

## ZEP Advisory Council Meeting #38

Minutes of meeting

Date and time: 18 March 2014, 11.00 – 17.00 hrs.

Venue: Centre Borschette, Brussels

Status: draft 24Mar14

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The list of attendees is attached as annex 1.

### 1 Introduction and aims

#### 1.1 Introduction

Chairman opened the meeting. He summarised the results of the ZEP Communications General Assembly of 18 March (09:00 to 11:00): Few decisions were taken. The minutes of the ZEP-C meeting will be distributed to all AC members for information. ZEP-C agreed on the new members (see table below), reappointed Robert van der Lande and Hans Modder as directors, appointed François Giger as 3<sup>rd</sup> director and agreed on a number of actions needed to get the governance right and agree on the articles of association.

ZEP C members per 18 March 2014		
Name	Surname	Organisation
Francisco Javier	Alonso Martinez	Unión Fenosa SA
Tim	Bertels	Shell Global Solutions International B.V.
Carmencita	Constantin	ISPE (Institute for Studies and Power Engineering)
Vicente	Cortes-Galeano	AICIA/University of Sevilla
Stan	Dessens	Dutch Taskforce Carbon Capture and Storage
Reinhold	Elsen	RWE Power AG
François	Giger	EDF/DPIT
Frederic	Hauge	The Bellona Foundation
Gardiner	Hill	BP plc.
Emmanuel	Kakaras	National Technical University of Athens (NTUA)
François	Kalaydjian	IFP Energies Nouvelles
Chris	Littlecott	E3G
Pedro	Otero	CIUDEN
Nils	Røkke	SINTEF
Olav	Skalmeraas	Statoil
Graeme	Sweeney	Shell
Mart	van Bracht	TNO Energy

He reported about the Platts conference in February. He considered it to be successful and noted that Humberto Delgado Rosa of EC DG CLIMA in his presentation articulated CCS as an essential component of the future energy mix. Heinz Bergmann added that there were several good and informative presentations that indicate that the US will see 8 operational CCS demos by 2017 and that the Chinese are also making good progress.

## 1.2 Adoption agenda, approval minutes

AC agreed to the AGENDA of the AC#38 meeting

AC approved the minutes of the previous AC meeting #37 with the comment that regarding the decision on the payment to Bellona no action has yet been taken. Peter Radgen remarked that the number of votes that was cast on the matter of the Bellona funding is not to the same as the number of AC members present at that time. In future voting processes a distinction should be made between votes that are withheld and votes that abstain. Peter Radgen asked to mention in the AC37 minutes that the contract with Weber Shandwick can be terminated at 2 months notice.

## 1.3 Organisational issues:

AC membership: Chairman summarised the changes in AC membership:

- Mike Farley resigned from the ZEP Advisory Committee. After retirement from Doosan Babcock he initially continued as a member of the AC and represented Scottish Enterprise.
- Jordi Martinez Jubitero has stepped down from the AC for the reason that ENDESA and ENEL are one organisation with 1 representative: Giancarlo Benelli (ENEL)
- Lewis Gillies (2CO) has stepped down for the reason that 2CO will concentrate on its UK business.

Of a number AC members the 3-year term has expired. Chairman asked AC to re-elect the following AC members:

- Carmencita Constantin
- François Demarcq
- Stan Dessens
- François Giger
- Emmanouel Kakaras
- Chris Littlecott
- Nils Røkke
- Mart van Bracht

For several AC members of whom the term expired the re-election process will be executed at the next AC meeting. This regards:

- Vesa Maso
- Vicente Cortes Galeano
- Nicolas Vortmeyer
- Gerard Moutet

AC took a blind vote, the results were announced after lunch. **DECISION:** Carmencita Constantin, François Demarcq, Stan Dessens, François Giger, Emmanouel Kakaras, Chris Littlecott, Nils Røkke and Mart van Bracht are re-elected as ZEP AC members.

