

## **CARBON CAPTURE AND STORAGE ASSOCIATION**

### ***Submission to the UNFCCC Secretariat on carbon dioxide capture and geological storage as a Clean Development Mechanism Project Activity***

#### **Introduction**

The Carbon Capture and Storage Association (CCSA) welcomes the opportunity to respond to the secretariat with a submission on including carbon capture and storage (CCS) as Clean Development Activity (CDM) project activities.

The CCSA brings together a wide range of specialist companies across the spectrum of CCS technology, as well as a variety of support services to the energy sector. The Association exists to represent the interests of its members in promoting the business of CCS and to assist policy developments in the UK, EU and internationally, towards a long term regulatory framework for CCS, as a means of abating carbon dioxide emissions.

The Association supports the CDM as the primary method for incentivising low-carbon projects in the developing world.

We support and endorse the views of the International Emissions Trading Association (IETA) expressed in their submission on *Carbon Dioxide Capture and Geological Storage as a Clean Development Mechanism Project Activity* – as attached to this submission and we would like to draw attention to the following arguments:

- The CCSA does not believe that CCS is the primary solution to the global climate change challenge, every technology will be needed to meet the ambitious targets set out – including renewables, energy efficiency, nuclear and CCS (*ref IEA estimates*).
- However, the threat of climate change cannot be addressed without CCS – the scale is too great and the window of time in which action is required, is closing fast. Each year of delay in bringing CCS to deployment represents an increase in million tonnes of CO<sub>2</sub>. Climate change is a global challenge, therefore both developed and developing countries must apply CCS as part of the solution.
- CCS is an interim solution to enable the transition to a low-carbon economy and as there is no sign that demand for fossil fuels will decrease in the foreseeable future, CCS enables the use of fossil fuels without associated CO<sub>2</sub> emissions, as set out in the Stern Review on the Economics of Climate Change (*ref*). This is particularly important in China and India where massive economic development is already resulting in escalating energy consumption, the majority of which is being met by fossil fuels.
- CCS is a proven technology, and the separate components of the CCS chain, have all benefited from many years of industrial experience in countries such as Norway, USA and Canada.

- However, CCS has yet to be deployed at a widespread, large scale commercial level and first-mover projects are needed to demonstrate costs and technology, to enable learning-by-doing. As these projects will suffer from first-mover disadvantages such as disproportionately high costs and risks, as well as the necessity to build new infrastructure, additional incentives will be required to secure investment, and CDM is currently the only method to provide such incentives in developing countries.
- Current rates for CER's have not reached the level needed to finance CCS projects, and there is therefore no danger of early CCS projects undermining the CER market. Only the lowest-hanging projects will come to market in the early years but these projects can provide a valuable early contribution to technology transfer.
- CCS is already covered in chapter 5 of the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories, and the CDM regulatory process should incorporate CCS according to these guidelines with the aim of establishing robust regulatory regimes in the host countries.
- The regulatory structure required for CCS projects bears resemblance to and uses similar principles to regulations in the oil and gas/mineral industry and already covers analogous activities such as sour gas re-injection which often includes CO<sub>2</sub>. These regulations are already well established in many developing countries. Developed countries including the EU, Canada, USA and Australia are already developing CO<sub>2</sub> storage regulations based upon these established procedures and these principles can be readily adopted in developing countries.
- Clearly, the adoption of CCS will have a greater potential to impact on global emissions in some developing countries than others. It is not a responsible attitude from countries without a high potential to save emissions by CCS to resist the potential for other developing countries to make significant early emissions reductions with CCS where appropriate.

Jeff Chapman, Chief Executive, CCSA, 16 June 2008