



CSLF-P/T-2008-06  
13 March 2008

**POLICY GROUP  
TECHNICAL GROUP**

**Draft Concept Paper for Third Ministerial Conference**

**Decision Document**

*Note by the Secretariat*

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## **Draft Concept Paper for Third Ministerial Conference**

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### Background

The first CSLF Ministerial Meeting was held at the inception of the CSLF in Tysons Corner, Virginia, USA in June 2003. The second and last CSLF Ministerial Meeting was held just over one year later in Melbourne, Australia in September 2004. A Ministerial Meeting is required every two years by Section 3.2 (b) of the Terms of Reference and Procedures. Yet, it has now been almost four years since the last Ministerial Meeting.

Since that last Ministerial Meeting, the CSLF has conducted many activities and is now at the half-way point in its 10-year term. A Ministerial meeting would formally take note of what the CSLF has achieved and recommit to its objectives at the ministerial level. This is especially important because, by early 2009, when the next Ministerial Meeting is proposed, the leaders of at least 16 of the 22 CSLF Members will have changed from those in power when the CSLF was founded in 2003.

In recognition of all this, the CSLF Secretariat has prepared a draft concept paper for a third CSLF Ministerial Meeting that would be held in the first half of 2009. This draft concept paper is intended as a starting point for discussions.

### Action Requested

The Policy and Technical Groups are requested to consider the Draft Concept Paper for third Ministerial Conference prepared by the Secretariat and to consider the proposed 2009 CSLF Ministerial Meeting.

### Conclusions

The Policy Group is invited to note in the Minutes of the Joint Meeting of the Policy and Technical Groups meeting that:

“The Policy Group considered the report of the Secretariat on the ‘Draft Concept Paper for third Ministerial Conference’ and decided conduct a 2009 CSLF Ministerial Meeting.



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## CONCEPT PAPER

### 3RD CSLF MINISTERIAL CONFERENCE – 2009

#### Preliminary Concept Paper

#### 0. Background

This Preliminary Concept Paper outlines issues which might be debated and presents options for the Third CSLF Ministerial Conference which is proposed to be held during 2009. The options aim at ensuring visibility to the event, the main issues and practical outcomes while promoting wide and qualified attendance. The third Ministerial Conference will take place during a time when critical aspects of the future international framework for addressing climate change are being worked out. It could introduce into the CSLF process and the emerging international partnership new momentum and impulse.

#### 1. Scope of the Ministerial Conference and Expected Outcome

- a) **General Theme:** A general theme is recommended to provide the Conference with mission, focus and guidance. The suggested theme is “*Carbon Sequestration to Meet Energy Sustainability, Security and Climate Challenges*”.
- b) **Framework:** The Ministerial Conference will be held in a highly dynamic policy framework. Follow-ups are expected from the Bali Conference regarding the Framework Convention on Climate Change and a post-Kyoto Protocol. The G8 Summit Meeting of Summer 2008 in Japan and the IEA Ministerial Meeting of Spring 2009 will also help shape this framework. Preparatory work towards the next UN Conference on Environment and Development should be considered.

It can be assumed that differences will remain among the parties on how to respond to the global climate challenge: European Union vs. the US and others; advanced industrialized countries versus newly-developing countries; regional concerns, et cetera. Carbon Capture and Storage (CCS) remains a win-win option in this circumstance.

- c) **Energy Context:** The world will be dependent on fossil fuels for the foreseeable future and policy makers throughout the world are increasingly aware of this fact.

Developing economies will be the major source of energy demand growth, but all countries need energy for economic and social progress and all countries aspire for supply security and a sustainable fuel mix.

CCS enables the world to use fossil fuels in a more sustainable way, thus easing shared concerns about development, energy security and social progress. Although CCS is needed now, concerns remain:

- CCS market deployment is confronted with the barriers of high cost, project risks, lack of economic incentives and uncertain legal and regulatory frameworks for carbon dioxide transport, storage and the associated liabilities.
- Barriers differ among countries and each country must choose the set of measures that best meets its national objectives and circumstances while at the same time supporting the development of regional and international cooperation and cross-border movement of CO<sub>2</sub>.

d) **Policy Imperative:** The key policy imperative is the need to develop a long-term global approach to CCS and to accelerate its deployment.

Even though the precise nature of the agreement that will emerge is not known, it is expected that substantial cuts in carbon dioxide emissions are likely to be required. It is therefore necessary to ensure that CCS is market deployable when the global outcomes have been agreed upon.

e) **Government Action:** Governments need to know when CCS is commercially available and market deployable. Accordingly, Governments will consider what measures they need to take to ensure or accelerate that availability and deployability.

CCS technology and projects require capital investment and will be competing with other types of investments for scarce funds. Early movers may wish to take the risk and invest with a view to future gains in a globalised world economy. In general, policy makers should prioritize the choice of technologies within a policy portfolio to meet differing goals. Recurrent questions remain:

- What are the policy drivers required to deliver technology change: emission restrictions, emissions trading, taxes, fiscal incentives, energy security, availability of domestic resources, public support, et cetera?
- How do we foster the development of the fact-based understanding of issues related to energy and the environment?
- What can be accomplished between now and the year 2030? And in the period beyond? What role can leadership play?

f) **Key Issues:** Key issues for CCS market deployment are:

- Lowering the cost of capture to commercially and economically practicable levels particularly in electricity generation.
- Developing public confidence in the integrity of the entire capture and storage process.
- Need to ensure a major consultation and outreach process on the integrity of capture, transportation and storage (how do we do this effectively?)

