CCUS priorities in first 100 days of the new government

CCSA

The CCUS industry is on the cusp of deploying projects at scale across the UK, transforming industries and communities, and demonstrating that decarbonisation is not deindustrialisation.

Carbon Capture, Utilisation and Storage (CCUS) is the process by which carbon dioxide (CO_2) is captured from power generation, hydrogen production, and industrial processes emissions, or directly from the atmosphere, then either utilised to make new products or injected into permanent geological storage.

With CCUS, we can futureproof the success and survival of key British industries such as cement, chemicals and other manufacturing sectors which are critical to the UK's clean industrial growth. As these industries decarbonise, they will supply the market with low-carbon products and export these to countries that are not able to produce their own.

By accelerating the deployment of carbon capture and storage with these five steps, the UK could secure around £30bn in private sector investment by 2030, delivering on its clean power and industrial decarbonisation strategies, whilst creating 70,000 new jobs and protecting 77,000 more in existing carbon-intensive industries.

Upon entering into government on 5 July, it is critical that priority is given to ensuring that progress on the Cluster Sequencing Programme, the project delivery mechanism for CCUS, is accelerated. Track-1 of the Programme is well advanced, with significant investments totalling almost half a billion made by participants in two clusters, who are at the final stages of lengthy negotiations for contracts for difference (for carbon capture projects) and economic licenses (for transport and storage infrastructure).

The whole UK industry and investors are watching the Track-1 clusters. Reaching Final Investment Decisions (FID) on them swiftly will have a very positive impact on investor confidence in the UK. There is an opportunity to not only unlock the significant c. £10bn investment in the first two clusters, but also the next stage of development expenditure in the pipeline of follow-on projects required to hit the UK's 2030 goals and ensure that we remain a global leader in this vital technology. Countries around the world are competing with the UK for investment, and with many multi-national companies currently choosing where to invest in projects globally over the next five-year cycle (2025-2030), rapid action from the new Government is necessary in order to avoid project attrition.

Ruth Herbert, CEO, Carbon Capture & Storage Association (CCSA)

Immediate CCUS priorities

The Carbon Capture & Storage Association (CCSA), the leading association accelerating the development and deployment of CCUS, recommends **five immediate steps** that the Government needs to take in their first 100 days in office to ensure the successful development of CCUS in the UK.

*Working together as 'MNZ & Peak Cluster'
**Final investment decisions in September

STEP 1

Secure Final Investment Decisions (FIDs) for Track-1 Clusters in the Cluster Sequencing Programme by September

In the first eight weeks of being in office, the Government has a window of opportunity to secure significant private investment in meeting its goals:

- FIDs on world's first two large-scale integrated CCUS clusters in the North West and North East of England's industrial heartlands would protect industrial jobs, create new jobs and enable growth through the low carbon economy.
- This will secure c. £10bn of inward investment into the UK to deliver around one third of the UK's target for stored CO_2 by 2030.
- The two clusters will provide 860MW of flexible low carbon electricity to support reaching clean power by 2030 and over 850MW of low carbon hydrogen production to decarbonise local industries.

STEP 2

Publish a delivery roadmap for Track-1 expansion and Track-2 clusters

To meet the UK's 5th and 6th Carbon Budgets, 20-30 Mt of CO_2 must be captured and stored by 2030, rising to 50-60Mt by 2035. To deliver the first four clusters that have been selected to be built and operated before 2030 requires:

- Government to urgently set out next steps for selecting capture projects for the expansion of Track-1 and for the development of Track-2 clusters.
- Development of Track-1 expansion to commence upon approval of the Track-1 economic licences in September if volumes are to be connected in 2028 as required.
- Track-2 capture project selection to enable Track-2 FIDs from 2025, if they are to contribute to the Government's 2030 targets.

STEP 3

Clarity on revenue support envelopes

The CCSA has asked for an annual revenue support envelope for CCUS, matched to the level of deployment required to meet the UK's 5th and 6th Carbon Budgets. This would:

- Provide forward visibility of the funding available for future Contract for Difference allocation to drive private sector investment into the project development pipeline, boost supply chain confidence and investment.
- Unlock around £30bn of private sector capital before 2030, if allocated in a timely way, with no call on the revenue support until projects are operational.
- Drive development of further clusters, which are needed to meet targets and can be operating close to 2030.
- Repeat the success of the £7.6bn/year committed in the 2011 Levy Control Framework (LCF) for renewable electricity generation, (now the Control for Low Carbon Levies) which secured billions of private sector investment into the UK's offshore wind development pipeline.

STEP 4

Allocate Green Industries Growth Accelerator (GIGA) to the supply chain

To maximise benefit to UK Plc from investment in the Track-1 clusters, the Government must:

- Swiftly allocate funding from GIGA to CCUS and hydrogen sectors, ensuring funds are not spread too thinly to have material impact.
- Ensure the UK captures the opportunity to roll out our home-grown technology and can compete with the US to secure modular carbon capture manufacturing facilities in the UK.

STEP 5

Continue to make progress on market mechanisms that will reduce direct subsidies and drive widespread deployment

To maintain investor confidence in British industries and prevent loss of manufacturing jobs to other jurisdictions, Government must work with industry to continue to progress:

- Finalisation of business models for Carbon Removals (BECCS and DACCS) to enable those projects to take part in the Cluster Programme and reduce the overall cost of deployment through the value of negative emissions.
- Enabling of CO_2 shipping and bi-lateral cross-border agreements to ensure the UK does not lose out on the opportunity of participating in the emerging European CO_2 transport and storage market.
- Incentivising investment in development of CO_2 stores required post-2030, as well as in capture projects.
- Clarity on the evolution of market mechanisms such as the Emissions Trading Scheme and Carbon Border Adjustment Mechanism and alignment with EU equivalents.
- Development of low carbon products markets which will be key to driving investment and driving down subsidy as CCUS is rolled out more widely around the UK.

By undertaking the above five steps in the first 100 days of Government, the UK can achieve first mover advantage in the global CCUS race, create a new industry, decarbonise British businesses, protect and create jobs, and attract inward investment.

The Carbon Capture and Storage Association (CCSA) is the trade association focused on accelerating the commercial deployment of carbon capture, utilisation and storage (CCUS).

We work with our members, governments and other organisations to ensure CCUS is developed and deployed at the pace and scale necessary to meet net zero goals and deliver sustainable growth across regions and nations.

The CCSA has over 100 member companies who are active in exploring and developing different applications of carbon capture, CO_2 transportation by pipeline, ship and rail, utilisation, geological storage, and other permanent storage solutions, end-users from the industrial, hydrogen and power sectors, as well as the supply chain, management, legal and financial consulting sectors.

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