

ZEP Advisory Council 56

Draft Minutes

Attendance

Advisory Council members

Arthur Heberle	Mitsubishi
Constantin Sava	National Institute for Marine Geology and Geoecology
Dominique Copin	Total
Filip Neele	TNO
Gardiner Hill	BP
Graeme Sweeney	ZEP Chairman
Isabelle Czernichowski (alternate)	BRGM
Kim Bye Brunn (alternate)	Shell
Lamberto Eldering	Equinor
Liz Rogers	BP
Nils Røkke	Sintef
Pierre le Thiez	IFP Energies Nouvelles
Rob van der Meer	HeidelbergCement
Stuart Haszeldine	University of Edinburgh (SCCS)
Theo Mitchell (alternate)	Enerfair Engagement / Bellona
Ward Goldthorpe	Sustainable Decisions

Observers and other attendees

Alexander Kazaglis	Vivid Economics
Andrew Lewis	Cadent
Brian Murphy	Ervia
Caterina de Matteis	IOGP
Chia-Wen Wu	National Taiwan University
Chris Davies	Independent
Emrah Durusut	Element Energy
Eric de Coninck	ArcelorMittal
Fabrice Devaux	Total
Jon Scowcroft	GCCSI
Jyun-Yi Yeh	National Taiwan University
Marie Bysveen	Sintef
Martin Schneider	ECRA
Thomas Berly	IEA
Ugo Simeoni	European Turbine Network
Valentin Moëns	European Turbine Network
Virgilijus Petuska	UAB Minijos Nafta

ZEP Secretariat

Luke Warren	ZEP Secretariat
Marine d'Elloy	ZEP Secretariat

Commission

Achim Boenke
Maria Velkova
Peter Horvath
Vassilios Kougionas

Item 1: Introduction

GS welcomed AC members and observers, thanked GH and PT for their services to ZEP and key contributions. GS introduced LR.

The agenda for the meeting was adopted.

IC noted a correction to the AC55 minutes. The minutes for AC55 were approved.

There were no matters arising from the July and August ACEC minutes.

Chair's update

GS outlined current work priorities, including ZEP's event on the EU Long-Term Strategy, the ongoing work on the Innovation Fund, conversations on blue hydrogen with IOGP and the Commission, and the SET-Plan.

GS fed back on the ERA-NET ACT workshop that took place in Brussels on 18th September and the conversations on the securitisation of leakage risk.

GS fed back on the dissemination of ZEP's report on the role of CCUS in a below 2 degrees scenario. GS said the report was extremely well received, especially in DG CLIMA. GS said ZEP would try to be more assertive in its messaging to increase its reach and raise its public profile.

Item 2: Secretariat update

Actions from AC 55

LW provided an update on actions from the last AC meeting. The Secretariat is to progress the review of ZEP will circulate a survey in the last week of September and organise a workshop to analyse results.

The Secretariat looked into Directors' liability for ZEP-C.

LW said the Secretariat would follow-up with hydrogen stakeholders on Horizon Europe proposals. LW added that it would be important to improve communication with hydrogen stakeholders and bring both communities closer together.

LW said the Secretariat submitted ZEP's response to the Commission's consultation on a framework to facilitate sustainable investment.

LW said the Secretariat had scheduled a call on the below 2 degrees report and engaged with DG ENER on its work on the Life Cycle Analysis. LW said DG ENER is responsible for determining the emissions reduction from CCU fuels through a Delegated Act under the Renewable Energy Directive (RED).

Finance

LW provided an update on ZEP-C finances. Forecast income for 2018 is €180,000. Since the AC55, Total settled its invoice, bringing the total income received for 2018 to €152,500. An invoice for €12,500 has been issued to the Port of Rotterdam and it is understood that this is being processed. It is expected that the outstanding invoice for €15,000 can be issued in the 3/4Q 2018. LW said the budgeted expenditure for 2018 is €103,492 and expenditure to date is largely as forecast. ZEP-C has no outstanding creditors. ZEP-C started 2018 with a net equity position of -€36,650. The forecast outturn shows ZEP-C returning to a budget surplus in 2018 of €40,144 by year end.