Changes in Taskforces and Working Groups:

- Taskforce Technology asked AC to re-appoint Dirk Goldschmidt and John Chamberlain as co chairs. **DECISION:** AC re-appoints Dirk Goldschmidt and John Chamberlain as co chair TF Technology.
- Taskforce Public Communication asked AC to appoint Marika Andersen (Bellona) as co chair. **DECISION:** AC appoints Marika Andersen as co chair TF Public Communications.
- TF Policy & Regulation informed AC that Kristofer Hetland (Statoil) has stepped down as co chair. The taskforce asked AC to appoint Lamberto Eldering (Statoil) as his successor and to reappoint François Giger. In addition Juliette Langlais has stepped forward as candidate co chair . TF P&R asked AC to appoint her as co chair TF P&R. **DECISION:** AC appoints Lamberto Eldering and Juliette Langlais and reappoints François Giger as co chairs of TF P&R. With Jonas Helseth already being co chair TF P&R will have 4 co chairs.
- Chairman informed AC about the newly formed Temporary Working Group on the 2030 Framework (TWG 2030FW). TWG 2030FW: It is co chaired by Juliette Langlais and Jonas Helseth.

Other organisational items discussed:

- Secretariat provided an overview of CCS events in the period leading up to the next AC meeting;
- The ACEC away day will be held on 28 March. Chairman asked AC members to propose items to be discussed.

## 2 Review decisions:

Secretariat summarised the main decisions of AC#37

## 3 Report European Commission

### 3.1 DG RTD

Vassilios Kougionas:

- Apologised on behalf of his director, Andras Siegler, for not being able to attend the AC meeting. However Mr. Siegler will speak with Nils Røkke the day after the AC meeting
- Informed AC about the Australia meeting. Maurice Hanegraaf represented ZEP. The cooperation is developing well, it is one of the flagships of EC.
- Informed AC about the horizon2020 programme, see his presentation in the meeting documents. The main issues raised in the following discussion were:
  - o In case of a 2-stage submission process the “8 months time to grant” starts from the moment of the 2<sup>nd</sup> and final submission;
  - o When, after submission, consortium partners will leave the consortium, EC will have little flexibility;
  - o Accession countries: Switzerland can still participate, but is not eligible for funding;

- The European Parliament has stated that 15% of the budget allocation of the energy work package up to 2020 should go to research linked to fossil fuels. The current Work Programme does not seem to meet that target. ZEP asks DG RTD to meet the target.;
- DG RTD and DG region do coordinate the implementation of H2020 and the regional funds. It depends on each Member State how this is reflected in the national work programme. DG RTD and DG Regio are in discussion on how to better coordinate this.

### 3.2 DG ENER

Michael Schuetz represented DG ENER and updated the AC. He works in unit C2, the EEPR projects on CCS are in his portfolio of work.

- Recent task was inclusion of CCS in the 2030FW communication. CCS is one of the options for the reduction of CO<sub>2</sub> emissions and is for many industrial processes the only option
- CCS started with 6 EEPR projects. So far 4 projects failed to achieve the objective of demonstrating CCS at industrial scale, 2 remain: Don Valley and the ROAD project. DG ENER is now trying to make these remaining projects a success. However, the Commission is not able to provide additional funding, hence further contributions from Member States and/or industry are required to close financial gaps. Both projects will need to be on a credible financial footing by the middle of 2014 otherwise they will most likely also fail.

Comments:

- ZEP's AC noted that so far there has been no indication from any Member State in response to the 2030FW that CCS is to be included in the framework. ZEP itself supports a contribution by CCS of 4% (out of 40%) to the reduction of CO<sub>2</sub> emissions (see also par. 4.1 of these minutes). There seems to be little engagement from the council. The key question of AC to the EC is "how can ZEP help this year? Should ZEP create space for the Commission to do more? Could ZEP help to mitigate the risks of failure of potential demo-projects?" Michael Schuetz replied that in general the remaining of 2014 will mainly be a period in which grounds are prepared for decisions of the new Commission. The Commission's proposal for a new 2030 climate and energy policy framework adopted on 22 January 2014 proposes a new governance framework, which can be roughly described as an assignment to each Member State to decide with which mix of technologies (renewables, nuclear, CCS) it plans to reach the envisaged 2030 targets. This is a natural entry point in the discussion for CCS. The two EEPR demo projects would be best helped by additional funding from industry and/or Member States. Other aspects are less of an issue: Public acceptance, in the past often mentioned as a barrier, is not really a problem for these specific projects because of the offshore storage options. Neither is the availability of technology.
- AC members asked for a level playing field. Such a level playing field is not yet in sight in the policies currently being developed.
- The transitional measures report argues that current policy makes private investment in CCS extremely difficult. EC should realise that the power industry is already working and funding CCS for 10 years and is absolutely interested in CCS. Investment of industry in CCS has already been very substantial. But without a level playing field and transitional measures investments in CCS are simply not bankable.

