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POLICY GROUP

Report from Workshop on Bridging the Commercial Gap - Financing CCS

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REPORT FROM WORKSHOP ON BRIDGING THE COMMERCIAL GAP – FINANCING CCS

Note by the Secretariat

Background

At the June 2009 meeting of the CSLF Policy Group in San Francisco, it was announced that a “Bridging the Commercial Gap – Financing CCS” workshop would be held on 29-30 September 2009 in New York City, co-sponsored by the International Energy Agency Working Party for Fossil Fuels (IEA WFFF), the Coal Industry Advisory Board (CIAB), the CSLF, and the Global Carbon Capture and Storage Institute (GCCSI). Included were four sessions:

1. Providing context of the gap
2. Case studies of 3 or 4 actual plants
3. Breakout sessions to compare mechanisms
4. High-level recommendations about mechanisms for Ministers

This paper presents a summary of the recommendations from the workshop.

Action Requested

None.

CCS: Bridging the Commercial Gap

Workshop of Experts Recommendations

The International Energy Agency Working Party for Fossil Fuels (WFFF), Coal Industry Advisory Board (CIAB), Carbon Sequestration Leadership Forum (CSLF) and the Global Carbon Capture and Storage Institute (GCCSI) convened a workshop of experts on 29-30 September, *CCS: Bridging the Commercial Gap*, to develop recommendations for the WFFF, CIAB and GCCSI work in support of the IEA's report to the Group of Eight (G8) on the launch of the 20 first large-scale carbon capture and storage (CCS) demonstration projects by 2010, and the CSLF Ministerial Meeting in London on 12-14 October.

The shared objective, endorsed by leaders of the Group of Eight (G8) in 2008, to launch a diverse portfolio of 20 large-scale CCS demonstration projects by 2010, with a view to broad commercial deployment by 2020, requires a new and dynamic form of government-industry partnership. Furthermore, achieving this objective requires strong political leadership that actively engages the public on the role CCS can play in reducing emissions. These targets will be achieved only with a sustained, determined and coordinated commitment to the development of affordable low emissions technologies, including CCS. The initiation of 20 industry-government pioneer CCS demonstration projects – fostered with active local community engagement – is a crucial first step toward CCS commercialization and more cost-effectively meeting emissions reductions targets. The following government actions are required to help bridge the CCS commercial gap associated with these first of a kind projects:

Recommendations:

1. Identify, Announce and Promote Joint Government-Industry Partnerships

Governments should identify, announce and promote pioneer demonstration project implementation partnerships with industry by 2010.

2. Reduce Non-Financial Barriers

Governments should take action to encourage first movers and moderate investment risks for pioneer demonstration projects, which may include: project-specific agreements; regulatory frameworks; long-term liability indemnification and other mechanisms.

3. Provide Adequate Public Funding

Governments should recognize the first-of-a-kind nature of pioneer demonstration project deployment and provide a level of capital and operational funding sufficient to bridge the commercial funding gap.

4. Develop and Promote International Cooperation of Best Practices

Governments should work with industry partnerships to develop and promote international cooperation of CCS best practices and knowledge sharing from publically funded pioneer demonstration projects.

5. Build Developing Country Capacity

Developed countries should provide the technical and financial support necessary to build demonstration projects in developing countries.

6. Continue Action on Non-Technical Deployment Issues

The CSLF, in cooperation with the IEA and support from the GCCSI, should continue to analyse non-technical issues associated with CCS deployment and make more detailed and specific recommendations to governments in advance of the 2010 G-8 Summit in Canada.