



**MINISTERIAL CONFERENCE
22 SEPTEMBER 2011**

Collaborating for a Decade of Research, Demonstration and Deployment of CCS

CSLF Stakeholders Statement

Beijing, China, 22 September 2011

1. Since its establishment in 2003, CSLF has been playing a leading role in promoting the development of cost-effective technologies for capture of carbon dioxide (CO₂), its transport and long-term safe storage. CSLF Stakeholders have been supporting this governmental initiative from the very beginning and have invested billions of dollars in CCS and CCUS* (*Carbon Capture, Utilisation and Storage*) R&D, demonstration projects, early deployment programmes, public awareness campaigns and other activities.
2. A lot of ground has been covered and Stakeholders appreciate the CSLF contribution to making CCS a reality. However, taking into account the size of the problem confronting the world, much more needs to be done and urgently to protect the climate system from irreversible changes. Stakeholders are very concerned that Government support has become detached from the timetable set for CCS deployment, as incentive measures are not in line with the roadmap developed by IEA and agreed by G8. It is highly unlikely that there will be 100 commercial CCS plants by 2020. Without much stronger support from Governments, there is also a real danger that many more industrial Stakeholders will abandon their plans for CCS projects.
3. Early deployment of carbon capture technology in developed as well as in developing nations can be supported by CCUS strategies, such as enhanced oil recovery(EOR), or enhanced coal bed methane recovery. Revenues from the intermediate step of CO₂ utilization before ultimately storing it underground, will make carbon capture technology more attractive economically.
4. Investing in CCS today is the most cost-effective way to tackle climate change, and at the same time secure inward investment in low-carbon energy and also provide jobs and economic growth. Together with nuclear and hydropower, CCS is a large scale low-carbon technology, but unlike them, it has a considerable potential for worldwide deployment.
5. Stakeholders recognise the need for incentives to develop CCS projects in all countries, including developing countries. Climate change is a global concern and can be addressed only by a worldwide effort. More than 80 countries around the world have fossil fuel resources, and fast growing large economies in Asia in particular are heavily dependent on fossil fuels. Stakeholders steadfastly maintain the view that CCS technology is a core method to achieve the deep reductions in carbon dioxide emissions that are required to protect the world climate system from serious disruption.

**CCUS is a sub-set of CCS in which CO₂ is utilised to beneficial effect (e.g. EOR) prior to its permanent storage. To be qualified as a CCS technology CCUS must be subject to the same rigorous monitoring and verification procedures as CCS to ensure secure and permanent storage.*



6. Development of CCUS technology aimed at cost reduction is particularly important. Stakeholders recognise the recent announcements from the USA in assigning research grants with this aim. Stakeholders encourage other CSLF members to adopt similar but coordinated research, development and demonstration policies with knowledge sharing to enable swift uptake of technology advancements. There still are barriers to overcome. The cost of capture, the need for more experience, and undeveloped transport infrastructure are primary concerns.
7. Whereas CSLF Stakeholders recognize that CCUS projects can be helpful in improving the economics of CCS, it is important to point out that to avoid the release of CO₂ emissions to the atmosphere, CCUS projects carried out under the CSLF shall result in sequestration of the CO₂ that is captured in such projects.
8. Stakeholders recognise the need for a balanced risk and reward environment for the investors in the CCS value chain and are concerned in particular by the exposure to both obligations and liabilities – these issues represent a heavy, unbalanced and an intolerable burden.
9. Stakeholders emphasise that funding of demonstration programmes must reflect the significant risks and uncertainties that first movers are faced with. Technology risks, exploration risks and lack of economies of scale amongst others make for a very high investment hurdle for initial projects. Given that this demonstration programme will bring incalculable benefits for society performance risks should be shared between Governments and industry Stakeholders in a fair way enabling the industry to invest in demonstration projects. In this context Stakeholders recognise the UK policy development in electricity market reform that creates the world's first market mechanism to support investment in low carbon power from CCS alongside other technologies which can underpin CCS investment in both demonstration and deployment.

In two years CSLF will celebrate its 10th Anniversary and Stakeholders challenge the Ministers to adopt an ambitious 2-year Action Plan. Its results will be reported at the next CSLF Ministerial in 2013. The Ministers should give support to:

- Provision of funding mechanisms for a sufficient number of large-scale demonstration projects.
- Design and implementation of policies that will create market-based support for CCUS deployment.
- Accelerate the development and implementation of policy frameworks including both regulation and financial support that is long-term sustainable and bankable for project developers.
- Develop risk sharing arrangements with the industry.
- Develop a comprehensive public outreach strategy for CCS.
- Support measures for international cooperation, in particular with developing countries.
- Encourage their colleagues at the forthcoming COP-17 meeting in Durban to examine a range of options for mechanisms that can support deployment of CCS projects in developing countries.

CSLF Stakeholders are fully committed to supporting the Ministers in the implementation of this Action Plan which will ensure that CCS will realise its full potential and make a significant contribution to making CCS a reality.