European Commission Grant

It is confirmed that the CCSA has successfully bid for H2020 funding to continue the provision of secretariat support to ZEP for a new three-year period (2018 – 2021). CCSA is currently in the final phase of the grant agreement process with the European Commission and expect this to be concluded imminently.

Nomination to the Advisory Council

LW said that Florence Delprat-Jannaud had been nominated to the AC to replace Pierre le Thiez and invited the AC to vote.

LW said that Liz Rogers had been nominated to the AC to replace Gardiner Hill and invited the AC to vote.

The AC approved Florence and Liz's nominations.

ZEP review

LW said that at the 2017 ACEC Away Day it was agreed to review ZEP's longer-term structure and funding to ensure that the Platform remains effective and sustainable.

The Secretariat proposed to undertake a survey of both immediate and external stakeholders to understand their priorities, and to hold a more targeted workshop in Autumn to review feedback and consider how ZEP might respond.

LW outlined the objectives of the survey, which are to 1) Ensure ZEP understands stakeholders' priorities and meets their needs; 2) Inform activities for new grant period and ensure ZEP effectiveness; and 3) Consider ZEP's role longer-term, how might be structured and supported.

Item 3: Commission updates

DG CLIMA

MV gave an update on the Innovation Fund. DG CLIMA submitted the impact assessment of the Innovation Fund to the Regulatory Assessment Board. A scrutiny board meeting is scheduled in October, and the meeting will determine whether DG CLIMA will be able to proceed with the envisioned timeline. Work is ongoing on the draft regulation and the next Expert Group meeting will take place in November. MV said the exact date will be announced in due course. DG CLIMA aims at completing its internal work by the end of the year.

MV gave an update on DG CLIMA's work on CCU. DG CLIMA commissioned a study led by Ramboll. The European Commission's Group of Chief Scientific Advisors, which provides the Commission with independent scientific advice on specific policy issues, published an opinion and a supporting evidence report in April. MV said the study will be published in October – the Commission is still working on the regulatory framework.

MV said the main conclusions are that 1) hydrogenation routes would require vast amounts of renewable energy; 2) in the longer-term CCU technologies will have an important role in circulating carbon when fossil carbon won't be available anymore; 3) support will be available through Horizon Europe and the Innovation Fund; 4) the LCA methodology for the Innovation Fund still needs to be worked out; 5) carbon recycling fuels will be rewarded through the Renewable Energy Directive (RED); 6) cross-sector innovation is essential.

MV gave an update on the Commission's Long-Term Strategy for Emissions Reductions. The strategy will be released before COP24. MV said the strategy would outline the Commission's ambitions but will not focus on explaining how ambitions will be realised. The Commission will work on this at a later stage.

EC asked what the timeline would be regarding the LCA methodology for the Innovation Fund. MV said that the timeline is linked to the Innovation Fund – end of 2020.

CD asked about DG CLIMA's conclusions on the climate mitigation potential of CCU technologies. MV answered CCU is more about recycling and circularity than climate mitigation. The climate mitigation potential is limited.

MV stressed that the Innovation Fund will rule out projects that do not deliver climate mitigation benefits.

WG asked whether the Innovation Fund could be used to support infrastructure projects and how the latter would be assessed. MV said that the Commission would like to support industrial symbiosis projects through the blending of financial instruments. MV added that the Commission is aware of the difficulties associated with the assessment of such projects.

WG asked whether the scope of the Innovation Fund would allow including large-scale demonstration projects. MV answered that the Commission's aims at including large-scale demonstrations.

GS said that flexibility is needed to support projects that can promote infrastructure development.

MV said that there will be between EUR 5M and EUR 100M for projects, and that project would not be competing one against each other. MV added that with the rise of the carbon price, there should hopefully be enough money to finance big projects. MV said that there would be special calls for small projects.

