

Global deployment of CCUS is ramping up as a result of evolving government policies, including consequent private interest. The map below shows the international distribution of CCUS hubs with at least one project under construction or in operation, by reference to data published by the IEA.

Figure 3: CCUS hubs with at least one project under construction or in operation, as defined by the IEA in its CCUS Projects Database as of April 2025



It can be seen that Australia is not as advanced in the deployment of hubs as other international jurisdictions. Below we describe what other countries are doing.

United Kingdom cluster approach

The UK's government has taken a phased cluster approach to CCUS projects. This involves clustered geographically concentrated networks of carbon-emitting industries connected to shared CO_2 transport and storage infrastructure, similar to CCUS hubs. The phases are summarised in the table below:

Phases	
Phase 1: Market Creation	
Period	Up to 2030
Goal	Capture and store 20–30 $MtCO_2$ per year by 2030.
Operation	Significant public funding to kickstart infrastructure and cluster development. In 2023, the UK government committed £20 billion to support initial CCUS deployment and another £960 million 'Green Industries Growth Accelerator' to support clean energy supply chains generally, including CCUS.
Phase 2: Market Transition	
Period	2030's
Goal	Scale up to 50 $MtCO_2$/ year and begin shifting toward commercial viability.
Operation	Government support tapers as private investment grows, and economies of scale drive down costs.
Phase 3: Self-sustaining Market	
Period	By 2050
Goal	Fully commercial CCUS sector contributing to net zero.
Operation	Market operates independently with competition, and export potential is lifted to meet international demand by innovation-driven growth.

The UK Government acknowledges with this model that it plays a central role in absorbing early financial risks arising from the capital-intensive nature of CCUS hubs and the lack of a developed market for long-term revenue contracts. It does this both for transport and storage operators and for CCUS hub users (emitters).

Transport and storage companies (**T&SCos**) operate under a regulated asset base model. This model guarantees a return on investment by setting network usage fees and an allowed revenue (administered by a regulator), similar to how water and electricity is regulated in many jurisdictions. The UK Government also enters into a revenue support agreement to 'top up' any shortfall in demand.

At the same time, the UK Government (through the Low Carbon Contracts Company) enters into contracts with users (emitters), such as low carbon power generators (known as contracts for difference or CfDs), to subsidise higher costs due to the transport and storage fees. It does this through availability and variable payments.

Both these measures reduce demand risk and shore up the revenue stream to T&SCos.

European Union

On the other hand, the European Union's CCUS approach is coordinated under the Industrial Carbon Management Strategy to achieve a cross-border infrastructure network and shared CCUS hubs. Funding is sourced at the EU-level with national co-funding. An example of the Union's direct funding was the 2022 round of the Innovation Funding, which granted more than €1.8 billion to projects including carbon transport and storage.

The Connecting Europe Facility program plays a significant role in transnational CCUS networks by funding cross-border infrastructure projects. Energy-sector projects seeking funding must have 'Project of Common Interest' (**PCI**) status or 'Project of Mutual Interest' (**PMI**) status. PCI projects and PMI projects are those that have a significant impact on energy markets and market integration of at least two member states, and must be between two member states or a member state and a non-member neighbour (respectively). This approach addresses infrastructure gaps and promotes economies of scale, positioning Europe as a leader in collaborative decarbonisation. In 2023, the European Union allocated nearly €480 million for four transport and storage projects.

These include:

- **D'Artagnan CO_2 Export Hub (France)**: €189 million to build pipelines and an export terminal for shipping captured CO_2 to storage sites abroad.
- **CO_2 NEXT and Aramis Projects (Netherlands)**: €33 million for an import terminal and €124 million for a 200 km undersea trunkline connecting to offshore storage in depleted gas fields.
- **Northern Lights (Norway)**: €131 million to expand the Øygarden import terminal and construct a 100 km offshore pipeline to a storage site on the Norwegian continental shelf.

On the national level, in October 2025 Germany announced a €6 billion industrial decarbonisation program that explicitly includes carbon capture and storage as a key technology. The program aims to accelerate emissions reductions in hard-to-abate sectors such as steel and cement, where CCUS is an effective strategy. This level of funding demonstrates the competitive advantage Australia could have with similar government support.

