

REMOVAL

Buyers Wanted: Carbon Unbound SF Targets Low CDR Investment

by Ann Leslie Davis · October 31, 2024 · 5 minute read

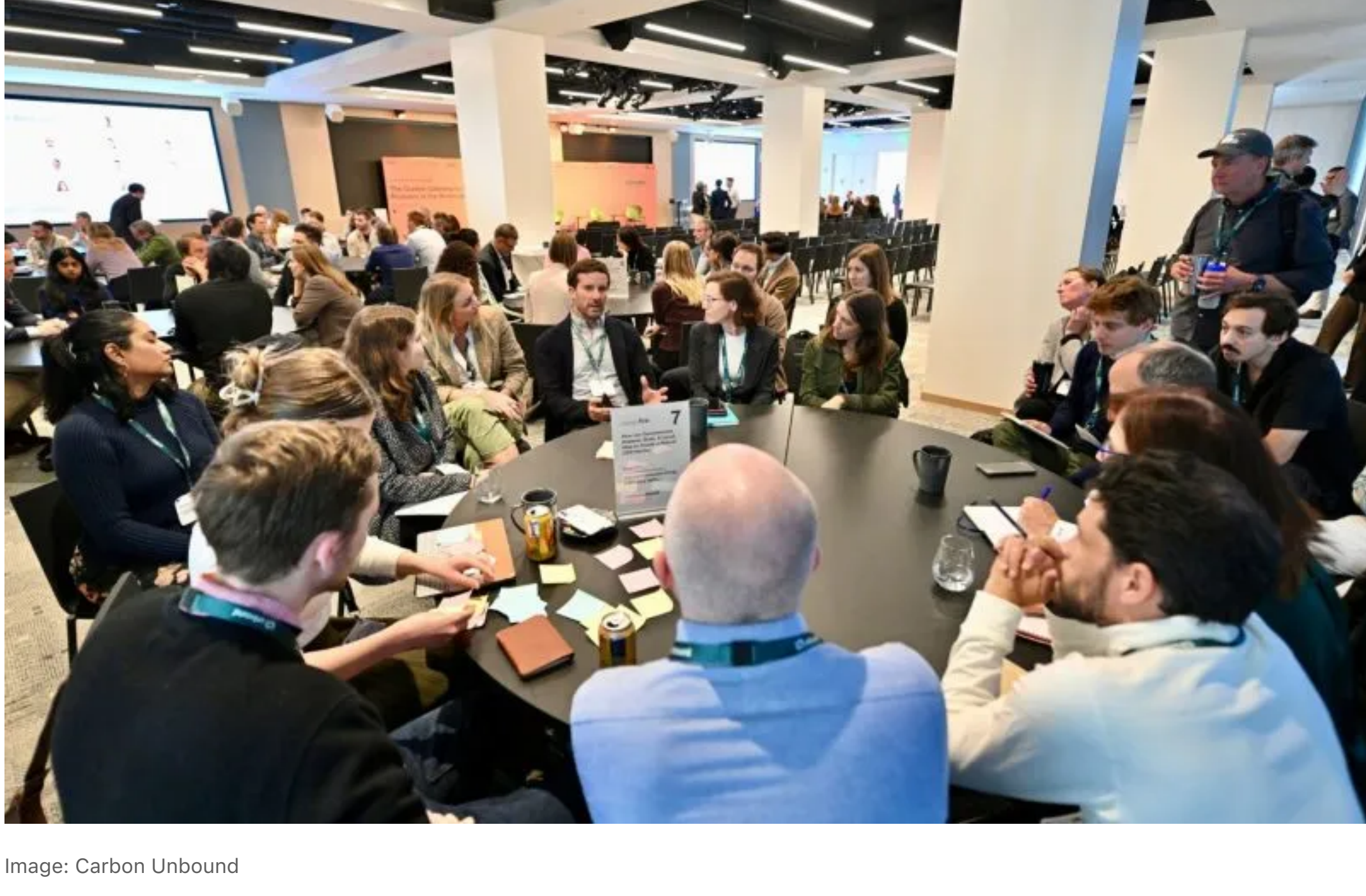


Image: Carbon Unbound

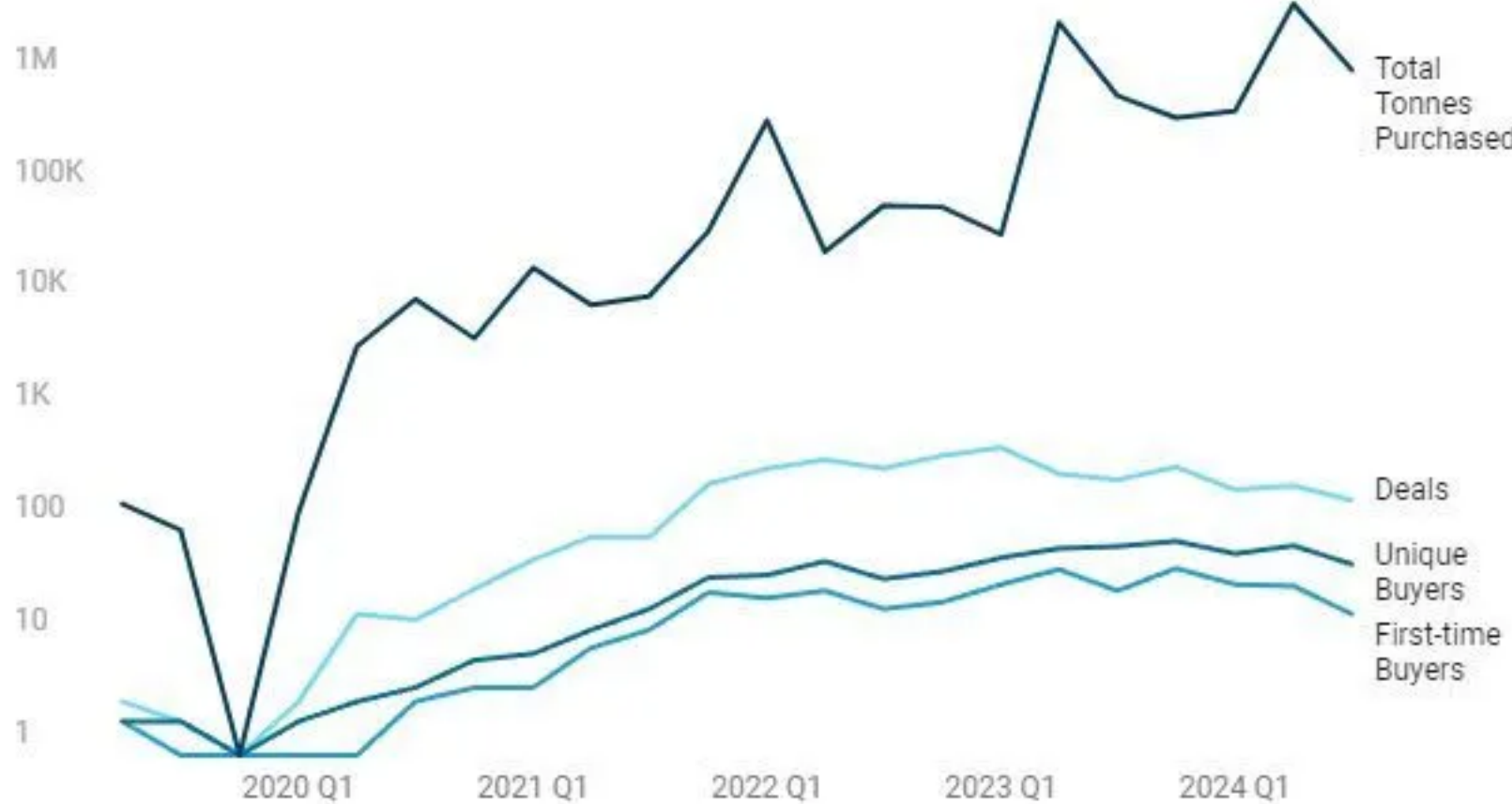
The carbon removal community met last week to talk shop in the climate tech and venture capital hub of San Francisco. At a two-day summit hosted by London-based convener [Carbon Unbound](#), over 300 inventors, investors, market analysts, and policy experts dissected the current state of CDR affairs. However, a single theme dominated the meetings and after-hours barroom chat: the shortage of buyers to fund this crucial piece of the climate solution.

Carbon removal startups are racing to reach a 10GT per year scale by 2050 to align with the [Intergovernmental Panel on Climate Change \(IPCC\)](#) goals. The good news is that CO2 purchases have increased tenfold in the past two years, according to Kevin Niparko, co-founder of [CDR.fyi](#).

The bad news is that the number of buyers has flatlined. Most purchases come from only a few heavyweights like Microsoft, Equinor, and Frontier – a consortium of buyers formed in 2022 to push the CDR market forward. Microsoft alone accounts for 70 percent of all CDR buys.



Durable CDR Purchasing Trends



"This is a really concerning trend," Niparko said at a morning session. "An already concentrated market is becoming even more concentrated."

Building the CDR investment base means attracting more than mega-corporations. Small and medium-size businesses need to join too – or in fact anyone who wants to help the planet.

To that end, Carbon Unbound SF opened its two-day summit with a surprise ask. As attendees filtered into the main meeting hall with morning cups of coffee, they were hit up for donations to the very cause that had brought them there.

