

CCS Cost Reduction Task Force

10.30 – 13.00, 26 November 2012

The Crown Estate, 16 New Burlington Place, London, W1S 2HX

Minutes of the 5th meeting

Address from the Chair

1. The Chair, Dr Jeff Chapman, welcomed all participants to the 5th meeting. He thanked all members of the Task Force and workstream leaders for their work on the Interim Report, which has been presented to DECC Ministers and published on 20 November. He noted that the report has been well-received by industry, other Government departments and by the press. The meeting would discuss the scope of future work needed by the Task Force to produce the final report which is due to be published in spring 2013.
2. The Chair then welcomed Ashley Ibbett, who had recently taken up post as Chief Executive of the Office of Carbon Capture and Storage, to the meeting.

Address from Ashley Ibbett, Chief Executive, Office of Carbon Capture and Storage

3. Ashley Ibbett welcomed the publication of the Task Force's Interim Report and commented that it had been widely well-received. He then summarised the announcement made by the Secretary of State on 23 November on energy policy to be contained in the Energy Bill. The measures to be set out in the Bill would provide certainty and deliver a clear, durable signal to investors. Reforms to the energy market would require £110 billion investment in new infrastructure. To achieve this, a Government-owned company would be established to provide confidence to investors to enter into long-term Contracts for Difference. £7.6 billion support for low carbon investment, including support to projects in the CCS Commercialisation Programme, would be available under the Levy Control Framework.
4. The Task Force then discussed the provisions contained in the Energy Bill and the additional challenges and issues that would need to be addressed to ensure the long-term development of CCS projects and infrastructure beyond the present CCS competition.

Minutes of previous meeting

5. The minutes of the 4th meeting held on 3 October were agreed, except for an amendment which was requested to the attendance list. Amended minutes will be published on the DECC website. The actions from the 4th meeting had been completed in the course of the work on the Interim Report.

Project update and Feedback on Interim Report

6. The Chair thanked all for their work on finalising the Interim Report. The Task Force discussed the positive reaction to the report from across Government, industry and the press following publication. The discussion noted that the figures contained in the Interim Report were conservative in some respects and there was the potential for costs to be reduced further. There were a number of areas in the report that could be refined and used to form part of the ongoing work programme of the Task Force for the final report. It was noted that the recent report published by P B Power presented a useful analysis of the potential for cost reductions.

7. Members briefly discussed the launch process of the final report, which is due to be published in spring 2013, and whether there would be a specific event to coincide with this. At this stage it had not been decided how the publication would be handled. It was suggested that a CCS Industry Day event could be held by DECC. (An Industry Day was held on 16 December 2011 to provide an update on the CCS programme.) It was felt that the finance sector would have a particular interest and this could form the focus of any such event. DECC agreed to consider options for holding another Industry Day but noted that there may be some sensitivities at this time with the CCS competition in progress.

ACTION : DECC Secretariat to consider options for a CCS Industry Day.

Candidate Actions Assignment

8. The Chair asked members to discuss the Candidate Actions (contained in Annex B in the Interim Report). It was noted that there are a number of actions that impact on one another and that many could be grouped together to form issues that could be discussed by working groups. The discussion raised whether Task Force needed to know more about the Energy Bill and its implications and opportunities for CCS. It was thought to be helpful to have a single source to summarise various activities - the CCS competition, R&D funding, Energy Bill, EMR etc on a short two-page document. This would impact on the future work discussed by the Task Force.

9. It was agreed that it would be useful to produce a short summary document that brought all current activities together and showing whether Government or industry was responsible for the actions.

ACTION: Short summary of all issues impacting on CCS to be included in scope of future work .

10. Members also felt that it would be useful to know the extent of current work on storage. The Crown Estate briefly summarised several storage projects that they were working on in conjunction with other organisations and undertook to distribute information to Task Force members of those projects.

ACTION : The Crown Estate to distribute a list of storage projects to members.

11. The Chair led a discussion on how to assign Candidate Actions and whether new groups needed to be formed. Options were considered and it was agreed that the most

appropriate course would be to reconvene the working groups established to discuss workstreams for the Interim Report. The groups would need to consider slightly different issues, and in particular it was felt that storage and EOR would need to be considered separately. There were also “landscape” issues that would impact on all working groups.

