

Minutes
CCS Development Forum
27 January 2015, 11.00 to 12.30

Attendees:

Co- Chairs

Michael Gibbons – CCSA Chair

Ashley Ibbett - CEO, Office of Carbon Capture and Storage, DECC

This Forum was co- chaired by officials, and therefore substitutes were allowed.

Members

David Clarke - Chief Executive, ETI

Ward Goldthorpe - Programme Manager CCS & Gas Storage - The Crown Estate (Storage Development Group)

Leigh Hackett - Chief Executive, Capture Power Limited

Niall Mackenzie - Director, Energy, Materials & Agri-tech BIS

Theo Mitchell - Policy Advisor, CCSA

Trevor Nash- CEO, Sargas

Eric Redman, Co –Chair, Summit Power Group

Dave Robson – Technical Development Manager, SSI UK

Nilay Shah - Imperial College London; UK CCS Research Centre

Bill Spence - Head of CCS, Shell

Paul Sullivan - Commercial Development Manager - National Grid Carbon

Graeme Sweeney - Chairman, Zero Emissions Platform

Angela Whelan - Chief Executive, Ecofin Research Foundation (Commercial Development Group)

Peter Whitton - Managing Director Progressive Energy

Amy Clemitshaw

Nick Crabtree

Tony Ripley

Will Lochhead

Apologies:

Rt Hon Matthew Hancock MP – Minister of State for Energy

Patrick Dixon - OCCS Expert Chair

Rob Hastings (represented by Ward Goldthorpe)

Alan Foster (represented by Paul Sullivan)

Item	Discussion	Action
Item 1	<p>Welcome and introductions – Mike Gibbons (MG)</p> <p>MG opened the Forum, welcomed those attending, introduced Trevor Nash of Sargas to the Forum as a new member and acknowledged the valued contribution of Lewis Gillies of 2Co during his time on the Forum. Energy Minister, Matthew Hancock was unable to attend – MG and AI offered apologies on behalf of the Minister.</p>	
Item 2	<p>Government update– Ashley Ibbett (AI)</p> <p>AI provided an update on recent developments since the last Development forum in September, reiterating the Government’s commitment to CCS. Forum members received an update on CCS developments since the last meeting including:</p> <ul style="list-style-type: none"> • The entry into operation of the Boundary Dam CCS Project in Saskatchewan Canada demonstrating operation at commercial scale ahead of COP20 • The November UK Joint Statement of cooperation with Canada • The inclusion of CCS in the EU 2030 Energy and Climate Change Framework reflecting the potential of CCS in Europe. AI thanked Forum members for their contribution to a successful outcome on CCS. • A reiteration of DECC’s commitment to the Commercialisation Programme. Members were updated on recent developments in the Commercialisation Programme, the release of the draft documentation and the 21 January joint DECC-Capture Power Limited lenders event. • The November and December R&D funding announcements which would benefit different elements of the CCS chain, including transport and storage, demonstrating DECC’s continued commitment to CCS through R&D funding. • The publication of guidance on third party access to transport and storage. AI thanked the CCSA and its members for their contribution to this piece of work. • Work to follow up on the publication of the Next Steps in CCS: Policy Scoping Document (PSD). AI thanked members for their responses. The objective of the PSD was to refresh and widen the evidence base in support of CCS, to inform discussions on future government priorities, including through the spending review, which was expected to commence later this year. • DECC’s work on a future CCS Contract for Difference, referring to AC’s letter of November setting out the timetable and scope for the first stage of this work as well as the workshop which had been held in December to discuss the key CfD issues identified following publication of the PSD. 	

<p>Item 3</p>	<p>Presentation: NER 400 - Tony Ripley (TR)</p> <p>TR led a discussion on the future of the new NER 300 facility (NER 400). The European Commission consultation on the EU ETS Directive covering NER 400 would close on 16 March. Forum Members were informed that DECC would be co-ordinating a UK Government response. In addition to submitting views to the Government Response, Forum Members were encouraged to submit individual responses, as well as to input into the Zero Emissions Platform and CCSA responses.</p> <p>TR outlined the existing NER 300 mechanism and asked the forum to consider what, if anything, it would like to see done differently in the NER 400</p> <p>Forum Members highlighted four key themes that would need to be considered in the new funding scheme.</p> <ul style="list-style-type: none"> • Clarification on whether the new facility would include part chain projects. Members felt the facility should be made available to all parts of the CCS chain and not limited to full chain projects. • How funding might best be leveraged by making the links with plans for EU Projects of Common Interest (PCI) on CO₂ transport and the need for early injection of funds into storage. • The balance between securing criteria that would support CCS projects coming forward, particularly in the UK, and ensuring the criteria were flexible enough to secure support from a range of Member States. • Some Forum Members felt that CCS should have earmarked funds within the NER 400 framework. <p>Members discussed the practical reality of NER funding and whether the amount of funding would be sufficient to cover operational costs. The view was that any funding would be unlikely to completely cover operational costs of a full chain project and therefore funding should be made available to a wider range of projects, including smaller projects, FEED studies and grant funding.</p> <p>Forum members outlined that the UK had the advantage of being able to develop projects sooner rather than later in comparison to other Member States due to the favourable regulatory climate and that we should maintain our efforts to promote similar regulatory measures across Europe.</p> <p>TR thanked Forum members for their comments and contributions. He said that DECC would be hoping to pull together a government response by mid –February to meet the Commission’s deadline of 16 March, and that this discussion had provided useful input into that response.</p>	
<p>Item 4</p>	<p>Industry update - Commercial and Transport/Storage Development Groups</p> <p>The Commercial and Transport/Storage Development Groups updated the Forum Members on activity since September. The following points were also made in discussion:</p>	<p>Separate TDSG note detailing activity to be circulated following the</p>

