

# THE CCUS OPPORTUNITY

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**sandbag**

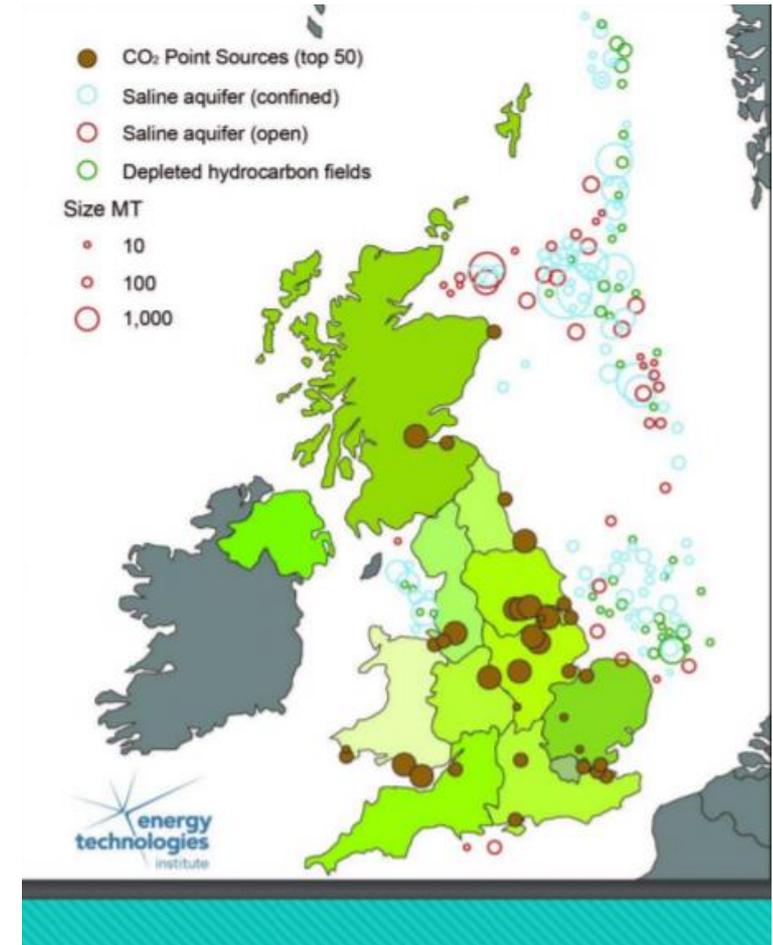
# WHAT IS THE VALUE OF CCUS?

- Meeting the 'well below 2°C' Paris Agreement target without CCUS is not possible
- CCUS provides another option for cost effective decarbonisation
- Helps mitigate risk if other decarbonisation options aren't delivered
- Provides the only option for many hard to mitigate end users such as steel and cement production
- Provides the bedrock for the development of a hydrogen economy to decarbonise heat
- Mitigation without CCUS would be considerably more expensive
  - CCC: *"estimated doubling of the cost of meeting the UK's 2050 target if CCS is not available"*
- Delaying CCUS would also be costly
  - ETI: *"delaying CCS commercialisation for ten years would increase the cost by £1-2 billion per year throughout the 2020s, increasing to £4-5 billion per year in 2040"*



