

WHY CCS IS NOT POPULAR IN BRUSSELS

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Conference – Keeping CCS moving in the EU

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February 2007: EU environment ministers call for 12 CCS demo projects to be up and running by 2015 (energy ministers set 2020)

EU Commission proposes climate strategy for 2020, including a CCS package (legal framework + funding)

In 2008, the Commission includes the NER300 fund in EU ETS for 2013-2020:

- a fund constituted from the sale of 300 million EU CO₂ allowances
- at an EUA price of €40, it would have gathered €12 billion

But during the legislative debate, the NER300 money ends up being shared between CCS and renewable energy projects

NER300 funding rounds

1st round - €1.5 billion awarded in December 2012 - no CCS project wins funding

2nd round - €1 billion awarded in July 2014 - one CCS project wins funding

As of February 2015, not one of the projected 12 CCS demo projects has started construction.

What happened?

- in 2008, the financial crisis
- in 2010, CO2 prices collapse
- in 2011, Germany changes its energy policy in the wake of Fukushima
- in 2013, US fracking revolution, cheap coal in Europe,

All this against a background of a rising share of renewables in Europe

Impacts

- EU GHG emission target for 2020 is already achieved
- cheap CO2 certificates have double impact on CCS
- growing stability problems on the grid – answered through expensive new power lines and energy storage
- Energy 2050 roadmap (2011) to a low-carbon future – renewables, infrastructure, nuclear, CCS, gas

EU energy policy

The EU Treaty says that EU-level policy making in energy must not affect

“a Member State's right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply”

Unanimity requirement for “measures significantly affecting a Member State's choice between different energy sources and the general structure of its energy supply”.

- The EU Commission claims to be technology-neutral, but in practice is subject to intense pressure from member states with diverging priorities

EU energy policy

The EU energy trilemma:

- Sustainability
- Energy market
- Security of supply

Time to update this approach for a more holistic one?

The new Commission is trying to end the energy gridlock

In 2014, proposals for

- Energy-climate 2030 framework
- Energy governance process
- Energy Union

Policy papers and legislative proposals expected in 2015

The debate is to dominate the rest of the legislature

Outlook for 2030

40% reduction target by 2030 is good news for CCS

The EU ETS will stay at the heart of EU climate policy

- NER400 for “low carbon innovation in industrial sectors”
- Innovation fund to “modernize the energy systems” of poor EU states

Review process of the CCS Directive

The Juncker fund (€315bn) and EIB instruments

2015 is the year when the path to 2030 is plotted. Crucial to be involved

Outlook for 2030

Issues to consider include:

- Nimby factor, future role of EOR
- Price of carbon as prime mechanism for CCS: should this still be the case? For how long?
- Role of CCS in low carbon future
- What is it competing with? In a renewables-dominated future, with grid infrastructure, storage
- Role of CCS in security of energy supply

Summary and conclusions

- CCS support has failed so far in part because the industry has not made a strong enough case in comparison with other low-carbon technologies
- 2015 is a crucial year because of EU2030, Energy Union, etc.
- To convince Brussels, one needs to convince European governments

Thank you

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