



POLICY GROUP

Carbon Capture Use and Storage (CCUS) Action Group Update

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CARBON CAPTURE USE AND STORAGE (CCUS) ACTION GROUP UPDATE

Note by the Secretariat

Background

The CCUS Action Group brings together governments, institutions, and industry to provide recommendations to the Clean Energy Ministerial (CEM) on near-term actions to accelerate the global deployment of CCS. Earlier in 2011, Ministers at the second CEM meeting in Abu Dhabi endorsed a set of key recommendations from the Action Group that cover a range of areas, including CCS financing, regulation, knowledge-sharing, and storage. This paper presents a summary of these recommendations.

Action Requested

The Policy Group is requested to review the update from the CCUS Action Group.



CARBON CAPTURE USE AND STORAGE (CCUS) ACTION GROUP

CSLF Ministerial Report: *Progress of the CCUS Action Group*

Background

There is clear evidence that there is a high risk of damaging climate change if the world does not move quickly to significantly reduce greenhouse gas (GHG) emissions. The large-scale deployment of carbon capture and storage (CCS) is essential for the world to meet agreed climate change mitigation targets. Such deployment is assessed as being a key element of any least-cost approach to reducing GHG emissions while meeting growing domestic energy demands and addressing energy supply challenges.

The Carbon Capture Use and Storage (CCUS) Action Group was established by the governments of Australia and the United Kingdom. It brings together governments, institutions and industry to facilitate political leadership and provide recommendations to the Clean Energy Ministerial (CEM) on concrete, near-term actions to accelerate the global deployment of CCS.

Ministers at the second CEM meeting in Abu Dhabi endorsed a set of key recommendations from the Action Group that cover a range of areas, including CCS financing, regulation, knowledge-sharing and storage. The recommendations are aimed at closing the gap between the current status of CCS and where it needs to be in order to effectively contribute to climate change mitigation. It was acknowledged at the CEM that governments will have differing energy supply and security priorities and will carry out activities in support of the recommendations appropriate to their country context.

The Global CCS Institute and the International Energy Agency (IEA) are providing secretariat support to the CCUS Action Group and, together with the Carbon Sequestration Leadership Forum (CSLF), have developed a work plan to support the implementation of the recommendations. A Steering Committee of six governments is overseeing the work of the Action Group.

A comprehensive report on the implementation of the recommendations will be presented to the third CEM in London in 2012.

Progress against recommendations

The following is a snapshot of current and anticipated actions against each of the CCUS Action Group recommendations. It captures activities that have been driven by Action Group members, including supporting actions that are being carried out by CCS organisations.

Recommendation 1: Reduce the financial gap

By CEM3: Advance policies that address the financial gap and risk associated with early mover CCS demonstration and deployment.

- An initial desk top analysis is being carried out to identify shortfalls in existing CCS and climate change policies in order to develop appropriate policy frameworks to support CCS deployment. It is anticipated that this will culminate in an announcement from key countries at CEM 3.
- The IEA is scheduled to publish a study on incentive policy strategies for CCS in October 2011.
- A number of members have announced or implemented policies to support CCS deployment beyond the demonstration phase, which will provide stable financial incentives to invest in low-emission electricity generation, including CCS.

Recommendation 2: Funding support in developing economies

By CEM3: Identify and advance appropriate funding mechanisms to support the demonstration of large scale CCS projects in developing economies.

- A Working Group has been established under the CCUS Action Group to develop recommendations on the most appropriate funding mechanisms to support the demonstration of CCS in developing economies. Members of the Working Group include CCS organisations, multilateral development banks and national governments.
- Working Group members participated in various workshops and are considering a number of issues, including the ADB's proposal for a US\$5 billion fund specifically for CCS demonstrations in developing economies.
- The inclusion of CCS in the Clean Development Mechanism (CDM) is being progressed through the United Nations Framework Convention on Climate Change (UNFCCC) technical workshop in Abu Dhabi in September 2011.
- The Global CCS Institute is developing capacity building initiatives to support CCS demonstration projects in developing countries, with specific funding support of \$500,000 from the United States.

Recommendation 3: Develop legal and regulatory frameworks

By CEM3: Advance the development of legal and regulatory frameworks for CCS demonstration and deployment.

- Governments that have agreed to take action against this recommendation will provide entries to the IEA CCS Legal and Regulatory Review by November 2011 to advise on the status of legal and regulatory frameworks for CCS in their country.
- EU member states were required to transpose the CO₂ storage directive into national law by 25 June 2011.
- Members participated in a joint IEA-Ministry of Energy and Mineral Resources Workshop in Indonesia in July 2011 on developing CCS-specific regulations.
- The IEA International CCS Regulatory Network held a webinar in July 2011 to review processes for developing CCS-specific legislation and regulations.

Recommendation 4: Acknowledge importance of marine treaty amendments

By CEM3: Promote the importance to global CCS deployment of ratifying key international marine treaty amendments.

- The CCUS Action Group Secretariat is liaising with governments to progress ratification of the 2009 London Protocol amendment to allow for the transboundary movement of CO₂.
- The IEA is initiating a study of legal options to allow trans-boundary movement of CO₂ for the purposes of offshore geological storage.
- The 2007 amendments to the OSPAR Convention allowing for sub-seabed injection of CO₂ have been ratified by the requisite number of parties, and will now enter into force.

Recommendation 5: Share knowledge

By CEM3: Support and encourage the development of best practice knowledge sharing from early mover projects, in particular those with public funding.

- The Global CCS Institute has undertaken industry consultation to promote the acceptance and awareness of its Knowledge Sharing Framework.
- The EC's CCS Demonstration Project Network, through recommendations put forward from its Advisory Forum, is considering options to deliver on the international engagement objectives of the Network. This includes establishing a working group to explore options for consolidating activities of international organisations such as the Global CCS Institute, European Commission, IEA and the EU Zero Emission Platform (ZEP).
- The EU ZEP is exploring options and the need for a global knowledge sharing framework to connect the 'leading edge projects' across the globe.
- The Global CCS Institute is supporting various regional networks in order to create the capacity to proactively respond to issues of public communication around CCS.

Recommendation 6: Investigate carbon dioxide (CO₂) storage

By CEM3: Review key gaps in storage data coverage and knowledge, and progress storage exploration and capacity assessment.

- The Global CCS Institute is coordinating dialogue on storage and transport infrastructure in the North Sea area.
- The IEA and the IEA Greenhouse Gas R&D Programme (IEAGHG) are looking to hold capacity-building workshops for geological surveys in developing countries.

Recommendation 7: Support CCS in industry

By CEM3: Recognise the potential of CCS for industrial emission sources and review demonstration opportunities.

- The IEA and United Nations Industrial Development Organisation (UNIDO) will publish an Industrial CCS Roadmap in September 2011 to help governments identify opportunities for CCS in industrial sectors.
- 18 major companies are cooperating to provide feasibility-level engineering studies for capture projects and a CCS infrastructure network under the Rotterdam Climate Initiative, a CO₂ capture hub proposed for large CO₂ emitting industrial sources in the Rotterdam area.

- A number of industrial CCS projects have received funding under national government programs to support CCS in industry.

Recommendation 8: Report on progress

By CEM3: Request the CCUS Action Group to support the delivery of these recommendations and report on progress.

- Members will meet in Beijing in September 2011 to confirm that, by CEM 3, significant progress will have been made against all recommendations.
- A final report on the progress of Action Group recommendations will be presented to Ministers at CEM 3.