



Directorate-General
for Energy
and Transport



EUROPEAN
COMMISSION

- Progressing Towards Early Demonstration and Adoption of CCS in Europe

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CCS context: EU policy

- **January 2007: 1st CCS Communication COM (2006) 843 final - Low-CO₂ power generation from fossil fuels**
 - Commercial viability by 2020
 - CCS in retrofits and in new plant thereafter
 - Capture-readiness in the meantime
- **2007 Spring European Council**
 - Reduction 20% GHG by 2020
 - Financing of up to 12 demos by 2015
- **November 2007: Strategic Energy Technology Plan (SET-Plan) COM (2007) 723 final**
 - CCS as one of the six strategic energy technologies until 2050
- **January 2008: CCS Directive 2009/31/EC and 2nd CCS Communication COM(2008) 13 final**
- **December 2008: ETS Directive 2009/29/EC**
 - Budget: 300m allowances from ETS-NER for CCS and innovative renewables
- **April 2009: Recovery Package Regulation EC 663/2009**
 - Budget: €1.05bn for CCS

● The future of coal subsidies

- Current EU legislation expires end-2010
- Technical discussion on future regime
 - » Impact Assessment
 - » Public consultation
- Several policy options considered
 - » Extending the lifetime of the existing legislation
 - » No specific sectoral regime
 - » Some aid allowed for mine closure
- Next steps depend on new Commission

● **New look at indigenous coal**

First thoughts from a stakeholder discussion

- Transparency/coherence of the EU coal inventory
- Regulatory framework related to land access and environmental impact management
- Public Awareness and Acceptance
- Research and Innovation in the full coal value chain
- Continued availability of skilled workforce

● Obstacles to CCS / EC Action

● Legislative Hurdles

- Transposition of “CCS Directive”

● Non legislative Hurdles

- » Long term economic viability
 - Emissions Trading System (ETS);
 - Carbon price- post –Kyoto arrangement.
- » Industrial- size CCS demonstration projects (all main technology routes, storage options, locations)
- » General Public and Industry Awareness
 - CCS Communications => European Industrial Initiative
 - CCS Project Network

A European Industrial Initiative for CCS

- **Integrate R&D with CCS demonstration and industrial deployment**
 - » feedback of demo projects with R&D programs
- **Increase public awareness and buy-in**
- **Foster international cooperation on CCS demonstration and policy**
 - » Synergies with USA, Japan, Canada and Australia
 - » Collaboration with China (ongoing)
 - » Collaboration with other coal users: India, South Africa
- **Early action: establishing a network of CCS demo projects**

● EU CCS project network

= an immediate EU-level structure

● Main goal:

- » bring clarity on projects in preparation/planning
- » stimulate and facilitate their progress
- » provide input/orientation for further policy initiatives

● Envisaged Model:

- » COM establishes a common base for suitable CCS demos
- » A contractor assists the Commission through the provision of specialised technical expertise
- » The project network may later develop further into a fully fledged EII and financial-support tool

● Added value of the Project Network to first-movers

1. Facilitate identification of best practices and enable knowledge-sharing amongst projects
2. Provide a common EU identity to Network members
3. Leverage experience of projects in order to gain public confidence about CCS
4. Promote CCS, EU leadership and cooperation potential to third parties/countries