### 3.3 DG CLIMA

Beatrice Coda provided a quick update on the DG CLIMA perspective:

- The first report to the European Parliament and the Council on the Implementation of the CCS Directive was adopted by the Commission at the end of February. The report describes the current state of play of the transposition, how MS have transposed. Some Member States have adopted additional requirements to what the Directive prescribes. Beatrice describes that the report does not touch upon policy issues surrounding CCS and recommends the AC to read the report.
- The report is a 1<sup>st</sup> step towards a bigger exercise, the review/evaluation of CCS Directive. This evaluation will go beyond the provisions of 38.2 of the Directive and is an opportunity for EC to assess the whole CCS enabling policy framework. The deadline for the adoption of the report is planned for 31 March 2015. Stakeholders, among which ZEP, will be asked to provide facts and evidence. The planning for the review exercise will be announced later. EC plans to go public with the planning in the next month (April). EC foresees a broad public consultation, possibly followed by analysis focused on key topics (sectorial, member states).
- The 2<sup>nd</sup> call of NER300 is progressing. The EC has informed relevant member states of the results of the assessment of the project proposals and will formally engage with the member states in the European Policy Climate Group (the DG's of the MS governments) next week. Confirmation process will take place in April. Award decisions are planned for mid June 2014.
- The 2030FW policy proposal opens the possibility to continue with a demonstration programme by setting up an innovation fund to support low carbon energy technologies including CCS. This fund would be resourced by ETS revenues. No steps have yet been taken on this, the timeline is being developed, it could take several years

#### Comments:

- ZEP appreciates the broad nature of the evaluation of the CCS directive. In the absence of large scale demo projects ZEP also appreciates the on-going support of EC through H2020 AND CEF. It is crucial to keep the momentum.
- ZEP notes that it is of particular importance for member states to understand that CCS is an essential technology for Member states to achieve their CO<sub>2</sub> reduction targets. It is equally important that they understand that CCS projects also require operating support in order to be able to compete with alternative investments and to ensure dispatch. CCS needs a commercial home, a market reform. ZEP asks DG Clima to what extent it can set the roadmap for communicating to MS the importance of CCS and for the required market reform. Beatrice noted that this is a difficult topic. Not lot of support for CCS. We have to see how the 2030 discussion materializes. A coalition of CCS-minded member states could be very helpful. ZEP will work towards this.

## 4 Priority list 2014 1<sup>st</sup> Quarter

Tim Bertels informed AC about the progress of the execution of the strategy actions. Chairman noted that the list of strategy actions will be reviewed at the ACEC away day.

### 4.1 Priority: get CCS into the 2030FW

ZEP's TWG 2030FW has developed messaging on this topic. Jonas Helseth presented this (see his presentation in the pre read). Key elements are that CCS should contribute at least 4% (1/10 of 40%) of the GHG reduction target and that ¾ of this is to be achieved in the power sector, the rest in the industry sector. ACEC has agreed to this as an ambitious milestone but stressed that this can only be achieved with proper support mechanisms and a level playing field with other low carbon energy technologies. These messages have been incorporated in the press release that ZEP issued prior to the meeting of the environment and energy ministers on 3 and 4 March and in the draft press release that is to be released prior to the council meeting on 20 and 21 March (handed out at the AC meeting). Both press statements have the same content but differ in tone.

- Jonas asked AC to confirm this approval of ACEC
- He also asked for guidance on future work of TWG 2030FW: what would AC like TWG 2030FW to do and what is its mandate vis a vis TF D&I who is also working on the 2030FW?

Comments:

- The 4% target may seem small but it is new policy and a substantial step forward
- It should be made explicit in the press statements that ZEP argues for a level playing field with other low carbon energy technologies
- The presentation and the slides should make clear that 4% GHG reduction is 10% of the reduction effort.