"We're making a statement," said Oliver Katz, founder and CEO of the Carbon Unbound summits. "Why can't Carbon Unbound be a place where we actually raise those dollars rather than just talking about it?"

Image: Carbon Unbound

Willing donors contributed \$5, \$10, \$20, or more to [Terraset](#), a 501 c(3) group that passes monies to a list of vetted CDR companies. Whether strategic or symbolic, the offerings continued throughout the two-day conference.

What's holding back CDR investors?

Nikki Batchelor, executive director of the Musk Foundation's \$100M [Carbon Removal XPrize](#), probed that question in a session entitled "New Buyers Needed." She stressed the importance of early buyers in stimulating CDR growth and echoed the fear of what would happen if they didn't step up.

Erik Hansen of [Workday](#), a California-based finance and HR software company, said reputational risk is a big factor in buyer reluctance. Workday committed to becoming carbon-neutral in 2016 but questioned its involvement after watching scandals hit the voluntary market.

"Nobody wants to end up on the front page of the *Guardian*," Hansen said.

But the company, which is a [Frontier](#) member, ultimately decided that its dollars could be far more catalytically invested in CDR, he said.

Would-be investors are also looking for a stamp of approval or "north star" that is largely lacking today. Panelists said more would be willing to take the leap if such guidance existed.

Na'im Merchant, co-founder and executive director of [Carbon Removal Canada](#), argued that the SBTi (Science Based Target Initiative) program should provide that guidance and urged corporations to push SBTi to start helping companies navigate the CDR arena.

"What does responsible carbon purchasing look like?" he asked. "It's their job to do this."

Though CDR investment may be risky, *not* investing also has risks. A reliable supply of high durability CDR may not be available when companies need it, said Nishad Pai, head of business development at [Heirloom](#). Strategic buyers lock in volume by paying "higher prices for lower volume today to ensure higher volume at lower prices in the future."

But many well-intentioned companies simply lack the time to research and evaluate the many CDR technologies available. Sustainability offices are often staffed by one or two overstretched people. In a special bull session for buyers hosted by [Airminers](#) CEO Tito Jankowski, attendees searched for ways to shortcut the process by working together.

Looming over all these issues was the sobering thought that U.S. climate policies could radically shift in the next few months. Forward-thinking policies are an essential ingredient to spur CDR investment, but a recent CDR.fyi poll suggested that political uncertainties may be causing investors to pause until after November 5th.

What can encourage investor confidence?

Amidst these minefields, Carbon Unbound organizers offered educational sessions for buyers to encourage the view that "carbon removal is a trillion-dollar opportunity disguised as an existential crisis," as Jankowski puts it.

Frontier representatives Joanna Klitzke and Hannah Bebbington offered a behind-the-scenes look at how they evaluate CDR projects and work with them to develop stand-alone companies. They recommended that buyers de-risk CDR investments by insisting on a solid contract with strong MRV. They also advised asking simple, practical questions before taking the leap:

- When is your net-zero commitment due?
- How much is your company willing to spend?
- Is it upfront spending or pay-on-delivery?
- Is it more compelling to scale today or to gain a commercial upside, like being able to lock in a future purchase agreement?

Other recommendations for investors included watching what leaders in the market have done, finding partnerships, creating a buyers' club, and managing risk at the portfolio level by diversifying CDR investments. Placing small bets on several projects helps buffer against those that won't succeed.

A session on state-level policy focused on how states can enact much of their own climate policy, independent of shifting political winds. States are cauldrons for policy and innovation in nature-based solutions like biochar and enhanced rock weathering. Coordination with like-minded states – such as California, Washington and Colorado – is strengthening regional climate policy and opportunities for investors.

Lots of nibbles, no bites

Ultimately, the conference seemed to reflect the experience of many CDR startups in the larger world. Investors offered interest but not commitment.

Vida Gabriel of Canadian DAC company [Terrafixing](#) said Carbon Unbound helped "deepen relationships" and pointed to a few upcoming phone calls that wouldn't have happened without it. Carl Berglund of the Swedish BECCS company [Nordbex](#) said he appreciated the connections but would have liked to learn more about buyers' concerns.

"How can we make it easier for buyers to buy, and how can buyers make it easier for developers to create something they want to buy?" Berglund asked. "At this point in the industry, it's important to learn from each other to find a mutual way forward."

Though CDR startups may not have raised actual money at the conference, Katz's new strategy did. At the close of Carbon Unbound SF, Terraset's fundraising screen (which began with a few thousand in the coffers) showed an impressive \$19,000. A final ask brought the scoreboard to \$20,000, then the room cheered, and the champagne flowed.

But satisfaction was fleeting.

"Next time we're going for \$50,000," Katz said.

Read more: [Carbon Unbound East Coast Confirms Industry's Growth But Highlights Challenges](#)

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