

CCSA PRESS RELEASE

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Energy and Climate Change Committee Challenges Government over Investment Confidence

The Carbon Capture and Storage Association (CCSA) welcomes the publication of the Energy and Climate Change Committee's report on the pre-legislative scrutiny of the draft Energy Bill. This report sets out the conclusions of the Inquiry launched in May, and covers key issues relating to Electricity Market Reform (EMR) – further details of which were published alongside the draft Energy Bill on the 22nd May. The recommendations in the Committee's report strongly emphasise the need for the Government to provide confidence to investors, concluding that many of the provisions in the Energy Bill must be set out in more detail – to enable developers to come forward with vital low-carbon investment.

Dr Jeff Chapman, Chief Executive of the CCSA, commented:

"We are very encouraged to see that the Energy and Climate Change Committee has come out in support of Industry's concerns regarding the Energy Bill – in particularly the major challenge of investor confidence. Whilst we support the UK's reform of the electricity market, there is a real danger that the proposals as set out, will not provide the investment confidence required by CCS project developers. EMR must send a strong and clear signal to project developers on the Government's CCS goals. The current proposals contain virtually no detail on how CCS will be supported beyond the current Commercialisation Programme.

The Committee's report has rightly recognised that there is still substantial detail on the Feed-in-Tariff Contract-for-Differences (FiT CfD) that remains unclear. The CfD is the main incentive mechanism for CCS investment and from the provisions we have seen so far there does not seem to be sufficient consideration of how the CfD can apply to CCS – with a real danger of a shortfall in investor confidence.

The CCS industry also urgently needs clarity on the details of the Levy Control Framework, which will set out the level of support that can be expected for each technology in the short to medium-term and we therefore strongly support the recommendation in the Committee's report on this issue. Investors

need to know that a budget exists before they will commit to considerable up-front project development costs.

This report is a valuable and timely piece of work and we sincerely hope the Government takes on board the recommendations included. This is a critical period for CCS in the UK; this Government has to get EMR right if we are to make CCS in the UK a success.”

ENDS

Notes to Editors:

1. The Energy and Climate Change Committee published its report on the pre-legislative scrutiny of the draft Energy Bill on 23 July 2012. The report can be found [here](#).
2. On 22 May 2012, the Secretary of State for Energy and Climate Change announced the publication of the draft Energy Bill, alongside a number of documents related to Electricity Market Reform. The draft Energy Bill can be found [here](#) and related documents include [technical updates](#), [aide-memoires](#) and [impact assessments](#).
3. The CCSA Report '*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 CCS will need to be installed to meet the UK's aim of largely decarbonising its power sector by 2030.
4. To date, at least six UK CCS projects 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.
5. 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.

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