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## **Department of Policy and Business Practices**

### **CARBON CAPTURE AND STORAGE: THE CASE FOR RECOGNITION WITHIN THE CLEAN DEVELOPMENT MECHANISM**

A Submission by the International Chamber of Commerce (ICC) to the Subsidiary Body for Scientific and Technical Advice of the UNFCCC in response to decision FCCC/SBSTA/2007/L.19

The ICC is concerned to accelerate progress towards meeting the ultimate objective of the UNFCCC. A number of studies (IEA, Stern, McKinsey, Socolow and Pacala) point to the existence of a range of technologies that can be utilised to reduce greenhouse gas emissions. If the aims of the UNFCCC are to be met, it is important that the full range of these technologies become available to those seeking to reduce emissions, subject to acceptable impacts in other areas. Impediments to the development and implementation of new technologies should therefore be of great concern to those seeking a solution to global warming. The continued exclusion of CCS from the CDM represents an important impediment to meeting the ultimate objectives of the UNFCCC.

Carbon capture and storage (CCS) is one of the most important groups of carbon abatement technologies. The importance of CCS rests on the fact that coal is the most abundant and cheapest fossil fuel resource in many parts of the world, a fact that is of great interest to governments seeking to fuel economic development through access to competitive supplies of energy and to maintain a degree of energy security in a world of increasing energy insecurity. CCS also has applicability to other large point sources of greenhouse gas emissions, eg, in the cement, iron and steel and petroleum industries. Unless CCS is developed as an abatement option, the competing pressures for economic development and energy security may result in a lower level of commitment to greenhouse gas emission reductions in these countries. It is therefore of great importance that CCS is recognised as an abatement technology available to all countries if the aims of the UNFCCC are to be realised.

Should CCS fail to qualify as a recognised emissions reduction option under the CDM, the cost of achieving the required emissions reductions will increase and the chances of meeting climate change goals would likely fall as a result. The European Commission has recently estimated that meeting the EU's emission reduction goals to 2030 would cost Euro 60bn more should CCS not be available. The high level of current investment in coal-fired power in developing countries make for a real threat of 'carbon lock-in' and consequentially high costs of reducing emissions in the absence of CCS.

Many mitigation options, such as energy efficiency improvements, make use of technologies that serve purposes besides emissions reduction. Often, energy savings alone will justify their commercial use. CCS is a technology that has been designed for the specific purpose of reducing carbon dioxide emissions to the atmosphere. In practice it is a relatively costly, energy and capital intensive technology, albeit with the potential



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for future cost reduction. The adoption of CCS by the private sector will depend on the incentives provided by the carbon market and other emissions reduction policies that overcome the additional cost of CCS development and deployment.

It is expected that most of the near-term CCS plants will be commissioned in Annex 1 countries and will receive the support that is required from host governments of those countries. However, it is also important that CCS obtains recognition as a valid abatement option in non-Annex 1 countries so that the legitimacy of the technology is established and that financial support measures are available at an early date. The deployment of CCS in non-Annex 1 countries will reduce emissions of carbon dioxide to the atmosphere and help to build capacity in these countries for this essential technology. The ICC therefore requests that the COP/MOP give serious consideration to permitting CCS to be included as CDM project activities at its next meeting in Poland in December 2008 and establishes a process to enable this in a timely manner.

More detailed ICC views on the role of CCS and the required policy action for its implementation are available at [www.iccwbo.org/policy/environment/id17510/index.html](http://www.iccwbo.org/policy/environment/id17510/index.html)