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EU Support for Carbon Capture and Storage (CCS)

The Carbon Capture and Storage Association welcomes the political attention that Chris Davies, MEP and Rapporteur for the proposed EU CCS Directive, has brought to the subject of carbon dioxide capture and storage (CCS), as well as the profile it is now receiving in both the EU and Member State governments.

Across Europe, numerous proposals for industrial scale CCS projects have been put forward but none of these will progress without both an enabling regulatory regime and a level of financial incentives that ensure financial viability in the face of first-mover disadvantages such as technology demonstration, scale-up and infrastructure development.

The Association therefore positively welcomes the EU Commission's proposals for a draft CCS Directive, as an essential precursor to investment in carbon capture and storage projects in Europe. We believe that the Directive will position the EU to make significant progress towards its greenhouse gas emissions reduction targets whilst safeguarding the diversity and security of energy supplies.

On the key issue of financial incentives, Dr. Jeff Chapman, Chief Executive of the CCSA noted:

"The costs of the early generation of CCS projects will be higher than for subsequent plants which will benefit from the cost reductions and learnings that can only come from industrial scale demonstration of the technology. It may well be that the mechanisms used for this demonstration phase will be different from those used for the subsequent wide scale deployment of the technology."

"The precursor to widespread implementation of CCS is a robust tranche of 12 demonstration projects and other work aimed at operating complete CCS systems by 2015, and that programme has to be actively implemented to build up public, political and industrial confidence in requirements for new and retrofit CCS."



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There are a number of mechanisms that could be considered as a means of supporting early CCS. The proposed award of additional carbon credits for CO₂ captured and stored under the EU Emissions Trading Scheme has the advantage of building on an existing mechanism and the revenues from the auction of allowances also provide a substantial means of support for reducing greenhouse gas emissions. However, individual Member State governments also have a number of domestic policy mechanisms that could go some way to supporting these projects. Some of these measures have been used specifically to help renewable and alternative energies and others, such as various forms of tax break or incentive, are used more broadly.

The CCSA acknowledges that Chris Davies is making coherent proposals that could provide substantive funding for what is a new industry with the potential to make a substantial contribution towards tackling the challenge of climate change. Given the multi-billion Euro investment that the EU 12 demonstration projects will require, and the fact that power plants typically have a life in excess of twenty years, consideration of any funding mechanism needs to take into account both its duration as well as the level of funding.

Dr. Chapman concluded:

“The CCSA looks forward to working with both the European Parliament and Commission as well as Member State governments over the next few months on the current important climate change package of legislation.”

ENDS

Notes to Editors:

1. Chris Davies MEP is the rapporteur for the EU CCS Directive. He announced his proposals for CCS at a press conference in Brussels on 6 May 2008. The press conference can be found on [http://www.alde.eu/index.php?id=42&tx_ttnews\[tt_news\]=9496&cHash=c450a87358](http://www.alde.eu/index.php?id=42&tx_ttnews[tt_news]=9496&cHash=c450a87358)
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.



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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 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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