**DECISION:** AC agrees to the proposed messaging developed by TWG 2030FW on the ambitious CCS milestones on the condition that the argument for a level playing field with other low carbon technologies is included. The way to communicate it is to be sharpened up.

TWG 2030FW, as a cross TF WG, should continue its work on it and should coordinate its activities with other taskforces.

## 4.2 ZEP's input to economic measures ETS reforms and State Aid

ZEP's TF P&R has submitted input to the consultation on state aid.

It argues i.a. that CCS should be eligible for support and mentions the instruments that were listed in the transitional measures report such as the ETS stability reserve. Charles Soothill noted that ZEP's submission was favourably received. The consultation was organised by DG COMP. This is new part of EC for ZEP, with whom a relationship should be built.

**DECISION:** AC supports the ZEP input to the consultation on state aid

## 4.3 Position ZEP for EC and EP crew change

Reinhold Elsen leads this priority. He summarised the plans and progress as follows: in general terms by the end of 2014 the new EC coalition will be established. ZEP needs to prepare by identifying with whom to liaise in this new coalition: which of our current good friends will survive, and who are at risk. WS can help with that analysis. Dominique Ristori, director at DG ENER, is likely to stay.

ZEP should also prepare the messages that it wants to deliver to this new commission.

A summary of the discussion:

- ZEP should develop an overall view on what it wants to achieve with this new commission and what it wants the new commission to do. At the away day this should be discussed
- It's important to engage with the new parliament members, the coalitions that are taking shape, with the spokesmen for energy of the various political parties and make sure that CCS gets a place in the agreement of the coalition and in the portfolio distribution. This process will take off immediately after the elections, ZEP should act.



## 4.4 Maximize impact communications

Marika Andersen informed AC about the activities and progress of TF PC. A summary of the discussion:

- Attention is asked for the right balance of ZEP's communications activities. At the moment ZEP seems to be very reactive, mainly responding to external events by means of press statements etc. It is proposed that ZEP also acts pro-actively, by targeting stakeholders, educating them, leveraging of reports.
- Leveraging of reports should indeed get required attention. Earlier ZEP's AC already agreed that for each ZEP report a dissemination plan must be written upfront.
- TF PC is asked to develop a plan for ZEP's General Assembly. This plan should be presented at the next AC meeting at the latest.
- Attention is asked for linkage with regional communications platforms. Currently the attention of TF PC is predominantly Brussels. AC members are asked to provide concrete ideas to operationalize this.

AC is asked to comment and adopt the updated messaging document. Comments:

- In general the messaging document should be seen as a reference document. When someone of ZEP addresses an audience in order to send a message he/she can pick the relevant messages for that audience and phrase them in the appropriate way. The messaging document is not for public distribution.
- It should be emphasised that a level playing field is essential if CCS is to achieve its targets / milestones.
- On page 2 the White Rose and Peterhead projects are mentioned. The document should also include the Road and Don Valley projects.
- On page 4 it is stated that ROAD is operational in 2015. That is too optimistic, expectation is that it won't be operational before 2017.
- Message 1 (economic growth, safeguarding jobs) is not very convincing for each context. It may be true for a carbon-restricted world but it could also be argued that CCS destroys economic growth and jobs because it increases the cost of energy. The numbers are not very credible.
- Message 2 (CCS a proven technology) is also not very convincing. A reader could conclude that CCS no longer needs policy support. The messaging document should add that demos are still required for this technology.
- Operating cost (OPEX) is a key issue. CCS needs financial support for CAPEX and OPEX as a transitional measure. The proposed press statement does mention various support instruments but readers might not know how this supports CAPEX and OPEX. On this aspect the press statement could be improved.
- With respect to the ZEP request for a level playing field with renewables it was suggested to consider that the renewables industry at the moment is suffering heavily because of budget cuts and that such a request could, from a communications perspective be counterproductive.

