

Carbon Capture and Storage in the EU

- The concept of CCS was first put forward by the European Commission in the Communication on Sustainable Power Generation from Fossil Fuels in January 2007. Following positive reception, CCS has been included in the Strategic Energy Technology Plan, which confirms CCS as one of the priority technologies to be supported from public and private funds in the EU and identifies demonstration of the use of CCS in commercial large-size power generation as the first milestone.
- With reference to the agreement of the March 2007 Summit the European Council of 13-14 March 2008 recalled that the objective of proposing a regulatory framework on CCS is to ensure that this novel technology is deployed in an environmentally safe way, which will be demonstrated through projects.
- On 23 January 2008 the Commission adopted a very ambitious set of proposals relating to climate protection and renewable energy; the proposals included a communication and a draft directive on CCS.
- The proposal for a Directive on the geological storage of carbon dioxide, part of the January 2008 package, aims at providing a stable, consistent regulatory framework removing barriers to implementation of CCS. The directive aims at resolving all the major CCS-related issues of legislative character. This comprehensive regulatory framework is designed to provide legal certainty to operators as well as to ensure public confidence in the safety of CCS deployment.
- The CCS Communication outlines the key challenges to the early demonstration of CCS technologies and proposes initiatives to support early demonstration projects. These include:
 - inclusion of CCS in ETS so that no allowances are needed for CO₂ permanently stored
 - declared readiness to view favourably the provision of state aid for covering the additional costs related to CCS demonstration in a first series of projects; this commitment is reflected in the revised Environmental State Aid Guidelines adopted with the package
 - commitment to increased R&D funding to clean coal and CCS compared to previous Community programmes
 - the creation of a support structure for demonstration projects to be established as a Support Action under FP7 in order to provide coordination and assistance within existing budgetary means and at earliest opportunity (2009).
 - The project network will provide benefits to participating projects in areas where EU-wide cooperation or coordinated action can generate most added value: information exchange between the projects, actions to increase public awareness, common European identity of the projects participating in the network, international cooperation, consulting/advisory services to projects and potential projects.
- The debate of the Commission proposals is ongoing in the Council and in the EP. The *rapporteur* for the CCS Directive (MEP Davies, ALDE, UK) signaled three amendments to the draft legislation: 1) mandatory CCS; 2) double credit system within the ETS

framework to reward first movers on CCS by tradable credits for the CO₂ sequestered, and 3) demonstration projects before legislation.

- The European Commission does not consider making the CCS technology mandatory at this stage. The Commission proposal enables carbon capture and storage by providing a framework to manage environmental risks and remove barriers in existing legislation. However, this situation may evolve.
- The draft directive will be subject to standard co-decision procedure, hopefully resulting in the approval of the text by both Council and EP before mid-2009. Member States will then need to transpose the directive into their national legal systems.
- The UK is the first and so far only EU MS to have announced a concrete support scheme – with considerable budget - which should lead to at least one large-scale CCS demonstration project being supported. The UK has opened a competition for a CCS demonstration project.

June 2008