Ministry of the Environment of the Czech Republic Contribution

To the

Public consultation "The Future of Carbon Capture and Storage in Europe"[1]

28/03/2013 – 02/07/2013

The Czech Republic perceives the evaluation of Carbon Capture and Storage (CCS) technologies development in Europe as a part of broader consideration of the present climate and energy package effectiveness. Generally, this can help to shape legislation and policy instruments with respect to CCS in the future, be it on the EU or MS level.

Regardless, the Czech Republic itself does not see CCS as a priority in its anticipated Energy Strategy. The main reason, indicated also by the consultative communication, is insufficient economic viability under current macro-economic conditions and considering projected price of carbon (emission allowance). A variety of alternative low-carbon technologies seems to be a much better solution energy- and economic-wise (e.g. energy savings, further modernisation of power and industry sectors, balanced support for renewable energy, nuclear energy, etc.).

The most important indicator of possible larger deployment of CCS technology in real economy – as reflected also by the EC - is finalisation and successful commercial-scale demonstration of CCS in Europe.

1. Should Member States that currently have a high share of coal and gas in their energy mix as well as in industrial processes, and that have not yet done so, be required to:

a. develop a clear roadmap on how to restructure their electricity generation sector towards non-carbon emitting fuels (nuclear or renewables) by 2050,

b. develop a national strategy to prepare for the deployment of CCS technology.

At this time the Czech Republic does not support additional measures to the present EU legislation (Directive 2009/31/EC on the geological storage of carbon dioxide). Those Member States and private companies which have CCS as a priority can use existing measures within current legislative framework and financial instruments.

[1] http://ec.europa.eu/energy/coal/ccs_en.htm

2. How should the ETS be re-structured, so that it could also provide meaningful incentives for CCS deployment? Should this be complemented by using instruments based on auctioning revenues, similar to NER300?

The Czech Republic does not perceive as necessary to re-structure the ETS specifically with respect to CCS. We emphasize that auctioning of revenues should remain in the competence of individual Member States. Regarding the usage of these revenues it is a priority for the Czech Republic to support measures and R&D to increase energy efficiency and transition to low-carbon economy. The Czech Republic will use these revenues to finance New Green Savings Programme aimed at energy savings in buildings sector and local renewable energy sources for heating. In view of the fact that current program NER300 has not led to the consideration of a CCS project in the Czech Republic, we do not see much potential in additional programmes based on the use of EUAs auctioning revenue.

3. Should the Commission propose other means of support or consider other policy measures to pave the road towards early deployment, by:

a. support through auctioning recycling or other funding approaches , b. an Emission Performance Standard, c. a CCS certificate system , d. another type of policy measure

The Czech Republic is open to discussions how to best shape support mechanisms for CCS and to exchange experience with foreign experts and partners from third countries. Those proposals should come only after thorough discussions on the climate and energy framework after 2020 (2030 Green Paper). Support for CCS has to be part of this broader context. For future development of CCS, the key condition is a success of demonstration projects which will be based on genuine interests of individual Member States and/or private companies. In the above-mentioned context, the Czech Republic currently does not support the EC to come up with above mentioned measures/proposals.

4. Should energy utilities henceforth be required to install CCS-ready equipment for all new investments (coal and potentially also gas) in order to facilitate the necessary CCS retrofit?

The current provision - operators of all combustion plants with an electrical output of 300 MW or more have to assess availability of suitable storage sites, economic and technical feasibility of transport facilities and retrofit for CO_2 capture – is sufficient. Possible additional requirements have to be technically consulted; economic feasibility and competitiveness of European economies needs to be secured.

5. Should fossil fuel providers contribute to CCS demonstration and deployment through specific measures that ensure additional financing?

Polluter pays principle (financial incentives to reduce pollution) is one of the cornerstones of environmental economy. In the field of EU climate policy, the EU ETS is principal technologically neutral tool which should facilitate investment into low-carbon technologies and GHG emission reduction; cost of the EU allowances is a key incentive. The Czech Republic does not think it is appropriate to create additional regulatory mechanisms, unless their effectiveness and compatibility with other instruments is well-assessed.

6. What are the main obstacles to ensuring sufficient demonstration of CCS in the EU?

The greatest obstacle in successful CCS expansion – as described also in the EC communication - is economic feasibility of similar projects. This viability is currently even more decreased by the low price of emission allowance. Financial support for these projects should fit the broader context and effectiveness of present climate policy instruments, especially EU ETS (see Q 5). It is of a special importance for the Czech Republic that the concerns of public in regions and municipalities affected by possible geological explorations or other steps in introducing the CCS technology are taken into account.

7. How can public acceptance for CCS be increased?

Open and transparent communication towards general public is the most favourable option. The key element is a successful commercial-scale demonstration in the EU, especially in power and industry sectors. Furthermore, it is our opinion, that projects which would use CO_2 as an input base material for other purpose than storage can have a higher potential to be accepted by public.

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