

CCUS COUNCIL

16 July 2020

Seventh meeting - summary

Present

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

Co-Chair

James Smith

Co-Chair

Members

Frank Aaskov

Make UK

Allan Baker

Societe Generale

Rebecca Barnett

Ofgem

Paul Booth

Tees Valley Local Enterprise Partnership

Brianda Bugge-Mahrt

BHP

Roz Bulleid

Green Alliance

Jon Butterworth

National Grid Ventures

Mike Cooper

Exxon Mobil

Will Gardiner

Drax Group

Stuart Haszeldine

Scottish CCS

Phillip Hemmens

Eni

Marta Krajewska

Energy UK

Sinead Lynch

Shell

Peter Mather

BP

Charlotte Morgan

Linklaters

David Reiner

Cambridge University

Laura Sandys

Challenging Ideas

Cathryn Scott

Ofgem

Mike Smith

NECCUS

Marcus Stewart

National Grid ESO

Ed Syson

Cadent

Hywel Thomas

Cardiff University

Guloren Turan

Global CCS Institute

Grete Tveit

Equinor

Luke Warren

CCSA

Apologies

Jonathan Brearley

Ofgem (represented by Rebecca Barnett)

Stephen Bull

Equinor (represented by Grete Tveit)

Brad Page

Global CCS Institute (represented by Guloren Turan)

Fintan Slye

National Grid ESO (represented by Marcus Stewart)

Observers

Matt Taylor

Deputy Director, CCUS, BEIS

Andrew Russell

CCUS Policy Team, BEIS

Louise Sun

CCUS Policy Team, BEIS

David Fielder

CCUS Policy Team, BEIS

Adrian Fox

The Crown Estate

Jason Golder

The Crown Estate

Iain Harris

OGA

Kate Hearnden

Welsh Government

Apologies

Christopher Cheetham-West

HMT

Sian Wilson

The Crown Estate Scotland

Introduction by Minister Kwarteng

Minister Kwarteng welcomed members, stating that he is keen to build on the positive momentum from the previous meeting and realise the opportunities CCUS presents for a resilient green recovery.

The Minister referred to the £100m funding announcement for investment in Direct Air Carbon Capture Storage (DACCS) innovation and the recently established Hydrogen Advisory Council which he co-chairs with Sinead Lynch, Chair of Shell UK.

Introduction by James Smith

James Smith agreed that CCUS could play a key role in a green recovery and acknowledged that it was important for government and industry to work together.

Deployment pathway

Luke Warren, CEO of the Carbon Capture and Storage Association, presented a paper "*CCUS 2030: How the CCS Infrastructure Fund and an ambitious CCUS can contribute to a Resilient Green Recovery*". Key points from the paper are:

- To reach net zero the UK must deploy CCUS at large scale by 2050 to support the decarbonisation of industry and power, produce clean hydrogen and support greenhouse gas removal technologies.
- The ten-year period from now until 2030 is a crucial period for CCUS deployment in the UK and needs to lay the foundations which support subsequent rapid increases in CCUS deployment.
- The CCSA proposes that the government adopts a '10Mt Commit and Review' CCUS policy to deliver the UK's ambition to become a world leader in CCUS. This should be based on the approach to offshore wind and would make a material contribution to a Resilient Green Recovery. The policy's aims are to:
 - Ensure that the CCUS programme is aligned with the net zero recommendations made by the Committee on Climate Change;
 - Give investors the confidence of a minimum market size over the next decade within which they can demonstrate clear cost reduction opportunities across the value chain;
 - Provide government with the flexibility to be able to make informed decisions on the appropriate level of CCUS deployment post-2030; and
 - Send a strong signal that the UK wishes to become a world leader in CCUS technologies, helping to attract the necessary investment.

Council members welcomed the CCSA's paper, acknowledging the potential learnings from sectors such as the offshore wind sector which has experienced significant cost reductions over time.

They also stressed the importance of collaboration and to avoid competition where possible due to the large variation between CCUS projects and difficulty in being able to compare them fairly.

Business models/ commercial frameworks

- Matt Taylor and Will Lochhead provided an overview of BEIS work on minded-to business model positions for Power, Industry and T&S, which will be set out in the Government's forthcoming response to consultation on business models for CCUS.
- **ACTION: Luke Warren** to co-ordinate views from Industry on what type of commercial information and level of detail would be welcomed by projects as part of an end of year commercial update, to support Front End Engineering Design (FEED) decisions.
- Some members emphasised the importance of supporting a range of capture technologies e.g. Bioenergy with CCS (BECCS) post-combustion capture, hydrogen and the interface with CCS transport and storage infrastructure. Supporting capture technologies could help to help ensure future demand and create competition between capture projects which could help drive down costs.
- As part of Government's work to review future carbon pricing incentives, members felt it would be helpful to use terms such as CO2 saved, CO2 stored as it would provide more clarity towards reaching net zero.
- The Minister asked a question about the impact on jobs from CCS, in light of Covid-19 and focus on a green recovery. Members highlighted that CCS plays an important role in a just transition as it helps to retain jobs, particularly in the areas where some jobs may be lost, helps protect supply chains and could save a significant amount of money from oil and gas decommissioning through repurposing existing infrastructure, which all contribute to the economy.

CCUS supply chains

- The Minister commented that a lot of offshore wind manufacturing capability comes from abroad. He welcomed views from members on how we could design incentives to increase UK supply chain content from the very beginning.
- The CCSA have commissioned the Energy Industries Council (EIC) to carry out a report to look at the UK supply chain on a local, regional and national level, based on cluster data. This should be completed by September.
- **ACTION: Mike Smith** to work with **Luke Warren** and **Matt Taylor** to look at what we can learn from previous offshore wind projects where policies drove existing suppliers rather than new suppliers, and prevent that from happening with CCUS whilst capturing as much value from our supply chains as possible.

Communications/ public perception

- Matt Taylor explained that the public perceptions workshops organised by BEIS in collaboration with Science Wise had been put on hold during lockdown but is expected to restart over the coming months.
- Members acknowledged that it is important to be considering strategic communications to address the perceived lack of awareness of CCUS amongst the public, partly due to the UK not currently having a tangible CCUS site which they can see and engage with.

Review of updated draft Terms of Reference

Members discussed and agreed the revised Terms of Reference for the CCUS Council, which includes a commitment to improve diversity of Council membership and the sector.

Diversity

- There was keen interest from Minister Kwarteng and Council members to improve diversity within the sector.
- The Minister has asked for a Young CCUS Professionals Forum to be established from diverse backgrounds with a target launch date of end of October. The new forum would work alongside the CCUS Council.
- Marta Krajewska said Energy UK already have a Young Engineers Forum and can provide input into this. Charlotte Morgan of Linklaters suggested Powerful Women could provide useful learnings.