DG RTD

VK gave an update on the SET-Plan IWG9 and said the next plenary meeting will take place in the Hague on 20th September. VK said the Commission opened a call under H2020 to provide resources to support and coordinate the IWG9's activities. This call closed on 11th September. To date the support to the IWG9 has been provided by the ZEP secretariat.

VK confirmed that the CCSA has successfully bid for H2020 funding to continue the provision of secretariat support to ZEP for a new three-year period (2018 – 2021). CCSA is currently in the final phase of the grant agreement process with the European Commission and expect this to be concluded imminently. The new grant will be backdated to the 1st May 2018.

VK gave an update on Mission Innovation.

VK updated the AC on proposals for Horizon Europe (formally FP9). 35% of the budget will be allocated to addressing climate change. VK said that under the proposal, CCS falls under the energy cluster and CCU falls under the industry cluster. The idea behind this is to promote co-creation and collaboration between clusters.

NR said there is some concern regarding the split between CCU and CCS for industry under the proposal. VK said that the proposal is still under discussion and input from ZEP is always appreciated. NR said that the IWG9 would be a good place to discuss this.

GS said it needs to be clear to the energy cluster that CCS for industrial activity is an energy activity.

DG ENER

PH gave an update on Projects of Common Interest. Under the first Connecting Facility Europe Energy call 2018, a total of €48.4 million in CEF grants was allocated to 8 PCIs to undertake studies, of which 4 are in the electricity sector, 2 in the gas sector, 1 for smart grids, and 1 for carbon capture technology (Acorn, Pale Blue Dot). The second CEF Energy call 2018 opened on 11th June. The deadline for submission is 11th October. The selection decision will be adopted by February 2019.

GS encouraged projects that did not go through the first call to reapply to the second CEF Energy call.

PH said the High-Level Energy Conference, which highlighted the role of innovation as key determinant for implementing the Energy Union, took place in Linz on 17th and 18th September. The hydrogen initiative has been endorsed at the conference. PH said that the main focus is on green hydrogen. PH noted that there have been discussions among Member States on whether blue hydrogen should be more explicitly endorsed.

GS said that blue hydrogen will be necessary to deliver high volumes of H2. Both blue and green hydrogen should be promoted and ZEP will have to work further on the promotion of blue hydrogen.

PH said that Commissioner Arias Cañete will not be able to go to the Global CCUS Conference in Edinburgh. It is not clear whether someone will be able to replace him. GH and GS highlighted the importance of having the Commission represented at the Global CCUS Conference. PH said he would follow-up with the cabinet.

DG GROW

AB said the last phase of the European Sustainable Chemicals Support Service has been completed by the Commission. A conference taking place on 27th September with the European Chemical Support Network

Office will cover the work that has been done on the capture and reuse of different gases including CO₂ and hydrogen.

AB said that the Investment Tool including regional data is now available and will be circulated to the Secretariat.

Item 6: Overview of Parliament, Council and other relevant activities

Multiannual Financial Framework

MD said that the Commission had released its proposal for the Multiannual Financial Framework 2021-2027 (MFF) on 2 May. The proposal increased climate-related spending in the EU budget from 20% to 25%. The EP has previously called for 30%, and a comprehensive, continuous source of funding for energy investments including CCU and CCS, especially for carbon-intensive regions. The Connecting Europe Facility will be renewed with €8.7 billion for energy projects over the 7 year period. This is an increase on the €5.3bn allocated from 2014-2020.

MD said that in his State of the Union Speech, (12th September), President Juncker mentioned the intention to finalise the EU budget before the elections in May.

A swift agreement by the European Parliament and the Council of the European Union on the overall long-term EU budget and its sectoral proposals is needed, in order to ensure that EU funds deliver results on the as soon as possible. Delays similar to the ones experienced at the beginning of the current 2014-2020 budgetary period could result in severe constraints to meet EU's international obligations and commitments towards partners.

