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Australian Delegation

Legal, Regulatory & Financial Issues Taskforce Discussion Paper

- Principles on regulation for 2nd CSLF
- June 2003- agreed LRF Issues Taskforce be established
- Hosted International Regulatory Workshop in Brisbane, Australia in November 2003
- Paper developed to consider legal, financial & regulatory issues

Legal, Regulatory & Financial Issues Taskforce Discussion Paper

3 sections to paper:

– Regulation Section

- aim to develop regulatory principles

– Legal Section

- review of existing legal instruments and work done to date

– Financial Section

- discusses the range of financial elements relating to carbon capture and storage



Regulation Section Proposed Work Program

(i) gap analysis

- countries to complete table:

	EVENT	IMPACT	OWNER	EXISTING REGULATION
CAPTURE	<i>Leakage</i>	<i>Safety/ Environment</i>	<i>Operator</i>	<i>Yes</i>
TRANSPORT				
INJECTION				
POST CLOSURE				

Regulation Section Proposed Work Program



(ii) case studies

- Policy Working Group select 3-4 studies
- Proposed case studies are:
 - Katuma, Sleipner, Weyburn, Nagaoka, Frio, Snohvit and a possible Australian case study
- Mix of projects by region, size, progress and technical attributes
- Relevant government and proponent to complete proposed template

Basis for Regulatory Principles



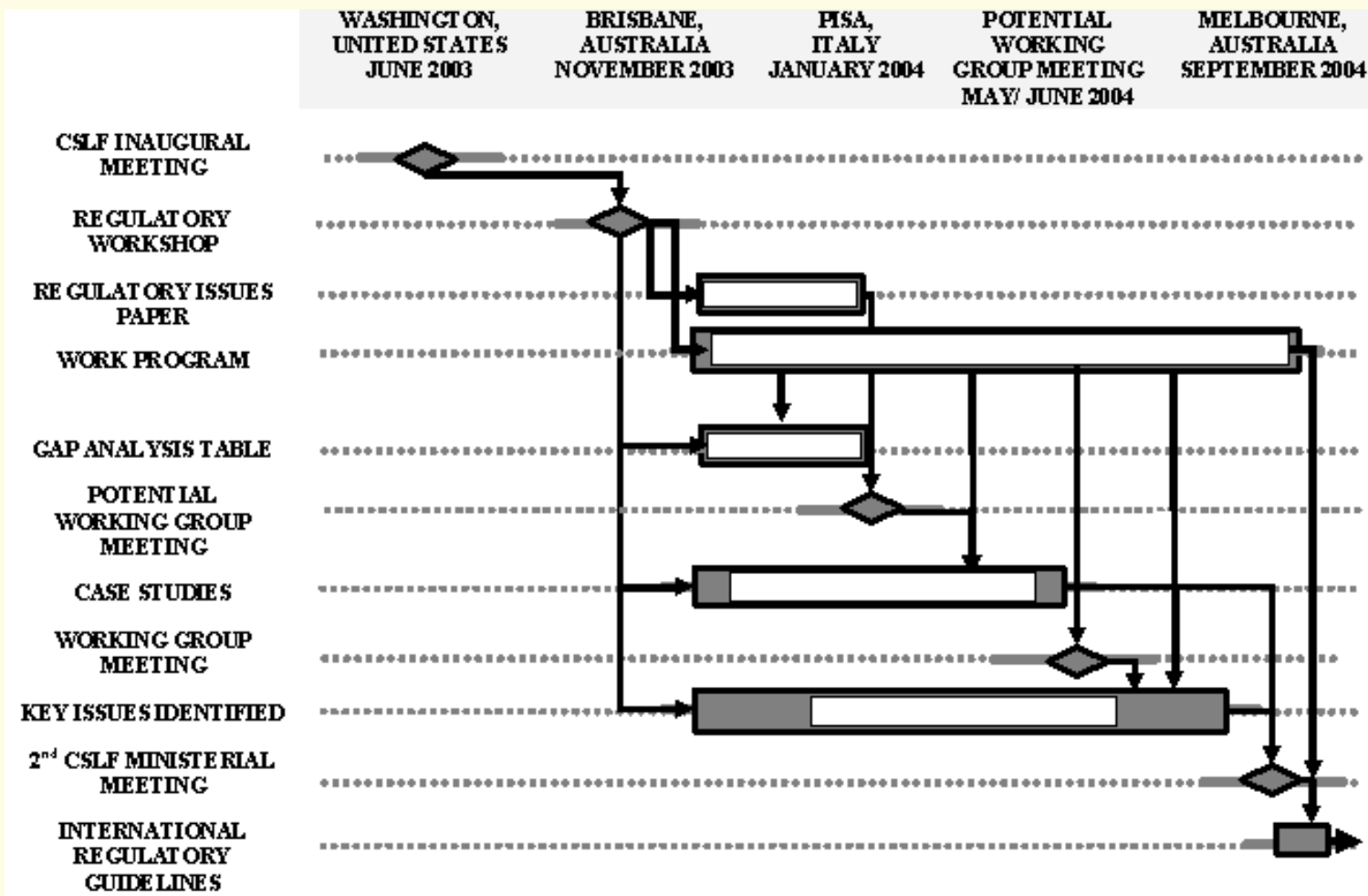
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- Legislative, regulatory and administrative framework which is soundly based and publicly stated
- Provide certainty and predictability for all stakeholders
- Fosters carbon capture and storage in a cost effective and environmentally responsible manner
- Consistent both within national borders and internationally, but respects the sovereignty of international governments

Regulation Section Work Program Timeframe



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Legal Section

- Outlines the breadth of legal issues
- Overviews IEA work on legal issues
 - Review of International Conventions
 - Further work is being done by the IEA
- Recommends:
 - Taskforce consider legal issues jointly with the IEA
 - Proposals for joint activities be presented to the CSLF
 - Members advise CSLF Secretariat of key legal issues - 1 March



Legal Section

- Long term ownership of CO₂ and liability
 - monitoring and verifying storage
 - ensuring containment (e.g. well maintenance)
- Responsibility in the event of stored CO₂ leaking
- Is CO₂ stored or disposed of?
- Movement of CO₂ under international borders
- Guiding international principles



Financial Section

- Understanding the ‘economics’ of carbon capture and storage is important for countries that wish to develop climate change policies that allow CCS to be a viable mitigation option
- Economic attractiveness of carbon capture and storage is dependent on both project costs and costs associated with policy and regulation

Financial issues will be considered further tomorrow



Financial Section Recommendations

CSLF Policy Working Group:

- explore the balance of greenhouse insurance measures, regulations and financial mechanisms
- agree upon a standard set of cost inputs and data
- support further development of consistent and comprehensive modelling data
- discuss and agree upon priority issues and forward a work plan



Legal, Regulatory & Financial Issues Taskforce

Discussion Paper Conclusions

- Legal, regulatory and financial issues identified as a priority at Washington
- Seek agreement by Policy Working Group to proposed work program
- Regulation issues: gap analysis and case studies
- Legal issues: work with IEA etc
- Financial issues: discuss and agree on priorities