

Carbon Sequestration leadership forum

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POLICY GROUP

Application of New Zealand for CSLF Membership

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APPLICATION OF NEW ZEALAND FOR CSLF MEMBERSHIP

Note by the Secretariat

Background

On 20 October 2008, New Zealand's Minister of Energy, the Honourable David Parker, sent a letter to the CSLF Secretariat that requested CSLF Membership for New Zealand. The CSLF Terms of Reference and Procedures states that in their letter of application, prospective CSLF Members should:

- 1) demonstrate they are a significant producer or user of fossil fuels that have the potential for carbon capture;
- 2) describe their existing national vision and/or plan regarding carbon capture and storage (CCS) technologies;
- 3) describe an existing national commitment to invest resources on research, development and demonstration activities in CCS technologies;
- 4) describe their commitment to engage the private sector in the development and deployment of CCS technologies; and
- 5) describe specific projects or activities proposed for being undertaken within the frame of the CSLF.

The Secretariat has reviewed the letter from Minister Parker and has determined that New Zealand has met all of these requirements. An email was sent to Policy Group delegates on 30 January 2009 that informed them of New Zealand's application for CSLF Membership.

Action Requested

The Policy Group is requested to approve the application for CSLF Membership from New Zealand.



Office of Hon David Parker
Minister of State Services
Minister of Energy
Minister for Land Information
Minister Responsible for Climate Change Issues

20 OCT 2008

CSLF Secretariat
US Department of Energy
FE-27
1000 Independence Ave., S.W.
WASHINGTON DC 20585
UNITED STATES OF AMERICA

Dear CSLF Secretariat

I am writing to apply for New Zealand membership to the Carbon Sequestration Leadership Forum (CSLF). The New Zealand Government values the opportunities that the CSLF provides. Participation in the CSLF should allow New Zealand opportunities to strengthen involvement in international carbon capture & storage (CCS) partnerships, including initiatives that encourage CCS technological developments and promote opportunities for early commercial deployment. The CSLF should also provide New Zealand with a comprehensive forum to discuss relevant aspects of the policy landscape to facilitate, where appropriate, the harmonisation of regulatory developments across different jurisdictions.

The New Zealand Government has clearly signalled its commitment to moving New Zealand to a low-carbon economy. The New Zealand Energy Strategy (NZES), an overarching document that sets strategic directions for the energy sector in New Zealand through to 2050, indicates a preference for development of renewable energy sources. In particular, the NZES sets a target for 90% of electricity generated from renewable sources by 2025. The New Zealand Emissions Trading Scheme (NZ ETS) is also designed to provide incentives to encourage renewable and low-emission energy sources.

The New Zealand Government also recognises the importance of the nation's fossil fuel reserves. It is estimated that there are over 15 billion tonnes of coal reserves in New Zealand and, at a mid-range estimate, there is over 3,000PJ of remaining oil and gas reserves at existing oil and gas extraction sites. Considerable oil and gas exploration activity is currently being undertaken in various locations around New Zealand, for example in the potentially resource rich Great South Basin located off the south-east coast of the South Island.

New Zealand understands that climate change mitigation options, such as CCS, are important in the transition to a low carbon economy as they allow the economic benefits of such an endowment to be realised whilst responsibly managing carbon emissions.

For this reason, the NZES recognises the role of CCS, and specifically supports continued domestic CCS technical and regulatory work programmes. The NZES also mandates New Zealand's engagement in international CCS collaboration.

Notably, CCS is included in the NZ ETS as a removal activity. Carbon dioxide emissions (CO₂) avoided through CCS activities will be able to be allocated units under the scheme. As stationary energy and industrial sectors come into the NZ ETS from January 2010, this should incentivise near-term uptake of CCS, particularly in New Zealand's gas processing industry where some CO₂ is already being separated and captured (though not stored) from CO₂-rich gas streams.

Regulatory work in New Zealand is being undertaken by the New Zealand CCS Policy Group. This group is examining existing domestic legislation to identify regulatory barriers and opportunities for CCS deployment in New Zealand. Concurrently, the group is developing options for an appropriate long-term governing regime for CCS activities.

The CCS Policy Group is complemented by the New Zealand CCS Research Steering Group, a government-industry research partnership which is currently focussed on assessing New Zealand's geological capacity to store CO₂. Preliminary findings as to New Zealand's geological capacity to permanently store CO₂ are expected by March 2009.

Through the Research Steering Group New Zealand is an active member of the Australia-based Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC). As you are aware in April 2008 CO2CRC successfully launched their flagship demonstration CCS project in the Otway Basin, Victoria, Australia. The project will demonstrate a fully-integrated system capturing, transporting and storing 100,000 tonnes of CO₂ over its lifetime. New Zealand supports and actively contributes to this project.

New Zealand is also a member of the International Energy Agency's Greenhouse Gas Research and Development Programme, which I understand has been working closely with the CSLF on some CCS issues. In addition, New Zealand has been actively involved in the newly-formed CCS Regulators' Forum chaired by the IEA. This existing international involvement demonstrates our commitment to engaging in the global CCS community. We wish to build further on this existing engagement through membership of the CSLF.

I trust that this letter adequately demonstrates New Zealand's suitability for the CSLF and I look forward to a positive response from you.

Yours sincerely



Hon David Parker
Minister of Energy