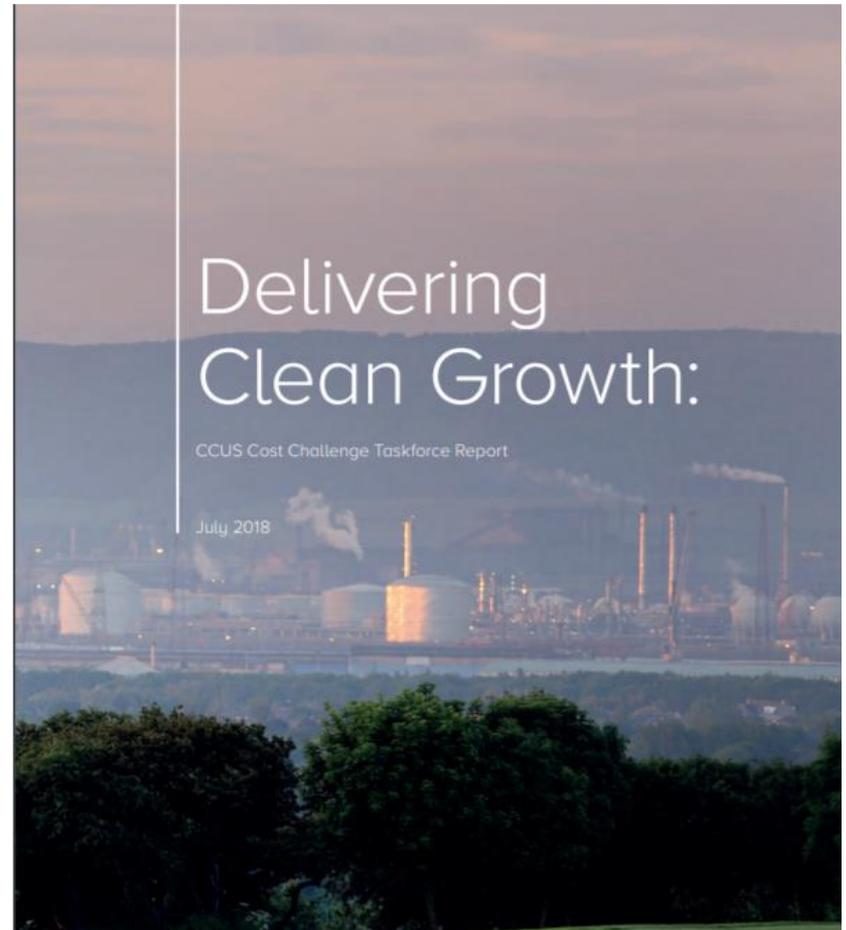
# CCUS IN THE UK

- UK is ideally located for storage of CO<sub>2</sub> – huge potential in ‘*low carbon North Sea hub*’
- Through early action, the UK Government can help to rapidly bring down the costs of CCUS
- The Government can show it is serious about delivering the 4<sup>th</sup> and 5<sup>th</sup> carbon budgets, which it is currently set to miss
- Government actively considering date to reach net zero emissions – CCUS will be vital to making this possible
- Government should start the process to select CCUS clusters next year so that first one is operational in mid 2020s



# COST CHALLENGE TASKFORCE

- 2018 CCTF set up by Minister Claire Perry and asked to examine what steps are needed to reduce the cost and maximise value of deploying CCUS in the UK



# WHY A TASKFORCE?

- Clean Growth Strategy set out Government's commitment to CCUS, and having the option to deploy CCUS at scale in the UK and maximise its industrial opportunity
- Government recognised need to re-engage disheartened CCUS stakeholders, following the collapse of the CCS competition
- Minister Perry personally committed to driving forward CCUS, and recognises the crucial role it needs to play, particularly for industry, in context of delivering Clean Growth Strategy

*“As world pivots to a low-carbon economy we want to maximise the advantages for UK industry from this transition and to ensure we benefit from the innovative new technologies that will be at the heart of meeting our climate ambitions”*

# WHY A TASKFORCE?

- In 2012, Offshore Wind Cost Reduction Taskforce lit a fire under the wind industry. UK's wind industry is now world leading – it was hoped that a CCTF could do the same for CCUS
- Wanted to draw on rich expertise in sector to determine next steps, and recognised lack of champions within Government
- Oxburgh report on CCUS gave the opening for Government to respond by setting up Taskforce
- BUT clear that Government not willing to put £1 billion on the table again – needs a different model
- Consideration of a Regulated Asset Base approach for new nuclear means that the idea can also be actively explored for CCUS

# KEY CCTF RECOMMENDATIONS

1. The Government needs to create a stable, long term, supportive policy environment to unlock deployment at scale
2. Recycling pipelines and other oil and gas infrastructure as they are decommissioned – and sharing them between CCUS projects – will reduce costs and risks. This will require new business models and public-private risk sharing arrangements
3. Unlocking industrial decarbonisation is key. Creating CCUS industry clusters will foster continuous technical innovation

# WHAT NEXT?

- Government to publish deployment pathways by end of year – must show first clusters in mid 2020s if CCUS is to be deployed in time
- Must also examine short term options for delivering CCUS that shows stakeholders Government is serious:
  - Usage of CO<sub>2</sub> where leads to permanent storage
  - Shipping of CO<sub>2</sub> where feasible
- Government must seriously examine the role of CCUS in delivering net negative emissions, e.g. through BECCS
- Must reinvigorate national and global conversation on CCUS – not enough other countries are seriously looking at the technology
  - Re-evaluating the role of International Climate Finance

# Thank you

## Any questions?

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