Long-Term Strategy

MD said the Commission plans to be able to present its strategy before COP 24 in December, which will be followed by a period of scrutiny in 2019. The strategy will consider net zero emissions by 2050 and will not be legislation; it is there to provide strategic direction.

A High-level Stakeholder Consultation Event took place on 10-11 July.

The public consultation for the long-term strategy opened on 17.07 and closes on 09.10. It is a joint process between DG ENER and CLIMA. A summary of responses from the public consultation will be published following the end of the consultation.

ZEP has submitted its response to the long-term strategy consultation and organises an event on the strategy on 26th September in Brussels.

Sustainability Taxonomy

MD said the Commission has published its Legislative Proposal for a Regulation on 24th May. A Working Party on Financial Services (attachés + experts) will meet on 8th October to continue the examination of the proposal for a regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment. The detailed taxonomy is to be created over next few years.

ZEP submitted its response to the Commission's proposal to introduce a framework for sustainable investment on 23rd August.

Projects of Common Interest (PCIs)

MD provided an update on the status of PCIs and CEF 2018/2019 calls.

Item 8: Networks update

Network Policy and Economics

LE gave the update from Network Policy & Economics. There had been no physical meeting between this and previous AC. LE said the next NWPE meeting is scheduled for 11th October.

TWG Policy and Funding

LE said that the Secretariat had updated the terms of reference of the TWG. LE said the TWG has only one co-chairs and encouraged AC members and participants to nominate themselves.

TWG PCIs

NR asked to have an update on the London Protocol ratification. LE said the work is happening outside of NWPE. Ministers are exploring the possibility of ratifying the proposal next year. Projects are providing ministries with information and supporting them to do so. The Norwegian government is currently leading by preparing a proposal ('white paper') and is seeking to involve other governments.

GS said it would be useful to think about how to best support this initiative. GS asked whether preparing a letter to endorse the proposal would be useful. LE said he would consult the government group and see whether such work would be desirable. LE said the proposal will not come out before next year.

Network Technology

MD said the next meeting is scheduled for 31st October.

TWG Collaboration across the CCU Chain

Workstream 1 (WS1)

FN presented an overview and key findings from the WS1 report. The report quantifies storage-related risks using data from operators.

LE suggested amending the slide on financial security because there is a financial security in Norway, which is based on the oil and gas experience.

It was suggested that the TWG works on the report's recommendations.

GS said ZEP will need to be thoughtful about how it communicates the risks outlined in the report. It was also agreed that the report should be accessible to people with a non-technical background.

It was agreed that the ERG will work on the messaging of the report.

Workstream 2 (WS2)

The second workstream looks at risks and liabilities which need to be shared across the CCS chain. The group hold a joint workshop with the ERA-NET ACT projects on 18th September. GS said there was a very constructive conversation on the securitisation of the leakage risks and risk perception.

TWG CCU

RvdM said that several meetings of the TWG had been cancelled due to delay in the publication of the Ramboll study. RvdM said initial conclusions are disappointing.

RdvM said the objective of the TWG is to add value to the ongoing discussions on LCA and CCU, however, it is unclear how the TWG will proceed. AH said it will be important to clarify the benefits of CO₂ reduction.

Item 12: External Relations Group (ERG) update

TM said that Johnny Stokes had been nominated as a new co-chair to replace Sarah Kempe from Shell.

TM invited the AC to join ZEP's event on the EU long-term strategy for emissions reduction. TM described the event agenda and objectives.

TM said that GS will meet with CEFIC and DG RTD on 25th September.

GS encouraged AC members to participate to future engagement programmes.

Item 13: Any other Business and closing remarks

N/A

Actions

Action		Owner	Deadline
2	Secretariat to follow-up with hydrogen stakeholders on Horizon Europe proposals	Secretariat	
3	DG GROW to circulate Investment Tools to ZEP Secretariat	AB	
8	ERG to work on the messaging of the TWG Collaboration across the CCS chain WS1 report	ZEP ERG	
8	LE to follow-up with Government Group on ZEP potential piece of work regarding the London Protocol ratification proposal	LE	