12. Workstream champions, who had led on the workshops leading up to publication of the Interim Report agreed to continue to lead workstreams. The Chair will consider with workstream leaders the structure of each group and issues to be covered. The Chair will also consider who should lead the additional fourth working group, currently called “Other”.

The current working groups will be:

- Generation and Capture Technology - led by Thomas Stringer (Alstom)
- Financial and Commercial - led by Allan Baker (Societe Generale)
- Storage and Infrastructure - led by Alastair Rennie (AMEC)
- “Other” – to consider Landscape issues (leader to be decided)

Next Steps: final report

13. The Task Force discussed the scope of future work which would lead to the publication of the final report, the extent of the work that could be carried out by members and whether consultancy would be required. The exiting budget allocated for the work carried out by Poyry had now been exhausted. The members wanted to discuss options. (The representatives of Poyry left the meeting room while this discussion was in progress).

14. It was agreed by members that Poyry had produced excellent work for the Task Force, produced to a high standard within the terms of the project specification. There was also discussion on whether new consultants might be appointed to look at the work afresh, but it was noted that the analysis in the report produced by Mott MacDonald had already been used as the basis of the work undertaken by Poyry. It was agreed that further consideration would be given by members as well as how any potential new consultancy work might be funded. Members recognised the budgetary constraints that parties were working under.

15. The Chair commented on the high quality of the project management provided to the Task Force by The Crown Estate and it was agreed that they would continue to project manage further work. It was agreed that The Crown Estate would produce a document scoping the extent of the further work required to produce the final report. This would then be considered further by the Chair, together with the need for any further consultancy work.

ACTION: The Crown Estate to produce a specification for further work required by the Task Force to complete the final report.

Public Communications Update

16. Future public communication work to be decided in due course once work on the final report was progressed.

Meeting with Energy Minister - 12 December

17. The Energy Minister, John Hayes, had expressed an interest in meeting the Task Force to discuss their work following publication of the interim Report. 12 December had been set aside for a meeting. The format and scope of the meeting was discussed. It was agreed that the Chair would hold further discussions with the secretariat over the arrangements.

AOB

18. The scope of future work and the number of further Task Force meetings and workshops to be held will be discussed at the meeting on 12 December.

CCS Cost Reduction Task Force: 5th meeting

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Attendees

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|-------------------------|--|
| 1. Jeff Chapman | Chair |
| 2. Ashley Ibbett | DECC |
| 3. Allan Baker | Societe Generale |
| 4. Paul Bryant | CCS TLM |
| 5. Patrick Dixon | DECC |
| 6. Mike Farley | Scottish Enterprise/Industry and Power Association |
| 7. Jason Golder | The Crown Estate |
| 8. Leigh Hackett | Alstom |
| 9. Eirik Harding Hansen | TCM |
| 10. David Hurren | Air Liquide for Mike Saunders |
| 11. Chris Littlecott | Scottish CCS |
| 12. Bryony Livesey | Costain |
| 13. Wilfried Maas | Shell |
| 14. Belinda Perriman | Shell |
| 15. Andy Reid | E.ON |
| 16. Alastair Rennie | AMEC |
| 17. Thomas Stringer | Alstom |
| 18. Angela Whelan | Ecofin Research Foundation |
| 19. Peter Whitton | Progressive Energy |

Consultants

- | | |
|-------------------|-------|
| 20. Phil Hare | Poyry |
| 21. Stuart Murray | Poyry |

Secretariat

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| 22. Ian Donaldson | The Crown Estate |
| 23. John Overton | DECC |
| 24. David Fielder | DECC |

Apologies

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| 1. David Clarke | ETI |
| 2. George Clements | SSE |
| 3. Claude Heller | Air Liquide |
| 4. Colin Imrie | Scottish Government |
| 5. Alastair Meikle | AMEC |
| 6. Richard Metcalf | Norton Rose |
| 7. Derek Parkin | E.ON |
| 8. Ian Phillips | CO2 Deepstore |
| 9. Mike Saunders | AMEC |