**DECISION:** TF PC is asked to take the AC comments into account when revising the messaging document.

## 4.5 Energy Intensive Industries

Jonas Helseth and the ZEP secretariat (Jacob de Jongh) updated the AC on the time table. The aim is to provide the first results at the upcoming AC meeting. Comments:

- To be added to the action:
  - o Andy Purvis (GCCSI)
  - o Weber Shandwick
  - o The Spanish cement industry (Via Alonso Martinez)

- It is suggested to talk to the right level of people. Sweeney will advise Jacob on the process and the people to involve.
- IZ Klima had its workshop with steel, chemical, cement and oil&gas industry.
  - o Participants agreed that Enll will not be able to reduce below 40% by energy efficiency and renewables alone. Beyond that CCS is needed.
  - o Industries talk a lot about utilization, less so about CCS. Even though utilisation of CO2 is probably only a small part of the solution it could help to talk about utilization. Could contribute to help with acceptance of low carbon technologies.
  - o Heinz Bergmann pointed to the report of the Öko-Institut Freiburg/Berlin (In German language only [www.oeko.de/oekodoc/1504/2012-070-de.pdf](http://www.oeko.de/oekodoc/1504/2012-070-de.pdf)). The report concludes that for many industries capture is 30-40% cheaper than capture in power plants, mainly because of the higher concentration of CO2.
- in generalized case industrial sources wont pay for infrastructure

#### 4.6 Ongoing accountabilities: CCS EII

Gardiner informed the AC about ZEP's activities in the CCS EII team. The next meeting will be on 16 June (the day before the next AC meeting).

#### 4.7 Business case for storage

Gardiner presented the draft report on the business case for storage. The draft report is widely seen as an excellent piece of work. Chairman asked Gardiner Hill to express the appreciation to the group that worked on this piece of work .

AC provided specific comments as guidance for the completion of the work:

- Make sure that the costs of prospecting are sufficiently incorporated
- Inherent risks in each phase could be better highlighted.
- The storage part of the value chain of CCS is most risky. You won't know what you will find underground. The high risk could cause that a liberalized market is not feasible. Probably no storage operator will accept the risk. Even governments could be hesitant to accept the risk.
- The work is directly relevant for the work of several of ZEP's task forces and working groups, such as TWG 2030FW.
- In practice one could benefit from specific opportunities, e.g. the initiatives around the ROAD project. Such opportunities could significantly benefit the business case.
- There are big differences between storage in US and in Europe. This prohibits the simple copying of the US example to Europe.
- The conclusions of the report might point at the need to develop specific financing tools for storage. That would however be work that is to be taken up after this study.
- Governments aren't yet ready to take on the risk except for possibly the UK government.
- The work could also address other perspectives:
  - o Compliance with EU legislation.
  - o Look at it through the lens of state aid and CCS directive.
- Develop a leverage plan with TF PC and WS



## 5 Other TDF / WG items

### 5.1 The Connecting Europe Facility:

The CEF was briefly discussed.

- After the AC meeting Graeme Sweeney will have a conversation with TF D&I (Radgen).
- Peter Radgen asked attention for the coordination of the work within ZEP. E.g.
  - o The innovation fund is a topic in TF D&I as well as in TWG 2030FW. Both have insufficiently coordinated their work.
  - o CEF TF D&I has had a meeting with the director of the relevant unit. Others have had meetings as well, without sufficient coordination. Peter asks ACEC to review the mandate and activities of the various task forces and WG's.

### 5.2 Integrated Roadmap

The SET Plan Integrated roadmap was briefly discussed. In the pre read the near-final version of the CCS input into the integrated road map is included. AC members are asked to provide comments that Dirk and his team can take into account in the finalisation of the input.

## 6 Annual report

Hans summarised the financial paragraphs of the secretariat in the annual report. Comments:

- Several versions of the annual report have been released at different points in time. The auditor has released two different statements. AC needs to understand why the auditors statement was changed.
- There is a need to understand also the cash situation of the secretariat, so that cash flow issues can be resolved. Invoices to be sent earlier.
- Quarterly financial overviews need to be presented to the AC
- A list of outstanding invoices to sponsors should be available, together with an assessment the list of members that haven't paid.
- Formally there is insufficient connection between decision making of ZEP-C and ETP ZEP. The ZEP-C statutes should reflect that the AC formally guides the ZEP-C decisions. The ETP-ZEP bylaws should formally recognise the role of ZEP-C in the implementation of its decisions.

