Carbon Sequestration Leadership Forum
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POLICY GROUP

CSLF Incentives Registry

Barbara N. McKee
Tel: +1 301 903 3820
Fax: +1 301 903 1591
CSLFSecretariat@hq.doe.gov

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CSLF INCENTIVES REGISTRY

Note by the Secretariat

Background

At its April 2008 meeting in Cape Town, South Africa, the Policy Group requested that the Secretariat develop a registry of commercial, fiscal, and market-making incentives used to promote the deployment of CCS technology and projects as well as policy measures countries used to support CCS.

In response to this request, the CSLF Secretariat undertook an effort to identify such incentives in jurisdictions throughout the world, including those of countries that are not members of the CSLF. The Secretariat also developed an on-line database of information on the incentives for the CSLF website.

The CSLF Secretariat has to date identified a total of 73 distinct incentives and developed a database of those incentives, which is now posted on the CSLF website. An overview of the incentives identified and example screens from the database are included in this document.

The Secretariat plans to update the CSLF Incentives Registry on an ongoing basis.

Action Requested

The Policy Group is requested to review and comment on the CSLF Incentives Registry.

CSLF INCENTIVES REGISTRY
TYPE OF INCENTIVES

1. Creating a value for CO_2 emission reductions through CCS
    a. Emissions trading systems
        i. Cap-and-trade systems
        ii. Project-based, offsets or credit-based systems
        iii. Rate-based emissions trading
    b. Carbon taxes
    c. Feed-in tariffs
    d. Negotiated agreements for output targets
    e. Other value creation method
2. Closing the financing and risk gaps facing early CCS projects
    a. Investment assistance or cost sharing
        i. Investment and trust funds
        ii. Loan guarantees
        iii. Capital and operating subsidies
        iv. Other investment assistance or cost sharing method
    b. Tax incentives
        i. Investment tax credits
        ii. Accelerated depreciation
        iii. Property tax reductions
        iv. Other tax incentives
    c. Liability reduction
        i. Transfer of long-term liability
        ii. Government-backed risk pool
        iii. Insurance solutions
        iv. Other liability reduction method
3. Mandatory requirements
    a. Portfolio standards
    b. Facility performance standards
    c. Other regulatory requirements
4. Other

SUMMARY OF DRAFT INCENTIVES
CSLF INCENTIVES REGISTRY

JURISDICTION	TOTAL
Australia	
Federal	6
State	8
Private	1
Total for Australia	**15**
Canada	
Federal	5
State	4
Total for Canada	**9**
Europe	
European Union	5
EU Members	12
Europe Non-EU	4
Total for Europe	**21**
United States	
Federal	8
State	17
Total for United States	**25**
Other	**3**
TOTAL	**73**

EXAMPLE OF INCENTIVE DESCRIPTION

DATE OF REPORT:	March 3, 2009
JURISDICTION:	European Union – European Parliament
TYPE OF INCENTIVE:	2.a. Investment assistance or cost sharing; 1.a.ii. Project-based, offsets or credit-based systems; 3.c. Mandatory CCS; 3.b. Facility performance standards; 2.c.i. Transfer of long-term liability
CITATION:	Directive of the European Parliament and the Council on the Geological Storage of Carbon Dioxide
STATUS:	Proposed
TIME FRAME Start:	2009
TIME FRAME End:	
DESCRIPTION:	▪ **12 CCS Demonstration Projects**. The Commission should ensure that contracts for construction of 12 large-scale CCS demonstration facilities by 2015 – as promised by the European Council in March 2007 – are let before the UN meeting in Copenhagen in November 2009. ▪ **ETS Allowances**. Possibly award up to 500 million ETS allowances to CCS projects in the EU or third countries.The value will depend on the price of CO_2 when the gas is eventually injected underground. ▪ Mandatory CCS from 2015. The Committee recommends that all power stations built from 2015 be equipped with CCS. ▪ **Emission Performance Standard**. The Committee proposed an emission performance standard for new power plants with a capacity over 300 MW. From 2015 onwards those power plants would be allowed to emit a maximum of 500 grams CO_2 per kilowatt hour. ▪ **Monitoring Fund**. Operators of CCS projects would have to pay annually into a fund set up by the Member State where storage is located to cover the costs of monitoring, oversight and remediation after responsibility for a closed storage site has based to the national authority. ▪ **Long Term Liability**. The Committee proposed that all legal obligations for the long term storage of CO_2 to the Member state only after the storage site has been closed for 50 years. ▪ **More Time for National Laws**. The Committee wants to give member states two years after the directive's publication to make it national law.
EXPERIENCE:	
LINKS AND CONTACTS:	http://www.europarl.europa.eu/news/expert/infopress_page/064-38803-280-10-41-911-20081006IPR38802-06-10-2008-2008-false/default_en.htm http://ec.europa.eu/environment/climat/ccs/eccp1_en.htm