United States of America

Despite recent Department of Energy budget cuts, the United States has also adopted an expansive policy framework to accelerate CCUS as a critical part of its decarbonisation strategy. Federal incentives are led by the Section 45Q tax credit, which now provides up to $85 per tonne for CO_2 stored in geologic formations and $180 per tonne for direct air capture. This tax credit, initially established in 2008, was maintained under the *Inflation Reduction Act* and the *One Big Beautiful Bill Act*, indicating continual bipartisan support for CCUS policies. Otherwise, the *Infrastructure Investment and Jobs Act* allocated $8.2 billion for CCS programs between 2022 and 2026, while the Department of Energy's Carbon Management Strategy provides a comprehensive roadmap for building CO_2 transport and storage infrastructure, funding demonstration projects, and fostering public-private partnerships to scale deployment. The policies in the United States are not as cohesive its counterparts in the UK and European Union; specifically, it does not have a federally coordinated plan for interconnecting CO_2 transport and storage infrastructure across states. That said, the volume of funding and the nature of its market means it currently leads globally in CCUS deployment, with the largest share of the operational global carbon capture capacity.

In the following table, we summarise and compare the policy and funding support frameworks applicable to CCUS and CCUS hubs across various jurisdictions.

Instrument	WA	UK	Netherlands	Denmark	Germany	Norway	USA
CCUS hubs policy	Carbon capture utilisation and storage: Action Plan (Aug 2025)	CCUS Vision: A competitive market (Dec 2023)	National Climate Plan (Klimaatplan 2025-2035) Carbon Dioxide Removal Roadmap (2025)	CCS Strategy (2021) Climate Program 2024 Mission CCUS – a roadmap for Carbon Capture, Utilisation and Storage	Carbon Management Strategy (2024)	CCUS Innovation cluster (Oct 2025)	Infrastructure Investment and Jobs Act allocates ~USD 12 bn to CCUS
Funding support – grants, loans and subsidies	Limited, intermittent[21]	Carbon Capture and Storage Infrastructure Fund (CIF) – GBP 21.7bn to support CCUS clusters and hydrogen developments Net Zero Innovation Portfolio – CCUS Innovation 2.0 program	Connecting Europe Facility (CEF) EU's Innovation Fund (EIF) Demonstration Energy Innovation (DEI+) Stimulation of Sustainable Energy Production and Climate Transition (SDE++)	CEF, EIF CCUS Fund[22]	CEF, EIF Bundes-förderung Industrie und Klimaschutz, BIK (Federal Fund for Industry and Climate Action)	CEF, EIF Longship Initiative - covering around 80% of the initial Northern Lights transport and storage costs Norwegian Innovation Clusters (NIC) program	Infrastructure Investment and Jobs Act funding
Regulated Revenue Support	N/A	RAB model paired with the Revenue Support Agreement	N/A	N/A	N/A	N/A	N/A
Contracts for difference (CfDs)	N/A	CfDs. Projects bid a strike price for capture costs; government pays the gap to the CO_2 reference price	SDE++ provides CfD-like support: projects receive the gap between bid price and EU ETS reference price	Carbon Contracts for Difference (CCfDs) (Klimas-chutzverträge) program	CfD-style model for CO_2 abatement; unlike traditional CfDs no repayment if ETS price exceeds strike price	N/A	N/A
Tax incentives	N/A	N/A	N/A	N/A	N/A	N/A	CO_2 capture and storage facilities receive CO_2 tax refunds once emissions are captured and stored
Market-based incentive / carbon pricing	ACCUs and SMCs Safeguard Mechanism	UK Emissions Trading System[23]	EU Emissions Trading System (EU ETS)	EU ETS	EU ETS	Norway is integrated into the EU ETS Norway also imposes carbon tax for non-ETS sectors	Varies state to state, for example Regional Greenhouse Gas Initiative

Australia can look to these other jurisdictions when considering how best to accelerate the development of CCUS hubs, in particular the funding support and commercial models to underpin the initial capex required for transport and storage infrastructure.

21 Funding has been made available through previous funds, such as the Commonwealth's Carbon Capture Use and Storage Development Fund and WA's Investment Attraction Fund. The second round Carbon Capture Technologies Program is opening in early 2026 with $52 million in grants.

22 A new CCS Fund will be available 2029-2044, broadening support for CCS.

23 UK Carbon Border Adjustment Mechanism will apply from 1 January 2027.

Looking ahead

The coming years will see growing investment in CCUS hubs across Australia. The scale and speed of deployment of new CCUS hubs will depend on the level of government support and the commercial models that underpin the transport and storage activities.

Western Australia is well placed to be at the forefront of CCUS hub developments. It has world-class geological storage capacity, proven large-scale storage capability, existing pipeline and port infrastructure and a highly skilled workforce with oil, gas and mining expertise needed for the deployment of CCUS hubs.

Building on the WA Government's CCUS Action Plan, Western Australia could lead the way in decarbonising the hard-to-abate sectors such as LNG processing, mining, alumina refining, cement, and fertiliser production.

Key contacts

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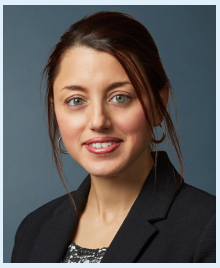

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