

European Commission
Directorate-General Energy
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Brussels, 27th of June 2013

Ref: Answer to the consultation paper on Consultative Communication on The Future of Carbon Capture and Storage in Europe by Eurometaux, EU transparency register n° 61650796093-48

Dear Sir/Madam,

Eurometaux is the Brussels-based EU association of the non-ferrous metals industry, representing the main EU and international metals producers, EU and international metal commodity groups and national metal federations. The industry covers base metals (Al, Cu, Pb, Ni, Zn, Sn Sb), precious metals (Au, Ag, PGMs) and technical metals (e.g. Co, W, Cr, Mo, Mn, Si, FeS), manufactured from both primary and recycled raw materials.

Eurometaux hereby submits its reaction to the consultation paper on Consultative Communication on The Future of Carbon Capture and Storage in Europe. Eurometaux is a registered organisation in the EU transparency register (n° 61650796093-48).

Eurometaux's vision is that CCS could be one of the technologies leading to a low-carbon economy provided that it is cost-effective and cost-reflective, that it is proven technology, and only after it attracts new investments to Europe. A thorough evaluation of the technological and commercial feasibility and of the environmental impacts of the CCS technology must be conducted in a transparent manner before concluding the political framework relating to CCS. Eurometaux requests a detailed impact assessment on CCS made available to the public for open debate that ensures that CCS will be a part of the European industrial, energy and climate landscape in the future. Eurometaux recommends that the financing of CCS technologies be independent of the carbon price, thereby avoiding further increases of power prices in Europe and endangering the competitiveness of industrial energy users.

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, or*
- b) Develop a national strategy to prepare for the deployment of CCS technology?*

Eurometaux recommends that all Member States develop a clear roadmap on how to restructure their electricity generation sector towards low-carbon fuels and attract investment to their industrial sectors, particularly in R&D into breakthrough technologies. In any case, even in a low-carbon economy, the policy path leading to the EU's 2050 climate and energy goals must fully take into account the competitiveness of European industry and endeavour to achieve a global level playing field. Any political choices to be made must be calibrated so as to safeguard the economic viability and sustainability of industry in Europe, which is already a low-carbon champion. This is the true means of ensuring a future leading position for the EU as the low carbon economy at global level.

Eurometaux believes that CCS could be **one of the solutions** that will enable Europe to become a low-carbon economy by 2050, once this technology has passed the demonstration stage, is proven, is technically and commercially feasible, and is cost-efficient.

It is our understanding that CCS is not applicable to all carbon sources, and that consequently its implementation is not technically feasible in all industrial sectors. This solution would need to be further developed and communicated in order to **properly evaluate the contribution of CCS to a low-carbon economy in Europe in all sectors**. Until such feasibility and reliability has been demonstrated, **Eurometaux does not recommend imposing CCS as the main low-carbon technology in Europe**.

We would like to recall that, while CCS is a possible technology whereby to achieve a low-carbon economy in Europe, it must not be made mandatory.

In sum, Eurometaux recommends that the European Commission should conduct a **thorough study on the technical and commercial feasibility of CCS**, as well as a **detailed impact assessment** with regard to the costs of the deployment of such a technology in Europe at such an early development stage and with regard to its effects on the competitiveness of European manufacturing industry.

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?

Eurometaux is also contributing to the public consultation on the Green Paper on a climate and energy framework for 2030, published on 27th March 2013, with, among other things, recommendations to improve the EU ETS.

The future industrial, climate and energy policy should encourage the development of low-carbon solutions such as CCS deployment only after other possibilities have been used, such as demand response mechanisms, through an effective and functioning electricity market.

Financing through the carbon price without safeguards for industrial competitiveness will endanger European industry without providing a solution of viable CCS technologies and

without ensuring global low-carbon emissions. In any case, partial financing through the carbon price must be restricted only until the development phase. Eurometaux will encourage such a solution during the pre-feasibility stage, but **opposes the financing of CCS via the carbon price during the demonstration and maturity phases.**

This can be complemented by using other instruments once measures for **maintaining industrial competitiveness and increasing industrial activity in Europe** have been put in place, the latter being the aim of the European Commission's Communication of 10th October 2012 entitled "A Stronger European Industry for Growth and Economic Recovery". If not, higher carbon prices will impose higher costs for the industry and potentially increase the risk of carbon leakage rather than increasing the capacity of manufacturing industry to invest in new technologies.

To conclude, the financing of CCS deployment must be designed in such a way as to be independent from the carbon price, thereby avoiding further increases of power prices in Europe.

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?*

Early deployment can only be considered once the feasibility of CCS technologies for different carbon sources has been demonstrated and once it has been ensured that this will not affect the global competitiveness of European industry. This **detailed impact assessment** stage is crucial to defining a sound policy.

Other types of policy measures, such as Emission Performance Standards or CCS certificate systems, are good ideas but they might directly or indirectly lead to a **locally-imposed cost burden on industries competing in global markets.**

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?

Eurometaux notes that investments in the manufacturing industry in Europe are currently at a standstill due to the current economic climate and regulatory uncertainty. Any future legislation that would impact the manufacturing industry in Europe must be designed in such a way as to attract new investments. Anticipated decisions with regard to the as yet unproven CCS technologies would lead to a loss of investment efficiency and be counter-productive for their deployment in the future.

In any case, should the European Commission consider the implementation of CCS in Europe, it would first need to assess its technical and commercial feasibility.

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

CCS deployment may take place after its technical and commercial feasibility has been demonstrated. The commercial deployment of CCS technologies and their financing mechanisms must be left to the market.

Considering the energy dependence of Europe on third countries, it is difficult to imagine fossil fuel providers being subjected to specific CCS-related rules when entering the EU market.

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

The high energy prices in Europe do not equate to creating a viable business case for the deployment of CCS technology. **Further R&D efforts are needed** in order to develop a commercially viable breakthrough technology that would reduce the costs of CCS. Consequently, today's focus needs to be on these R&D efforts.

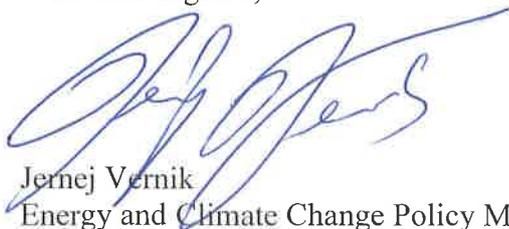
The lack of public acceptance is due to the non-transparent risks.

7) How can public acceptance for CCS be increased?

Eurometaux believes that transparency is the first step towards public acceptance. In order to achieve transparency, the necessary detailed analysis of the impact of CCS technology must be conducted and debated, especially with regard to:

- Commercial viability of CCS technologies;
- Health and safety, and the possibility of risk management;
- Infrastructure needs;
- Competitiveness of CCS technology vs. other low carbon technologies;
- Energy price impact for all energy consumers;
- Impact on the international competitiveness of European industry as a consequence of the implementation of CCS technology in Europe.

With kind regards,



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