	<ul style="list-style-type: none"> • The Commercial Development Group (CDG) set out that the Group had expanded its membership and now included Baroness Bryony Worthington, Teesside CCS, Sargas and Summit. • The CDG highlighted the markers that had been set out in its response to the policy scoping document and that over the next 6-9 months they would consider these issues, in collaboration with the CCSA, (including Fuel Price Indexation, CfDs). In addition, there should be a greater role for organisations such as the Green Investment Bank, Infrastructure UK, and European Investment Bank in promoting finance for CCS projects. • The CDG raised the issue of the perceived effect of the Competition’s confidentiality arrangements on potential negotiations with third parties. DECC highlighted the provisions governing third party access to infrastructure set out in the CCS Regulations and Guidance. In a letter to the CCSA at the time of the publication of the Guidance, DECC had made clear that nothing in the Competition rules prevented preferred bidders from having discussions with potential third parties interested in accessing CO₂ pipelines and storage sites, and that if these discussions were unable to proceed due to the need to share confidential information, the Competition bidders should approach DECC who would be happy to enter into discussion about potential solutions. • Forum members and other developers wishing to access infrastructure were encouraged to speak to White Rose and Peterhead. • The Transport and Storage Development Group (TSDG) update set out the Group’s recent activity following the September development forum. In particular, this included the storage characterisation paper (progressing storage beyond the two Commercialisation Projects), optimising CO₂ Network Paper (full title – Optimising CO₂ networks to reduce CCS costs), and review of the EOR update paper (a literature review of reports from the past two years, highlighting key findings and gaps) and a summary of actions post Cost Reduction Taskforce which had been recorded in a report. 	<p>development Forum with forum minutes.</p>
<p>Item 5</p>	<p>DECC Progress Report – Amy Clemitshaw (AC) and Nick Crabtree (NC).</p> <p>AC provided an update to Members on the work DECC was undertaking on the design of a CfD for future power sector CCS projects. This workstream was focusing on financial incentives for power CCS under the Government’s EMR framework.</p> <p>AC recalled that the PSD outlined that Government aimed to put this framework in place by 2016. Since the last Development Forum meeting DECC had: shared a note with members setting out the proposed scope and timetable for the first stage of work, to April 2015; hosted a workshop in December to share responses on CfD issues received in response to the PSD, and to agree with stakeholders the priority issues for evidence gathering in the first stage of work.</p> <p>Going forward there would be further work to build up the evidence to inform Ministers’ consideration of the issues. This would include external engagement in a variety of formats including small group discussions. AC committed to keep</p>	<p>It was agreed that DECC would generate and recommend some early milestones for progressing work on CCS CfD design and allocation.</p>

	<p>the Development Forum, the Development Groups and the CCSA and its members regularly updated on the progress of this work.</p> <p>NC outlined the indicative Commercialisation timetable for the forthcoming year.</p> <p>Workshops took place in mid-January to take developers through draft documentation and detailed discussions would take place between February-Q3 to develop the detail of the draft contracts to reach agreed form.</p> <p>Final Investment Decisions were anticipated to be taken by Government in the first Quarter of 2016.</p>	
Item 6	<p>Next Steps and Closing Remarks</p> <p>TR highlighted an opportunity to engage in Europe as the Energy Union paper is developed over the next few months. Forum members were encouraged to work with DECC and the CCSA in submitting views to the European Commission. DECC would seek to keep Forum members abreast of European Developments.</p> <p>MG proposed that the next Development Forum could include an agenda item on further engagement on CCS in Europe and internationally.</p> <p>MG and AI thanked Forum members for attending.</p> <p>The next meeting would take place later in the year, date to be confirmed.</p>	