

## An ambitious CCUS Policy for a Resilient Green Recovery

### Short paper

The ongoing Covid-19 crisis and resulting economic slowdown has triggered a focus on how to structure a post Covid-19 recovery strategy which is also consistent with the UK's net zero target. The emerging conversation has resulted in commentary from independent institutions such as the Committee on Climate Change, the Grantham Institute and the Oxford Smith School of Enterprise and the Environment who have highlighted key investment focus areas which can ensure a UK recovery accelerates both economic and climate objectives together.

To reach net zero the UK must deploy Carbon Capture Utilisation and Storage (CCUS) at a very large scale by 2050 to support the decarbonisation of industry and power, produce clean hydrogen and generate Greenhouse Gas Removals (removing carbon dioxide from the atmosphere by combining CCS and bioenergy – BECCS).

Several independent institutions have also highlighted the important contribution that CCUS can make to ensuring a Resilient Green post Covid Recovery. The development of UK CCUS projects and associated infrastructure can build regional momentum, improve prosperity, and create and retain many tens of thousands of high-skilled jobs in direct industries, the associated supply chain and wider linked economies. An ambitious CCUS programme will also help to accelerate the energy system transition, whilst enabling the North Sea oil and gas sector and energy intensive industries to diversify into the low carbon industries of the future.

The ten-year period from now until 2030 is a crucial period for CCUS deployment in the UK and needs to lay the foundations which support subsequent rapid increases in CCUS deployment. The importance of CCUS for the UK was recognised in the Budget 2020 with the announcement of a CCS Infrastructure Fund to support the development of the first UK CCS sites helping to reduce CO<sub>2</sub> emissions and establish new innovative industries.

The UK's success with offshore wind offers clear lessons for how CCUS can be progressed within the UK. In particular, the 'Commit and Review' approach to offshore wind (a capacity commitment followed by a review to decide on further ambition) provided the confidence that underpinned innovation and investment and drove down costs while contributing to decarbonisation.

The Committee on Climate Change have previously recommended that to meet climate goals, the UK should be aiming to capture and store at least 10 million tonnes of carbon dioxide (10MtCO<sub>2</sub>) per year by 2030. In their 2019 report "*Net Zero: The UK's contribution to stopping global warming*" they stated that "*for a net-zero target it is very likely that more [than 10MtCO<sub>2</sub> per year by 2030] will be needed*".

The CCSA believes that this 10MtCO<sub>2</sub> per year target should be adopted as a 'deployment floor', which establishes the absolute minimum level of deployment needed by 2030 whilst retaining the flexibility to raise the ambition and support the delivery of higher volumes of CO<sub>2</sub> reductions if required.

**We therefore propose that the government adopts a '10Mt Commit and Review' CCUS policy to deliver the UK's ambition to become a world leader in CCUS whilst making a significant contribution to a Resilient Green post Covid-19 Recovery.**

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The '10Mt Commit and Review' policy would;

- Ensure that the government's CCUS programme is aligned with the post Covid-19 recovery and net zero recommendations made by the Committee on Climate Change.
- Give investors the confidence of a minimum market size over the next decade within which they can demonstrate clear cost reduction opportunities across the value chain.
- Provide the Government with the flexibility and information it needs to be able to make informed decisions on the appropriate level of CCUS deployment post-2030.
- Send a strong signal that the UK wishes to become a world leader in CCUS technologies, helping to attract the necessary investment.

Government is actively progressing policy on business models for CCUS infrastructure, clean hydrogen, industry and power as well as announcing funding which has enabled a number of CCUS projects to progress towards becoming 'shovel-ready'. With the implementation of the right policies these projects can move quickly and contribute to economic and climate objectives.

The '10MtCO<sub>2</sub> Commit and Review' strategy proposed here would enable the UK to become a world leader in CCUS whilst delivering on its regional clean growth agenda. This strategy would also make a material contribution to a Resilient Green Recovery and aligns well with the key independent recommendations on how the UK should implement its recovery package and deliver a net zero target.

**To view the full CCSA paper *"CCUS 2030: How the CCS Infrastructure Fund and an ambitious CCUS policy can contribute to a Resilient Green Recovery"* please visit the [CCSA website](#).**