ROYAL NORWEGIAN
MINISTRY OF PETROLEUM AND ENERGY

European Commission
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Consultative Communication: - "The future of Carbon Capture and Storage (CCS) in Europe"

Reference is made to the European Commission's launch of a Consultative Communication on "The future of Carbon Capture and Storage (CCS) in Europe" March 27, 2013. The Consultative Communication aims to initiate a debate on the options available to ensure the further development of CCS in Europe. Norway welcomes the Communication and further welcomes the opportunity to present views on the next steps to take CCS forward.

In order to reach the global long-term goal of limiting the increase in global average temperature to below 2 degrees, a broad and comprehensive portfolio of mitigation options is needed. According to the Intergovernmental Panel on Climate Change, CCS has, after energy efficiency, the second largest potential for contributing to global CO2 emission reductions. Calculations from the IEA also illustrate that if CCS is not deployed, the cost of meeting the 2 degree target will increase dramatically. In light of its vast potential for reducing emissions, Norway sees carbon capture and storage in geological formations as an imperative part of a broad and comprehensive mitigation portfolio.

Both the EU and Norway have ambitious policies and goals for the development, diffusion and deployment of CCS. The Norwegian Government shares the view that there is an urgent need for CCS development and deployment, both globally and in Europe. Norway strongly believes that CCS is a key technology to meet the combined challenge of climate change and security of energy supply. CCS is a central part of the

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Norwegian Government's policy on energy and climate change.

The EU is committed to supporting CCS both financially and with regulatory steps. Despite the efforts already being taken by the EU, no new full-scale CCS projects have been realized in Europe. There are many reasons for this. We may need to reconsider the approach. Realising a few pan-European projects should be given priority rather than the 10-12 originally envisaged. If we manage to realise a few projects within the next years, it would restore some of the confidence in CCS as a tool to mitigate climate change. This will also provide Europe with relevant knowledge and concrete project experience and hence contribute positively to further development, diffusion and deployment of CCS in Europe. All relevant sectors and sources should be included.

Commercial incentives are important to stimulate the development, deployment and dissemination of CCS technology. For deployment of a broad and comprehensive mitigation portfolio, Norway believes that the price on emissions is vital. The European Emissions Trading Scheme (ETS) is, and should remain, one of the central instruments in Europe in this respect. Reference is made to the report from the Commission regarding the state of the European carbon market in 2012 (COM (2012) 652 final), and the structural options to strengthen the EU Emission Trading System (EU ETS). The Norwegian view on the back loading proposals was expressed through a letter to commissioner Hedegaard dated March 1, 2013. Norway firmly believes that the allowance prices are too low, and that structural measures should be implemented.

In the process of making CCS-technologies commercially viable, public funding will be needed in the years to come. That is why the Norwegian Government is contributing with substantial public funding for CCS. There is a number of ways this support may be provided, and we should take a flexible approach which allow for a variety of solutions.

Norway has since 2005 required all new gas-fired power-plants to have CCS-technology from the start of operations. The EU should consider a similar requirement for new coal- and gas-fired power plants above a certain size. At the very least, a requirement of "CCS-readiness", allowing for easier installation of CCS at a later point, should be considered.

Norway would underline the importance of building integrated CCS projects. There is a general tendency to focus on development of capture technologies. Norway would advocate a need to pay particular attention to the development of suitable storage locations. Development of storage capacity takes time, and there is a need to ensure that the necessary storage capacity is available and that it is available when needed. In the short term, storage pilots could provide important input to the development of CCS.

Last but not least, a renewed political commitment to CCS in Europe is necessary. In Norway's opinion it is important that the EU, Norway and other stakeholders take measures that will contribute to reverse the negative trend.

Norway and the EU face many of the same barriers with regard to CCS and thus cooperation on policy issues and on developing required framework is crucial to make CCS a reality in Europe. Although most countries have their unique national circumstances, we do all face a common challenge that neither of us can solve on our own. Norway believes cooperation is essential. We need to share our experiences and learn from each other. Norway very much looks forward to continue working with the EU on CCS.

Yours sincerely,

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This document has been electronically signed.