



Department for
Business, Energy
& Industrial Strategy

CCUS Council

Sixth meeting – summary

1 April 2020

Attendees

Co-chairs

Rt Hon Kwasi Kwarteng MP, Minister for Business,
Energy and Clean Growth

James Smith, former Chair of the Carbon Trust

Council Members

Frank Aaskov	Make UK
Faisal Bachlani	Equinor (representing Stephen Bull)
Allan Baker	Societe Generale
Rebecca Barnett	Ofgem (representing Jonathan Brearley)
Paul Booth	Tees Valley LEP
Roz Bulleid	Green Alliance (representing Dustin Benton)
Mike Cooper	ExxonMobil
Craig Dyke	National Grid (representing Fintan Slye)
Will Gardiner	Drax
Stuart Haszeldine	Scottish CCS
Phillip Hemmens	Eni UK
Sinead Lynch	Shell
Peter Mather	BP
Colin McGill	OGCI Climate Investments
Philip McNally	Energy UK (representing Audrey Gallacher, interim CEO)
Charlotte Morgan	Linklaters
David Reiner	Cambridge University
Mike Smith	representing Tom Shields for NECCUS and Scottish Industrial Cluster
Hywel Thomas	Cardiff University
Guloren Turan	Global CCS Institute (representing Brad Page)
Luke Warren	Carbon Capture and Storage Association

Apologies

Laura Sandys Challenging Ideas

Observers

Matt Taylor Deputy Director, CCUS Policy Team, BEIS

Will Lochhead Industrial Energy Directorate, BEIS

Andrew Russell CCUS Policy Team, BEIS

Louise Sun CCUS Policy Team, BEIS

David Fielder CCUS Policy Team, BEIS

Jason Golder The Crown Estate

Sian Wilson The Crown Estate Scotland

Ian Hill Oil and Gas Authority

Kate Hearndon Welsh Government

Ron Loveland Welsh Government

Introduction by James Smith

On behalf of CCUS Council members, James Smith thanked the Minister for his time and support for CCUS, and expressed gratitude for the Budget announcement of at least £800 million for the CCS Infrastructure Fund.

James Smith stated the UK should play to its comparative advantage strengths, building on existing cluster capability and felt confident that CCUS could generate high-quality jobs. The UK is already a leader in reducing emissions and CCUS provides further opportunities to maintain this position. He looked forward to creating more market orientated systems, noting the achievements of offshore wind in bringing down prices.

Introduction by Minister Kwarteng

The Minister thanked James Smith for his opening remarks and stated that Government is absolutely committed to CCUS, recognising that CCUS is a key to helping the UK to reach its net zero target.

He intends for the CCUS Council to meet three or four times a year, with the next meeting to be held prior to recess in July and a further meeting in late October or early November.

The Minister set out three priority areas for the CCUS Council:

1. **Actual deployment of the technology** – with considerations around geographies, timelines, and allocation of the CCS Infrastructure Fund announced at Budget.
2. **Business models/financial incentives** – designing an effective commercial framework, drawing on lessons from the offshore wind sector to help enable cost reductions and incentivise private investment.
3. **Supply chain** – opportunities to strengthen UK supply chain capability.

Deployment Timeline

James Smith invited members to give their views on developing a Government-Industry deployment timeline and to consider potential challenges of insurance, regulatory approvals, and re-use of oil and gas assets, which he believes the Council can play an important role in.

The following points were raised in discussion:

- **Sinead Lynch:** There is real value working together on the timeline and critical path issues. It would be important to engage with each cluster which are at different stages of pre-FEED and critical activities. Suggested starting with clusters and looking for commonality and then drawing out things that may have been missed. Important to consider how to support construction

and the allocation of CCS Infrastructure Fund, if largely for transport and storage.

