

Response to

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS
on the Future of Carbon Capture and Storage in Europe**

Vattenfall welcomes the initiative as an expression of the EU Commission's continued commitment to CCS as a necessary and important climate change mitigation technology.

Vattenfall emphasizes the importance of CCS as an essential option and climate change mitigation technology for the future energy system.

Vattenfall refers to its participation in preparing the responses to the consultation through Eurelectric.

Vattenfall wishes to emphasize the following points:

1. Vattenfall shares the Commission's concern about the loss of momentum in bringing forward CCS investments in Europe. Revitalising CCS is a prudent policy with regards both to keeping open all climate change technology options and maintaining EU technology leadership in this field.
2. Contemplating the reasons for the lack of significant CCS demo investments so far, Vattenfall would like to direct the Commission's attention to some important factors in addition to ETS/CO₂ and government subsidies:
 - a. The ongoing financial, fiscal and economic crisis in Europe
 - b. The rather flattish market outlook for the power sector
 - c. The lack of consistent and coherent EU energy and climate policy, especially with regard to renewables and efficiency
 - d. The missing CO₂-infrastructure, trans-border approaches and robust full chain business models
 - e. The uncoordinated patchwork of national CO₂-regulation, especially with regard to storage sites and liability
 - f. The long lead-time to qualify storage sites and thereby achieve storage-readiness for future industrial-scale CO₂ injection.

3. Thus, Vattenfall has to object to any intentions to introduce mandatory CCS either directly or indirectly. Instead of a revised approach which just focuses on regulatory pressure, Vattenfall would prefer to step up the efforts to devise a differentiated approach by:
 - a. Focusing on several key hurdles and not only on closing the investment gap for demo projects
 - b. Stimulating and supporting private public partnerships at the transport and storage, with a strong role of the public sector in establishing the infrastructure overhead (oversizing of pipelines, hubs, etc), and the qualification of saline aquifer storage sites (both onshore and near-shore)
 - c. Making use of the underrated momentum of EOR at the storage. Even if challengeable from a CO₂ abatement perspective and thus not the ultimate goal, EOR could drive a relevant part of the infrastructural development needed for CCS also in the EU.
 - d. Addressing legal/permitting/licensing issues with a clear intention to deliver trans-national projects

4. Vattenfall has always supported a cooperative, cross-border approach for CO₂-infrastructure. Considering emission sources, storage potential and political realities, offshore storage (with or without EOR) shows the best short- and midterm potential. Thus, to avoid lock-in situations where onshore storage is geologically or politically unfeasible, the EU should actively promote these infrastructure approaches.