

CCSA Press Release

19 October 2011

For Immediate Release

CCS Industry Responds to Longannet Decision

Responding to the announcement today that the consortium led by Scottish Power will not proceed with their Carbon Capture and Storage project at Longannet, Dr Jeff Chapman, Chief Executive of the CCSA commented:

“It is clearly disappointing that the Longannet CCS project will not proceed. However, the decision is the unfortunate result of specific issues individual to these negotiations and should in no way be taken as indicative of the readiness of CCS or the ambition of the industry. Despite this, the lessons from this UK competition will be an invaluable contribution as we move forward with the UK CCS programme.

“We strongly welcome the Prime Minister’s commitment to safeguard the £1bn previously earmarked for Longannet and the Secretary of State’s assurance that the funds will be reallocated to the next CCS projects. We urge Government to ensure that a streamlined funding and construction process is put in place to deliver the commitment to four CCS projects as smoothly and swiftly as possible. We look forward to the publication shortly of DECC’s ‘CCS Roadmap’, which we expect to set out a comprehensive UK CCS investment programme, providing investor confidence going forward.

“Substantial investment has already been made by developers who remain bullish. Out of thirteen projects submitted for European funding, seven were from the UK compared to one each from other member states. Longannet was one of the seven consortia competing to develop projects – the remaining six projects remain viable and are proceeding at pace.

“CCS is critical to meeting UK emissions reduction targets and Government’s commitment to decarbonise the power sector by the 2030s. To achieve this, we

believe 20 to 30GW of CCS must be on the system by 2030. CCS is an extremely cost effective way to reduce emissions and presents a huge opportunity for UK technological leadership, bringing prosperity, growth and jobs in the low carbon economy.”

ENDS

Notes to Editors:

1. At Prime Minister's Questions today, in response to a question by Shadow Energy and Climate Minister Tom Greatrex MP, David Cameron stated: “What I can say to the hon. Gentleman is that the funding that we set aside for carbon capture and storage is still there. That funding will be made available. Clearly, the Longannet scheme isn't working in the way that they intended, but the money and support from the Government for this vital technology is there.”
2. *A Strategy for CCS in the UK and Beyond*, which was launched in the House of Commons on 8 September 2011, describes the policy and regulatory framework required by industry for a smooth and strong uptake of CCS, and can be downloaded from the CCSA website at: www.ccsassociation.org/press-centre/reports-and-publications/. The Strategy estimates that at least 20-30GW of fossil-fuel power generation capacity fitted with CO₂ capture and storage will need to be installed to meet the UK's aim of largely decarbonising its power sector by 2030.
3. The Coalition Government has committed to four CCS plants in the UK through an industry competition. There are at least 6 CCS projects which have been submitted to the EU NER300 competition (see the full list at <http://www.ccsassociation.org/why-ccs/ccs-projects/current-projects/>), attesting to businesses readiness to work with the government to deliver CCS.
4. The timely development of the four CCS demonstration projects will enable the UK to take the lead in the global race to deliver this vital technology. CCS technology presents a huge opportunity for UK technological leadership, bringing prosperity, growth and jobs in the low carbon economy.

5. Through the introduction of Electricity Market Reform, the UK government has introduced the world's first financial mechanism (a Feed-in-Tariff Contract for Differences) to incentivise the deployment of CCS projects beyond the demonstration programme. This mechanism places CCS alongside other low-carbon technologies, such as nuclear and renewables.
6. According to the latest report from the Global CCS Institute, the world is likely to have 20 large-scale CCS projects operating by 2020. There are eight large-scale integrated projects already operating and a further six under construction. Projects under construction include Boundary Dam in Canada – the second project to capture carbon dioxide (CO₂) emitted by a power station and Kemper County, an integrated gasification combined cycle (IGCC) project in Mississippi. Another is the first project in the US to store CO₂ in a deep saline formation, the Illinois Industrial Carbon Capture and Sequestration project.
7. CCS can remove approximately 90% of the carbon dioxide emissions associated with conventional fossil fuel power generation, such as coal or gas fired. CCS therefore makes a significant contribution towards meeting the UK Government's target of an 80% reduction in carbon dioxide emissions by 2050.
8. The Carbon Capture and Storage Association exists to represent the interests of its members in promoting the Business of Carbon Capture and Storage (CCS). The Association works to raise awareness, both in the UK and internationally, of the benefits of CCS as a viable climate change mitigation option, and the role of CCS in moving towards a low-carbon global economy.

For further information contact:

Dr Jeff Chapman, CCSA +44 7747 761065 / jeff.chapman@ccsassociation.org

Tom Waller, Edelman +44 7850 243 397 / tom.waller@edelman.com