

ZEP Advisory Council 49

1.b.i. AC48: 14th September 2016, Draft Minutes for Discussion

Attendance

Members of the Advisory Council

Tim Bertels	Shell
Didier Bonijoly (Alternate)	BRGM
Ward Goldthorpe	Crown Estate
Jonas Helseth (Alternate)	Bellona
Gardiner Hill	BP
Emmanuel Kakaras	Mitsubishi Hitachi Power Systems Europe
François Kalaydjian	IFP Energies nouvelles
Chris Littlecott	E3G
Filip Neele (Alternate)	TNO
Philippa Parmiter (Alternate)	SCCS
Nils Røkke	SINTEF
Olav Skalmerraas	Statoil
Charles Soothill (by telephone)	GE
Graeme Sweeney	ZEP Advisory Council Chairman

Registered observers

Niels Peter Christensen	Gassnova
Patrick Clerens	EEPSA
Dominique Copin	Total
Mark Downes	Shell
Lamberto Eldering	Statoil
Chris Gittins	TAQA Global
Claude Heller	Air Liquide
Zoe Kapetaki	Global CCS Institute
Vasilios Kougionas	European Commission
Francois Paquet	EPPSA
Andrew Purvis	Global CCS Institute
Michael Schuetz	European Commission
Maria Velkova	European Commission

External guests

Dan Sadler	UK Department for Business, Energy and Industrial Strategy
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ZEP Secretariat

Theo Mitchell	CCSA
Luke Warren	CCSA

Item 1: Introduction

The Chair introduced the meeting and provided an update on his external engagement activities (pre-read 1e). The Chair also noted that the handover between the previous secretariat, Triarii, and the new secretariat, CCSA, had been managed very smoothly and effectively and placed on record the AC's thanks to Triarii for their services to ZEP in recent years.

The Chair explained that a planned engagement with Marie Donnelly (DG Energy) had been postponed to 21st September and proposed that the Chair and secretariat follow up with Artur Runge-Metzger regarding the publication of the UK's Parliamentary Advisory Group report on delivery of CCS in the UK.

The AC approved the agenda for the meeting (pre-read 1a) and the minutes of AC47 (pre-read 1b).

The Chair explained that members of the ACEC had now become Directors of ZEP-C and that these Directors would receive correspondence asking them to grant special proxy to Luke Warren (LW) so that the secretariat could support the efficient functioning of ZEP-C. The Chair offered to keep members of the AC updated with progress.

Nils Rokke (NR) provided feedback from discussions with the ZEP Government Group co-chairs regarding a proposed change to the bylaws. It was explained that the Government Group held concerns that the bylaws contained no specific reference to the Government Group in the context of being 'permanent observers' to the AC.

A change to the bylaws was proposed (see updated bylaws attached) and approved. NR confirmed that Gerdi Breembroek (NL) had been appointed as the Interim Permanent Observer of the Government Group to the AC.

Vassilios Kougionas (VK) identified the importance of ensuring that members of the Government Group remain in close communication with Member State representatives on the SET Plan Steering Group and it was agreed that the ZEP Chairman would co-chair the SET Plan Implementation Temporary Working Group with representatives of NL and NO to help manage the process.

A brief discussion took place regarding the status of NER300 funding awarded to the White Rose project (UK) and it was agreed that ZEP would follow up on potential routes forward in relation to securing the reallocation of unspent NER funds to other potential CCS initiatives. It was agreed that the secretariat, the Chair and Tim Bertels (co-chair Network Policy and Economics) would discuss how this matter could be taken forward, including through further discussion at the next NWPE meeting.

The Chair explained that the loss of UK influence in the European Parliament following the outcome of the UK's EU Referendum necessitated the need to secure new support for CCS amongst MEPs from other Member States. Chris Littlecott highlighted that the EU40 group of MEPs would be visiting Canada with CCS and CCU two of the main topics for the visit. It was agreed that ZEP should write to Lambert Van Nistelrooij MEP (NL) to provide a briefing on CCS following the visit.

Item 2: Secretariat update

LW gave a brief introduction to the CCSA and updated the AC on progress with the secretariat handover, including the appointment of an external communications agency to support the CCSA in delivering its services to ZEP under the terms of its Horizon 2020 agreement.

LW explained that the CCSA – in cooperation with the ZEP External Relations Group (ERG) – had landed on a preferred communications agency bidders and that discussions had begun regarding the services to be provided on a structured timeline. LW indicated that it was hoped that the communications agency would be in place by the end of September.

LW then gave the ZEP-C finance update (pre-read 2) and outlined the situation regarding membership. It was noted that, as of the 1st September, the cash situation at the bank was €13,703 and that the prospect regarding creditors was largely positive. It was agreed that the secretariat would continue to monitor the settlement of outstanding and pending invoices and provide a further update to the AC at its next meeting.

