



Financing mechanisms to enable CCS – how to create a business case?

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280
million tonnes
greenhouse gas emissions

- **Technologies exist**
- **Policy tools are missing**

- Transformational change of industry
- **Breakthrough** low-carbon technology & large scale **deployment**
- Technologies are conceived at small scale: **scale of diffusion of innovation** not invention but
- **New and upgraded infrastructure** – public good/strategic investment

Technology deployment requires **investment on very large scale**

Companies only invest if there is a **reasonable expectation of a profitable market**, i.e. revenue stream

Incrementalism is denial

- **Technology is not the problem:** Industry roadmaps, government strategies conclude that technologies will be available
- **Policy frameworks are missing:** Long-term strategies are generally silent on the policy framework(s) which will be required
- **New and different policies and tools** are needed to create and grow markets for low-carbon products

How to make an investment case



- **Public procurement**, i.e. pre-commercial, diffusion of innovation, developmental procurement (“to create markets”)
- **Public-private partnerships**, i.e. long-term contracts with public counterparty, e.g. contract for differences; CA fuels
- **Industrial partnerships**, i.e. long-term contracts with public partnerships, e.g. G-tron, Guarantees of Origin etc.
- **Carbon integration mechanism**, i.e. private crediting mechanism
- **Technology choice mechanism**, i.e. competitively awarded government support for low-carbon technologies (Bruegel 2015)

Carbon pricing: EU ETS & taxation will have to make an important contribution