- **Stuart Hazeldine:** Important to support all clusters which are at different stages and the need to help faster ones reach deployment and support and not discourage later ones.
- **Luke Warren:** Important to engage with regulators and ensure the regulatory system is aligned.
- **Charlotte Morgan:** CCUS Council could help to set the timetable and provide a forum for oversight of the delivery of the framework within the timetable. Also need to consider how we use the £800 million CCS Fund to leverage private finance, looking at lessons from the offshore wind industry and examples like the Green Investment Bank and how it stimulated more projects to develop.
- **Peter Mather:** Importance of business models and getting clarity on this as soon as possible is key. BP see enormous value in cross-cluster collaboration including on licensing, permitting and on agreeing on a timeline.
- **Colin McGill:** COVID-19 is having an impact on consenting process in terms of public exhibitions not being possible and landowners not being able to grant access. These are practical difficulties to manage.
- **Mike Smith:** Insurance markets are very important. Need to help green infrastructure markets understand what CCS is. Need also to build understanding in insurance market. Collaboration between clusters needs to come to the fore – suggest having multi-cluster meetings in the near future.
- **Will Gardiner:** A clear roadmap for where this is ultimately going to go helps build confidence and investment by providing visibility.
- **Allan Baker:** Engagement with the finance community is key – there is willingness in finance community and leveraging up the projects to ensure regulatory structures and risk allocation is financeable is very important.

The Minister recognised the potential role of the CCS Infrastructure Fund in facilitating deployment of CCUS in the 2020s and highlighted the importance of greater collaboration across all clusters to meet our net zero ambitions.

The Minister also recognised the need for greater clarity on finance models, closer cluster engagement and benefits of setting long-term commitments to deploy low carbon technologies, citing an example of the Government's commitment to deploying 40GW of offshore wind capacity by 2030.

Developing CCUS supply chains

Allan Taylor, Offshore Wind policy advisor, provided an overview of lessons learnt around developing supply chain policy from the offshore wind sector:

- Offshore wind is viewed as a success over the past 20 years. There is now 50% UK content; a notable success with a strong manufacturing base. For example, at the Siemens factory in Hull, manufacturing turbine blades supports around 2000 jobs.
- When the Offshore Wind Industry Council was formed in 2012 it was to bring Government and industry together on the assumption that the market was there.

Main lessons learned:

- Benefits of having much greater collaboration on supply chain policy – particularly on manufacturing capability.
- Important to have shared plans and objectives with the sector, including for example, work across Government looking at investment and trade.
- Overseeing inward and outward investment can help provide a detailed understanding of global supply chains and how this fit into development of clusters.
- Supply chain capacity needs to fit with where clusters are developing, and a shared plan would help to identify the key areas of the supply chain we need to invest in and developing a sustainable supply chain.
- Important to identify our infrastructure readiness.
- There could be interesting lesson opportunities across supply chains in other sectors too – such as aerospace and automotive.

Points raised in discussion:

- **Luke Warren:** Supply chain – CCSA is looking proactively identify opportunities in the near term domestically and internationally. There are huge opportunities in 2030s, 2040s based on the scale of CCS needed and CCSA is looking to collaborate with Oil and Gas UK and the Energy Industries Council to look at diversification and greater capacity in supply chain. There is also interest from UK Export Finance and Department for International Trade.
- Suggest that we go one step further and create an advanced supply chain in the UK - e.g. in Denmark and growth of wind sector and lessons for UK to create a strong, globally successful supply chain which helps crowd those innovations into the UK.

- **Craig Dyke:** Need to consider offshore development carefully in context of CCUS. We are starting to look at offshore wind in a more coordinated way, not project by project. We need to consider that for strategic long-term view of CCUS.
- **Stuart Hazeldine:** There may be differences between the clusters but there should be a role to try to standardise transport and storage/ capture to help replication.
- **Charlotte Morgan:** Important to differentiate between point-to-point offshore wind transmission system compared to starting afresh with T&S network. It makes sense to look at proposal that offshore T&S grid is planned for build out with spurs.

Matt Taylor stated that it is important to identify what we are trying to secure through strengthening UK supply chains. Need to understand what the capabilities are, where the gaps are and flow from that. In addition, we need to think about how to adapt to network growth – T&S design now, investment required and how to adapt to potential future growth or changes.

Action: BEIS and CCSA to identify a supply chain work programme ahead, drawing on lessons learnt from offshore wind sector.

Public perceptions and communications

Work on public perceptions and communications was currently on hold due to COVID-19 but will restart in late summer/early autumn.

David Reiner: Several oversight group meetings had been held, including engagement with a number of NGOs.

Guloran Turan: GCCSI had drafted a communications campaign around a speech Prince Charles was due to deliver at the Sustainable Markets Council on 21 March but which was postponed due to illness.

Review of Terms of Reference

Matt Taylor said the Minister wants the CCUS Council to have more of a delivery focus by identifying issues for the Department to consider.

It was agreed that at future meetings, the CCUS Council would revisit the aim and membership of the group, and how it could complement activities of the newly established CCUS Expert Groups.