



# Financing for CCS Projects

Bernard Frois

Chair of the Finance Task Force



## Finance Roundtable

September 15, 2014,

Hunton & Williams LLP, 2200 Pennsylvania N.W. Washington D.C.

*Fred Eames, Partner, Hunton & Williams LLP*

*Bernard Frois, Chair, CSLF Finance Task Force*



**47 participants, North America, Europe, Asia**

30/10/2014

Bernard Frois, Chair, Finance Task Force

2

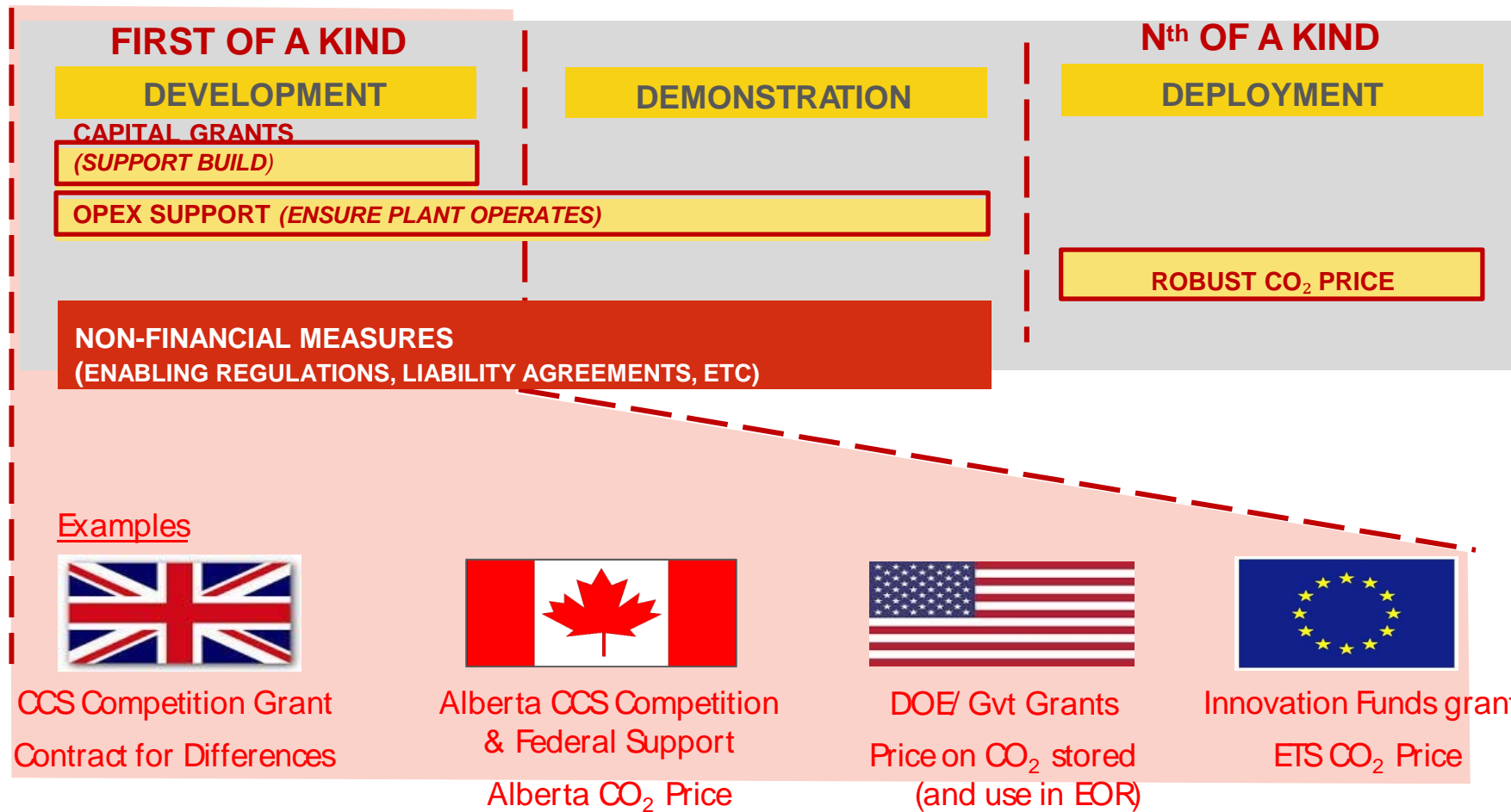
# Increased interest for CCS

- The fact that now several operating plants exist employing a range of technologies has started to create the "precedent" base the financial world needs to get comfortable with the industry.
- Also contributing in Europe is the UK CCS Competition. The availability of both grant and the CfD mechanism has provided a potentially financeable framework (subject to risk allocation)
- In Eastern Europe, building major energy infrastructure is a challenge. Poland, Serbia and Romania, in particular, have great potential for CCUS.

# A bird's eye view on CCS from the Finance World

- CCS is recognized as a clean energy mechanism
- IEA has identified CCS as one of the most important technologies to mitigate temperature increase
- A large number of projects around the world demonstrate that the technology works
- Growing recognition of CCUS projects economic impact (EOR, Water, Chemical products)