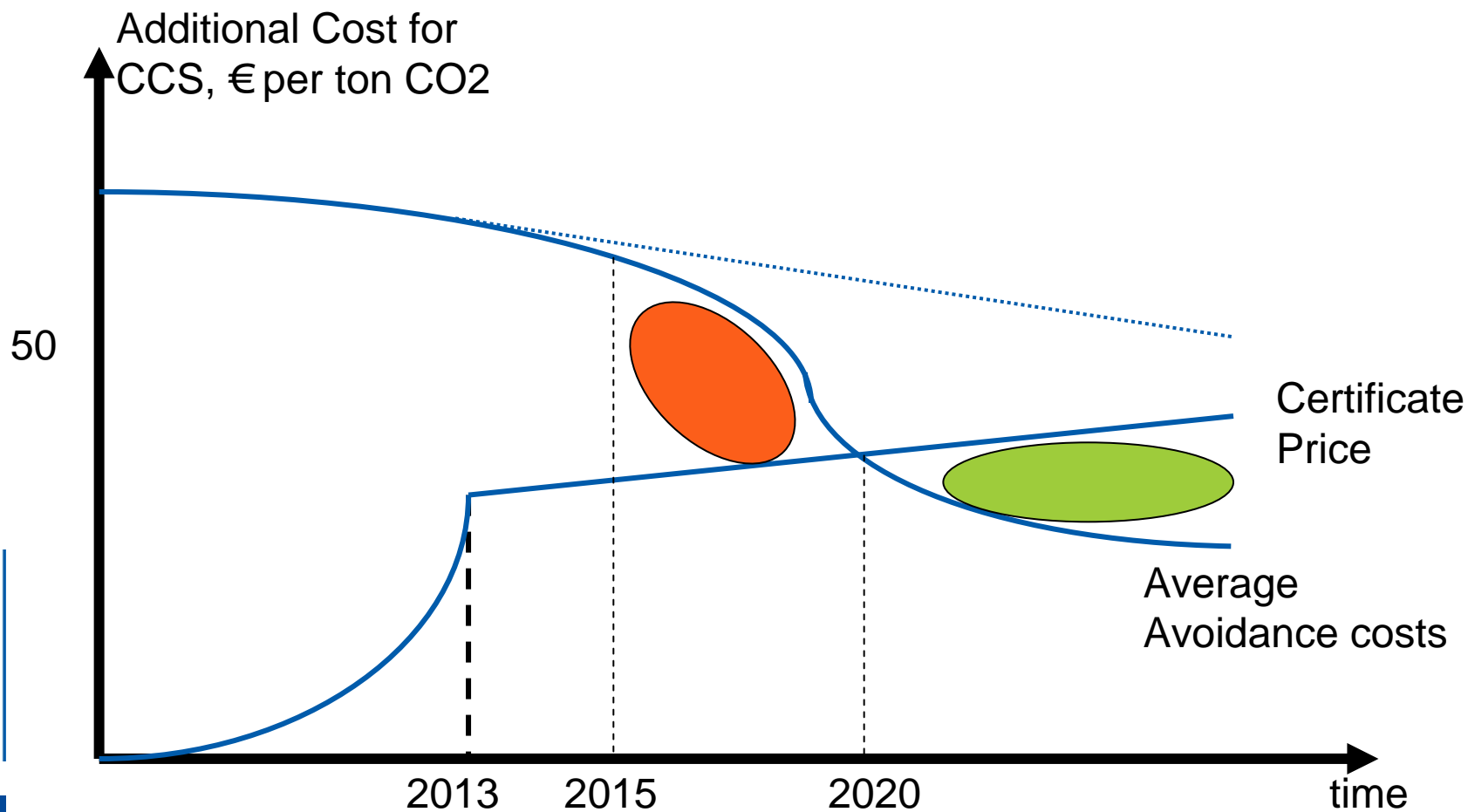
● Means of achieving objectives

- Information management tools for uploading and sharing of information on progress and performance, with restricted and public areas
- Events of various formats to identify knowledge-sharing themes and discuss best practice (e.g. acceptance or monitoring)
- Reports/events to disseminate public knowledge as appropriate & promote EU projects internationally

● Project network - State of Play

- **DNV contracted to provide specialist expertise (early 2009)**
- **Next steps**
 - » Detailed specification of membership criteria
 - » Preparation of knowledge-sharing protocol
- » Launch by end of 2009
- » First membership to be generated through EERP
- **First Network event**
 - » Oslo, December 2009
 - » Open to potential projects mainly
 - » Will discuss application process, membership criteria and expectations for international cooperation

Economic viability of CCS under ETS




● Financing CCS demonstration

- **Economics of early demonstration**
- **Sources of financing**
 - » **Industrial commitments**
 - ETP-ZEP: a vital initiative with commitments to the issue
 - still needed: clear, early and decisive commitments by enough individual players to concrete large-scale demonstration projects
 - » **Member States' involvement**
 - MS-level crucial given budgetary reality and size of challenge
 - Commission guidelines facilitate state aid to CCS
 - ETS revenues + structural policies hinted as suitable
 - » **EU-level financing**
 - Started from limited availability (mainly FP7)
 - New opportunities captured: ETS-NER, EERP
 - Searching for further options:
 - Communication on financing low-carbon technologies
 - Next Financial Perspectives?

● CCS in the Recovery Package (EERP)

- €4bn agreed for EERP actions 2009-2010
- Legislation (EERP Regulation) adopted in early 2009
- Three subprogrammes: interconnectors, OWE, CCS
- **CCS subprogramme:**
 - » €1.05bn earmarked
 - » 13 projects in 7 MS identified in the legislation
 - » Max.1 project per MS to be retained
- **State of play:**
 - » 12 proposals received by the deadline (15 July 2009)
 - » Evaluation carried out internally in COM
 - » Evaluation results to be vetted by MS, EP
 - » Awards subject to successful negotiation, first foreseen still in 2009

Important milestone for CCS: recognized as one of priority areas with potential for EU economy and overall meriting public support

A wide-angle photograph of a vast field of bright yellow flowers, likely rapeseed, stretching to the horizon. The sky is a deep blue with scattered, soft white and grey clouds. The foreground shows the green stems and leaves of the plants. The overall scene is bright and cheerful.

Thank You for Your Attention