

NER 300 call needs quality CCS projects to deliver

Statement by the Zero Emissions Platform

December 21, 2010 – The companies, scientists, academics and environmental NGOs that together make up the Zero Emissions Platform (ZEP)¹ welcome the launch of the European Commission’s first call for proposals for so-called “NER 300” EU funding as a vital first step towards creating the world’s largest CO₂ Capture and Storage (CCS) demonstration programme.

It is now essential that projects are selected based on their ability to deliver *and* successfully demonstrate CCS. This means taking into account both the uncertainty of cost estimates and the significant variability in cost that occurs when comparing projects that have been developed to different levels of definition. As importantly, it means focusing on the *quality* of projects – particularly with regard to CO₂ storage – and not just the cost per tonne of CO₂ stored.

In short, the European Commission can help accelerate final investment decisions by CCS project operators by ensuring that only high quality projects, with the highest chance of success, are advanced rapidly through the NER 300 call.

ZEP remains committed to meeting the European Council’s March 2007 request that projects be operational by 2015. However, given the long timelines involved in building complex, first-of-a-kind CCS projects, the expected timing of the final awards may hinder the achievement of this target. It is therefore important to avoid further delays in the process and that the NER 300 call is resourced accordingly. ZEP looks forward to greater clarity from the European Commission and Member States on details of the call in the coming months and offers its expertise in order to assist the Commission and European Investment Bank (EIB) in this process.

The European Commission’s Directorate-General Climate Action has also initiated a process to establish four Guidance Documents for Member States on the transposition of the CCS storage Directive 2009/31/EC (“CCS Directive”). As part of the stakeholder consultation process, ZEP has provided detailed feedback on these documents **and strongly recommends that they be finalised and issued as rapidly as possible**. ZEP once again stresses the importance of having a legal framework for CO₂ storage in place

¹ The European Technology Platform for Zero Emission Fossil Fuel Power Plants supports combating climate change through the use of a portfolio of key technologies, including CO₂ Capture and Storage (CCS), renewable sources of energy and greater energy efficiency. ZEP advises the EU on all aspects related to the demonstration and deployment of CCS.

in the various Member States which will be submitting CCS projects for NER 300 funding – given that the permitting process cannot start without it.

Background

The NER 300 is so named because it will be funded from the sale of 300 million emission unit allowances held in the New Entrants Reserve (NER) of the EU Emissions Trading System (ETS). At the current market price, the 300 million allowances would raise €4 to €5 billion.

The NER 300 will co-fund at least 8 CCS projects and 34 innovative renewable energy projects across the EU as part of a competitive process, selected from projects put forward by Member States. Each Member State can be awarded up to three projects which the NER 300 could co-fund, with the remainder funded by direct support from Member States or the companies involved.

The NER 300 call requires project sponsors to submit applications to their Member States by 9 February 2011, while Member States must complete an eligibility assessment and forward the applications they support to the EIB by 9 May 2011. The EIB will then conduct a technical and financial due diligence of candidate projects in order to rank them according to how effectively they contribute to reducing greenhouse gas emissions per euro of public funding (NER 300 and EU/Member State funding). Depending on the number of candidates, this could take another nine months. Finally, the European Commission will run a number of verification procedures and consult with Member States before final awards are granted sometime in the second half of 2012.

For more information on the NER 300, please use the following link:
http://ec.europa.eu/clima/funding/ner300/index_en.htm

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