Item 3: Commission updates

The AC received presentations from;

- Maria Velkova (MV) – DG CLIMA
- Michael Schuetz (MS) – DG ENERGY
- Vassilios Kougionas (VK) – DG RESEARCH

DG CLIMA

MV explained that DG CLIMA was currently working on the 2nd Implementation Report of the CCS Directive and this would be published alongside other reports as part of the 'Autumn Package' expected on 20th October. The report was set to include an update on storage and the outcome of the Commission's review into Article 33 guidance on capture readiness. MV invited ZEP to provide its views on the draft guidance and ZEP agreed to submit a response by the end of September.

MV explained that there is continued interest in CCU with both the Commission and the European Parliament. She noted that DG CLIMA will be looking into the regulatory issues impacting on CCU, e.g. around the permanence of storage. She indicated that the Commission currently sees no ground to change the requirement that ETS allowances still need to be surrendered by CCU projects as the permanency of CO₂ abatement from many CCU projects has not been proven.

The Chair offered ZEP's input regarding the regulatory framework for CCU and it was agreed that the NWPE would consider this topic at its next meeting in November. Ahead of that discussion, MV explained that Member States had a meeting of the Compliance Committee coming up in October, which would include a discussion around CCS/CCU. It was agreed that ZEP would seek an invitation to the meeting and offer to provide some input to the discussion.

DG ENERGY

MS noted that the current focus of DG ENERGY's work was on the Winter Package, which includes the legislative proposal for the EU2030/Energy Union governance framework amongst

other things. MS explained that the Commission was proceeding with the final extension to the ROAD grant and that the NL and NO are currently the most active MS on CCS.

Regarding Projects of Common Interest (PCI), MS noted that the next meeting of the CO₂ thematic group was being scheduled for “autumn” (likely October) and that Ecofys has been engaged to provide support to the group to establish the eligibility criteria for CO₂ transport PCIs. The aim of the group is to have the criteria in place in time to enable Member States to come forward with project proposals in 2017.

DG RESEARCH

VK gave an update on the current status of H2020 project calls that had been open in 2016. He explained that 1 project had been chosen in the CCU theme and 3 others in the collaboration with South Korea theme. Furthermore, he reminded members of the AC that ERA-NET call for proposals under H2020 was due to close on 7th September.

The 2017 H2020 calls are expected to open on 20th September with relevant topics including MMV, geological storage pilots and CCS in industry (including BECCS). He emphasised that the Commission remains committed to preserving €20m for the ROAD project ERA-NET, which it currently plans to include in the 2019 Work Programme.

VK invited ZEP to provide its input on the 2018-2020 work programme under H2020 and NWT (through its work under TWG Future CCS Technologies) offered to provide this feedback initially.

With regards to the implementation of the SET Plan, VK gave an update on the set up of a Temporary WG on implementation of the work programme, which will be co-chaired by ZEP, NO and NL (as indicated also in the Chair's update). He expected the working group to meet for the first time in October and confirmed that the CCS EERA would also be invited to participate. VK stated that he expected the actual Implementation Plan to be prepared by spring 2017.

Finally, VK indicated that the EU (being led by the UK) was considering a further call for CCU projects under the Mission Innovation initiative.

Item 4: Guest presentations

The AC received presentations from Dan Sadler and Theo Mitchell on the Leeds H21 project and the CCSA's recently published Lessons Learned document respectively.

Dan Sadler agreed to feed-in to ZEP's ongoing Market Economics work and Charles Soothill offered to follow-up.

Item 5: Network Technology update

Filip Neele (FN) led the update on progress within Network Technology (NWT) and its subsidiary working groups as per pre-read 5a.

Then followed a discussion on each of the Temporary Working Groups (TWGs). The following notes/actions were taken:

- FN to incorporate comments from the AC and from external reviewers into the final Future CCS Technologies report and present the final report for approval at the December AC meeting;
- FN to initiate discussions with VK regarding ZEP's input to the H2020 2018-2020 Work Programme;
- Claude Heller (CH) to present the final Clean Hydrogen report to December AC for approval. In the meantime, will liaise with Charles Soothill (CS) to ensure that there is alignment in the modelling assumptions between the work on Clean Hydrogen and the Market Economics 5 report;
- Ward Goldthorpe (WG) to present the final Fast Track T&S report for approval at the December AC meeting. The AC noted that it was content with the current direction of travel.

A discussion was also had with respect to the draft Terms of Reference for the TWG Energy Intensive Industries. The following feedback was received:

- Chris Littlecott suggested that the TWG Energy Intensive Industries should focus instead on 'carbon intensive industries';
- The Chair felt that the current ToR were too broad and that there was a need to tie the work more closely to progress under the Market Economics 5 TWG;
- Jonas Helseth commented that the report should not be too CCU-focused and that, whilst it should reflect the political reality regarding CCU, the report should focus only on CCU when it leads to permanent CO₂ abatement.

FN agreed to discuss the feedback received with Arthur Heberle (co-lead of the TWG EnII) and present a revised ToR at the next AC meeting.