- Need to develop appropriate legal/regulatory/fiscal frameworks to address intergenerational management of storage systems – the liability issue and who carries liability.
  - Need to make sure that the ongoing work on legal/regulatory/fiscal measures does not constrain pilot, demonstration and commercial projects from being implemented.
  - Because of differing national circumstances, need to develop legal/regulatory/fiscal measures that are largely nationally based for managing the use of CCS technology.
  - Need to maintain a global research effort and public/private partnership.
  - Need to ensure a level playing field for CCS technologies vis á vis other abatement technologies.
  - The IPCC work could be a policy driver – especially in terms of the technical issues and the creation of community confidence on the integrity of storage.
- g) **Expected Outcome:** Ministers should be able to demonstrate that the Ministerial accomplished something. Possible outcome of the Ministerial conference might include:
- Agreement to develop Roadmap for CCS commercial deployment with an accompanying short-term (three-year) action plan.
  - Agreement to work towards non-binding CSLF principles and good practices for CCS projects.
  - Agreement to shared technical standards and procedures to benchmark CCS demonstration and commercial projects.
  - Establishment of a joint CCS project information initiative to collect and disseminate progress data while protecting sensitive information.
  - Identify considerations for a future Ministerial.

## 2. Draft Agenda for the Ministerial Meeting

- a) **Calendar:** The Ministerial Meeting and the related events would develop over three days:
- First day: Policy and Technical Group Meetings
  - Second day: Parallel events: Stakeholder’s Dialogue and Outreach Forum. Ministers may wish to be present and possibly participate as speakers at selected sessions.
  - Third day: Ministerial Forum organized along three main Sessions and Ministerial Statement

A CCS projects exhibition will be organized during the entire period.

- b) **Policy and Technical Group:** Meetings will have their standard agenda, the meetings could provide an opportunity to fine tune the Ministerial Statement.

- c) **Stakeholders:** Dialogue would focus on the different but complementary roles of governments and various Stakeholders, social consensus and transparency of information. A joint CCS data collection and information exchange initiative might be advocated to facilitate public understanding, acceptance and support. The Stakeholders' Register might also receive a boost.
- d) **Outreach Forum:** The forum should gather interest and involvement from non-CSLF participant entities (countries, international organizations and non-industry stakeholders).

### 3. Choice of Chairs, Discussants and Background Papers

- a) The entire Ministerial Forum would have a Chair and two Co-chairs. Co-chairs might be selected among countries chairing or Co-chairing the CSLF Policy and Technical Groups. Conversely, a "troika" principle might be established by relying upon the former Chair (Australia) and the next one (to be determined). It is assumed that the Ministerial Forum might develop along three sessions. Sessions should have a title and issues to debate. Background papers would describe the issues.

- b) Tentative titles for the Ministerial Sessions might be:

Session 1: The Strategic Role of Fossil Fuels and Carbon Capture and Storage to Secure the Future

Session 2: Advancing Carbon Sequestration Deployment and Management

Session 3: The CSLF Role to Respond to the Global Challenges

A different option for Session 2 would emphasize investment and Financing aspects and legal regulatory framework. This could also be included in the current Session 2 topic, since without investment one cannot advance deployment?

- c) The Minister from the Hosting Country would chair Session 1 and Present the Closing Statement. Ministers from the Co-hosting Countries would chair Session 2 and 3, respectively. A panel would be included in each session and would help to stimulate the discussion. The Panel would include the Chair, a Discussant (or Moderator), and a couple of Minister or heads of International Organizations. General debate will follow. The Chair would make a short summary at the end.
- d) Two to three background papers or discussion documents would be prepared. They would set the framework and suggest points for discussion. The papers could be prepared by international organizations such as the International Energy Agency, United Nations Environment Programme, World Bank, and World Energy Council. Aspects covered could be the global energy scene, the long-term energy policy views, the climate challenge, the obstacles to investment and opportunities. Tools and actions to implement and enhance international co-operation should be part of the game.

#### **4. Stakeholders' Dialogue and Outreach Forum**

- a) The Stakeholders' Dialogue should examine how to promote public/private partnerships (i.e. cooperation between governments and industry) and social acceptance. The Dialogue could be a day and be organized into Sessions. Non-government organizations will have a key role. Ministers may wish to attend and intervene. Each Session would be introduced by a key note speech. Stakeholders' will be invited by the Host Country and by the Countries participating in the CSLF.
- b) The Outreach Forum should involve countries and international organizations which are not formal participants in the CSLF.
- c) Stakeholders discussion as well as Outreach Forum debate would be reported to the Ministerial Forum.

#### **5. Participation in the Ministerial Meeting**

- a) Who should participate: Ministers and their staff, Heads of international organizations, observers, and technical staff.
- b) How to improve the interaction at the meetings: Issues papers should be circulated in advance. Ministers should know they have a mission.

#### **6) Organizing Stakeholders while Providing Them with a Role**

The choice of themes is important e.g. opportunities for socially responsible investors, challenges and opportunities for sectors and firms, etc.

#### **7) How to communicate the Results of the Ministerial Meeting**

Communications strategy to the press and the media. Each day should make the news by planning a special news release.

#### **8) Proposals and Guidance Emerging from Recent International Events**

Several recent international conferences may play a role in shaping the outlook for CCS and their results should be assessed for what impact they may have on the Ministerial. These include: G8 Summit Meeting in Heiligendamm, IEA Ministers Meeting of May 2007, The Climate change event in Washington DC of October 2007, UN FCCC Bali conference of November-December 2007.