



BERR Announcement on CCS Competition 9th October 2007

Government Fails to Deliver on CCS Market Potential

The new Business and Enterprise Secretary, John Hutton, yesterday announced further terms of the UK's Competition to build a CCS demonstration plant. The announcement delivered a blow to the confidence of sectors of the CCS industry by specifying that the project should "demonstrate post-combustion CCS on a coal-fired power station, with CO₂ stored offshore" and should capture 90% of "the CO₂ emitted by the equivalent of 300 MW generating capacity".

CCSA Chief Executive Dr Jeff Chapman commented:

"We welcome the announcement by Government to build the first CCS demonstration plant in the UK. However, we are disappointed to learn that Government has opted to select a specific technology.

Industry is developing a number of technologies for commercial sized CCS projects including pre-combustion and oxyfuel capture. The UK government had signalled a strong desire to take a leading role in CCS development, which led the industry to focus on the UK from which to demonstrate the potential and take a significant world market lead. It was expected that the Competition would herald a program of UK CCS plants, across all technologies. By choosing to support only one modestly sized project, the opportunity to make the UK a world leader in this important area will be missed".

The UK is facing a power generation gap of 20,000 MW of capacity over the next 15 years, as well as a target to reduce its carbon dioxide emissions by 20% by 2010. It will be very difficult for the UK to meet these targets without a substantial program of support for clean fossil fuels.



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Jeff Chapman concludes:

“This news has severely damaged the confidence of sectors of the industry, and will result in several projects being abandoned after considerable development costs. This particularly affects several pre-combustion CCS projects that were significantly advanced in their development with a total capacity well over ten times the size of this proposal and would likely be installed in a faster timeframe than that envisaged in the announcement.

Without early investment in a program of commercial-scale CCS plants, the UK must commit to a host of new build fossil-fuel power plants without any associated carbon dioxide reductions, thereby increasing GHG emissions.

Mr Hutton has also announced a short period of discussion with industry, and we hope to be able to impress upon Government the importance of rolling out commercial CCS as soon as possible, both for the UK and the wider international arena”.

ENDS

Notes to Editors:

1. The Department of Business, Enterprise and Regulatory Reform announced further details of the UK Government's CCS Competition on 9th October 2007, ahead of the formal launch of the Competition in November. The announcement can be found on <http://www.gnn.gov.uk/environment/fullDetail.asp?ReleaseID=321108&NewsAreaID=2&NavigatedFromDepartment=True>.
2. Carbon Capture and Storage (CCS) is a process by which Carbon dioxide (CO₂) is separated from industrial and energy-related sources, either pre- or post-combustion, then transported via pipelines to either an onshore or offshore underground storage site. These storage sites can be of three types; gas reservoirs, oil reservoirs and deep saline aquifers. CCS can also be used for Enhanced Oil Recovery (EOR), a process in which CO₂ is injected into near-depleted oil reservoirs, thereby facilitating the recovery of large quantities of additional oil. It is cost-effective and it retains the essential flexibility of fossil fuel power generation.
3. CCS can remove 85-90% of the carbon emissions associated with conventional fossil-fuel power generation, such as coal- or gas-fired. CCS therefore makes a significant contribution towards meeting the UK Government's aspirational target of a 60% reduction in Carbon dioxide emissions by 2050.
4. The UK has at least 10 proposals for power projects incorporating CCS in the public domain, ranging from technologies using pre-combustion as well as post-combustion capture as well as advanced oxyfuel combustion. The total power generating capacity is 12,500 MW and the annual amount of CO₂ stored is approximately 60 million tonnes.

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