Item 5: Network Policy & Economics update

Tim Bertels (TB) provided an update on progress within Network Policy and Economics (NWPE). Supplementary updates on the temporary working groups were provided by CS, Theo Mitchell (TM) and Lamberto Eldering (LE).

The following notes/actions were taken regarding the TWG ME5:

- Chris Littlecott enquired about the volumes of CO₂ stored in each of the modelling scenarios. CS noted that this was information that the model could provide and he agreed to incorporate this into the report;
- Gardiner Hill enquired about the energy efficiency assumptions built into the modelling work and was invited to provide further feedback directly into the TWG;
- The deliverability of installed CCS capacity was questioned given the expected delay in deployment rates, i.e. not until post-2030, seen in some scenarios. It was suggested that sensitivity analysis should be applied to the final results to demonstrate the impact of a faster or slower build-out rate;
- Ward Goldthorpe suggested that a qualitative 'sense-check' should be applied to the final output of the model to question whether factors that haven't been modelled (e.g. the availability of existing infrastructure and the state of national labour markets) may undermine the final results.

CS undertook to attempt to complete the final report (with approval from the ACEC) ahead of the planned General Assembly meeting (date tbc).



TM gave a short update on progress within TWG Policy and Funding and sought approval for two pieces of work: (1) a briefing note for MEPs outlining ZEP's response to the ENVI Committee amendments on the European Parliament ETS file; and, (2) a draft ZEP response to the Commission on capture readiness guidance. In both instances, members of the AC approved the existing content and agreed to provide any further comments via email.

LE introduced the work to-date of the TWG PCI and sought feedback on its revised Terms of Reference. The AC approved the revised Terms of Reference.

TB introduced a draft Terms of Reference for a new TWG ("Brexit) to review the potential implications of the UK's withdrawal from the EU. It was agreed that this discussion would be taken forward within the NWPE but that production of an external report was currently considered a lower priority issue.

Item 7: External Relations Group

Mark Downes (MD) provided an update on the progress with regard to securing external communications support for the ERG. A total of five bids were submitted and these have now been assessed. The agency with the highest score was Weber Shandwick and discussions are underway to finalise the contract. There is a proposal to hold a technical workshop on the ETS amendments in partnership with Shell. The proposal is that the workshop will be Chaired by the Shadow Rapporteur of ENVI Committee. Andy Purvis GCCSI noted their interest in supporting this effort. Finally it was noted that ZEP is exploring the potential to partner with other bodies on a General Assembly. There is potential interest from Gassnova and the IEA to hold a joint event.

Item 8: Any Other Business (AOB)

The Chair noted that there was no other business and the meeting was closed.

Actions

Action	Owner	Deadline	
1a	GS and secretariat to schedule meeting with Artur Runge-Metzger to discuss the UK Parliamentary Advisory Group's report on CCS delivery in the UK.	LW (Sec)	n/a
1b	GS to co-chair the SET Plan Temporary Working Group on implementation with NL and NO	GS	n/a
1c	NWPE to further discuss the reallocation of White Rose NER300 funding, with a view to developing a ZEP position on the topic.	TM (Sec) / TB / GS	As soon as possible
1d	ZEP to write to Lambert Van Nistelrooij providing a briefing on CCS following the EU40 visit to Canada	ERG / GS / TM (Sec)	As soon as possible
3a	ZEP to provide formal response to draft guidance on CO ₂ capture readiness	TM (TWG P&F)	End of September
3b	NWPE to consider the regulatory framework for CCU projects and develop some input to the Commission	TB (NWPE)	n/a
3c	ZEP to seek an invitation to attend the upcoming meeting of the Compliance Committee and to input its views regarding CCS/CCU into that discussion	TM (Sec)	As soon as possible
4	Dan Sadler to contribute (where possible) towards ZEP's Market Economics 5 report	CS / TM (Sec)	As soon as possible
5a	Incorporate comments from the AC and from external reviewers into the final Future CCS Technologies report and present the final report for approval at the December AC meeting	FN	Ahead of December AC meeting
5b	FN to initiate discussions with VK regarding ZEP's input to the H2020 2018-2020 Work Programme	FN / Sec	n/a
5c	Claude Heller (CH) to present the final Clean Hydrogen report to December AC for approval. In the meantime, will liaise with Charles Soothill (CS) to ensure that there is alignment in the modelling assumptions between the work on Clean Hydrogen and the Market Economics 5 report	CH / CS	As soon as possible
5d	Final Fast Track T&S report to be submitted for approval at December AC meeting	WG and CG	Ahead of December AC meeting
5e	TWG EnII to present revised Terms of Reference to December AC meeting	AH and FN	Ahead of December AC meeting
7a	Continue to investigate the ETS workshop with Shell.	MD / Sec	As soon as possible



Action		Owner	Deadline
7b	Continue to progress a ZEP General Assembly	MD / Sec	As soon as possible