- Success stories encourage investments (SaskPower et al.)
- Broad suite of financing mechanisms exists

# SHORT AND LONG TERM FUNDING MECHANISMS NEEDED

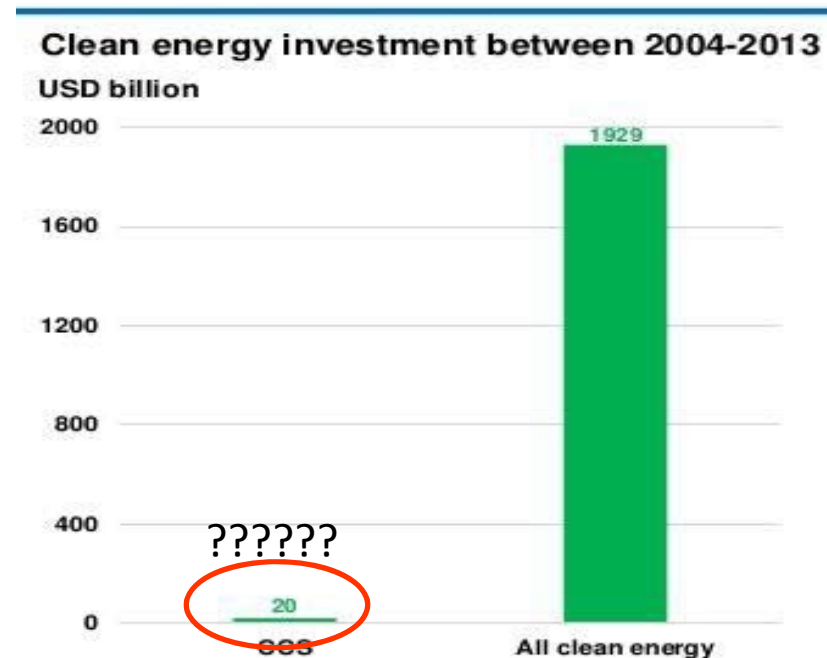


From Tim Bertels,

## CCS INVESTMENT BEHIND - POLICY REQUIRED TO CATCH UP

CCS will require

- Long term signal of support/need for CCS
- Policy parity; a level playing field with other low carbon technologies
- Short term support to build and operate CCS demonstration plants



Data source: Bloomberg New Energy Finance as shown in IEA presentation "Carbon Capture and Storage: Perspectives from the International Energy Agency", presented at National CCS week in Australia, September 2014.

## CSLF CAN DRIVE SUSTAINED DELIVERY OF CCS

- **Regional/global collaboration** to demonstrate CCS at scale and learn effectively, progressing from the first round of CCS demo projects to the next batch; hub/infrastructure planning
- **Policy incentives and funding mechanisms** to support CCS demonstration at scale, until the time that e.g. CO<sub>2</sub> pricing mechanisms supports commercial deployment. Enable commercial (3rd party/service provider) storage.
- **Engaging society and regulators** to explain that besides progressing Renewables CCS must be implemented to de- carbonise Fossil Fuels and deliver on country's GHG reduction needs 2030+

From Tim Bertels,