**DECISION:** The annual report will be submitted for approval to the AC after approval by ZEP-C of the ZEP-C annual report and after addressing the remarks of ZEP-AC. Approval is scheduled for the June 2014 meeting.

## 7 Miscellaneous

No points were raised.

## 8 Decisions

DAC38.1: Carmencita Constantin, François Demarcq, Stan Dessens, François Giger, Emmanuel Kakaras, Chris Littlecott, Nils Røkke and Mart van Bracht are re-elected as ZEP AC member

DAC38.2: AC re-appoints:

- Dirk Goldschmidt and John Chamberlain as co chair TF Technology.
- Marika Andersen as co chair TF Public Communications.
- Lamberto Eldering and Juliette Langlais and reappoints François Giger as co chairs of TF P&R.

DAC38.3: AC agrees to the proposed messaging developed by TWG 2030FW on the ambitious CCS milestones on the condition that the argument for a level playing field with other low carbon technologies is included. The way to communicate it is to be sharpened up.

DAC38.4: AC supports the ZEP input to the consultation on state aid

DAC38.5: TF PC is asked to take the AC comments into account when revising the messaging document.

DAC38.6: The annual report will be submitted for approval to the AC after approval by ZEP-C of the ZEP-C annual report and after addressing the remarks of ZEP-AC. Approval is scheduled for the June 2014 meeting.

## Annex I, attendees

Meeting name	Surname	Name	Invitation accepted
AC38	Alonso Martinez	Francisco Javier	Y, AC
AC38	Andersen	Marika	Y
AC38	Belz	Giulio	Y, AC, replaces Benelli
AC38	Bergmann	Heinz	Y
AC38	Bertels	Tim	Y, AC
AC38	Castilla Garcia	Nelly	Y, AC, replaces Otero
AC38	Coda	Beatrice	Y, EC, tbc
AC38	Constantin	Carmencita	Y, AC
AC38	Copin	Dominique	Y, AC, replaces Moutet
AC38	de Jongh	Jacob	Y, intern
AC38	De Lannoy	Rose	Y, AC
AC38	Demarcq	François	Y, AC
AC38	Dessens	Stan	Y, AC

AC38	Eldering	Lamberto	Y
AC38	Elsen	Reinhold	Y, AC
AC38	Giger	François	Y, AC
AC38	Goldschmidt	Dirk	Y, AC, replaces Vortmeyer
AC38	Grajetzky	Corinna	Y
AC38	Hanegraaf	Maurice	Y, AC, replaces van Bracht
AC38	Helseth	Jonas	Y, AC, replaces Frederic
AC38	Hill	Gardiner	Y, AC
AC38	Hunstad	Rakel	Y, EC, DG ENER
AC38	Kakaras	Emmanuel	Y, AC
AC38	Kougionas	Vassilios	Y, EC
AC38	Kraus	Nicolas	Y
AC38	Littlecott	Chris	Y, AC
AC38	Modder	Hans	Y
AC38	Quinquis	Hervé	Y, AC, replaces Kalaydjian
AC38	Radgen	Peter	Y, AC, replaces Zizow
AC38	Røkke	Nils	Y, AC
AC38	Schuetz	Michael	Y, EC, DG ENER
AC38	Scowcroft	John	Y, replaces Purvis
AC38	Skalmeraas	Olav	Y, AC
AC38	Soothill	Charles	Y, AC
AC38	St. Leger	Hermione	Y
AC38	Sweeney	Graeme	Y, AC
AC38	van der Lande	Robert	Y
AC38	van der Panne	Gert-Jan	Y
AC38	Warren	Luke	Y
AC38	Whiriskey	Keith	Y
AC38	Zelinger	Matthias	Y
AC38	Balan	Ilinca	N, to be replaced
AC38	Benelli	Giancarlo	N, replaced by Belz
AC38	Cortes-Galeano	Vicente	N
AC38	Cussagnet	Pierre-Marie	N
AC38	Kalaydjian	François	N, replaced by Herve Quinquis
AC38	Moutet	Gérard	N, replaced by Copin
AC38	Otero	Pedro	N, replaced by Castilla
AC38	Purvis	Andy	N, replaced by Scowcroft
AC38	Siegler	Andras	N
AC38	Zizow	Erik	N, replaced by Radgen

