Consultative Communication on the future of Carbon Capture and Storage in Europe

Enagás' response

2nd July 2013

1. Questions

Q1: 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?

1. An approach at European level is preferable than different national policies. On the other hand, it is necessary to develop a national strategy including CCS projects and energy efficiency as a feasible strategy of reduction of GHG coherent with the European approaches. The Member States' support is very important.

2. A first step should be the full transposition and implementation of the Directive 2009/31/EC, since some difficulties have appeared at national level. The next step should be the impulse of a common and harmonized regulation throughout Europe in order to help the development of CCS, avoiding the obstacles created at national level.

3. Also an European technical standardization is needed.

Q2: 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?

4. The ETS, as defined, is an effective tool to reduce greenhouse gas emissions cost-efficiently. However, the ETS should be reviewed and adapted as a matter of urgency in the light of the current situation, since due to the oversupply of allowances issued, it is not giving a precise economical signal. The price of CO_2 is one of the main problems for the development of the CCS.

5. None of the CCS projects initially presented to the NER300 have gone ahead, due to the delay in the development of this technology in Europe.

6. An extension of the NER 300 programme seems reasonable, also adapting the criteria taking into account the use of the cleaner fuels (i.e. gas) and not only the tonnes of CO_2 reduced.

7. Programmes supporting CCS projects through research and development policies should include the adaptation and optimisation of CCS in gas fired power plants as backup for renewable energies.

8. Other possibilities like green taxes are an alternative of ETS.

Q3: 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?

9. Support through auctioning recycling, funding approaches, stable and harmonized regulation, improvement of the public opinion and perception are key issues for the development of CCS projects.

Q4: 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?

10. It would be premature to require new fired power plants installing CCS equipment. ETS should be reviewed and adapted to provide a meaningful CO_2 price that allows utilities to adopt correct decisions.

11. A requirement to all new fired power plants to install CCS equipment should be at a time when the technology has been demonstrated at scale and is readily available through conventional procurement routes (not only capture technology but transportation and storage too). It would be preferable to ensure a right market environment.

12. Moreover, this requirement should apply equally to all large emitters of CO_2 without undermining competitiveness.

Q5: Should fossil fuel providers contribute to CCS demonstration and deployment through specific measures that ensure additional financing?

13. Some fossil fuel providers, especially in USA, but also in Algeria and Norway, have already invested in CCS research, development and demonstration.

Q6: What are the main obstacles to ensuring sufficient demonstration of CCS in the EU?

14. The main obstacles are:

- Strong public resistance.

- Crisis, unstable economic situation.
- Lack of regulation and harmonization at European level.
- Lack of technical standards at European level.
- Uncertainty whether CCS will be cost-efficient.
- Lack of onshore storage capacity.
- Lack of CCS R&D projects related to other areas as methanization of CO_2 with H_2 (Power To Gas).

Q7: How can public acceptance for CCS be increased?

15. The public opposition is based on a lack of correct information regarding risks and benefits. Therefore, efforts, at both European and national level, to give the right information to the population are needed and would be beneficial.