

UK decision to provide £1bln for first CCS demo applauded

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 and support the UK government's October decision to provide up to £1 billion in public funding for its first full-scale CO₂ Capture and Storage (CCS) demonstration project – the largest financial commitment to a single commercial-scale CCS project anywhere in the world. Likewise, the opening up of the UK's demonstration programme (totalling four projects) to gas-fired power plants is a step toward the decarbonisation of fossil fuel power generation - including coal - as well as heavy industry.

However, **the UK government's decision to delay the decision on the funding mechanism for the three additional projects beyond the first demonstrator until Spring 2011 presents increased risk and uncertainty for project developers.** While a CCS levy was previously in place, the UK government is now considering whether public funds for CCS demonstration projects will be provided through a CCS-specific levy, or through general taxation.

The European Commission in November issued its first call for proposals for CCS and innovative renewable energy projects under the so-called NER300 EU funding - currently the world's biggest CCS funding mechanism. **It is crucial that the final UK funding mechanism and its award timetable are aligned with the NER300,** given the elevated costs associated with building complex first-of-a-kind CCS projects and the need for project operators to access both sources of public funding. ZEP remains fully committed to continue working with the UK government and the EU as a whole in order to ensure the successful demonstration and widespread deployment of CCS.

Background:

For more information on the UK's CCS demonstration programme:

http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/ccs/ccs.aspx

For more information on the NER300:

http://ec.europa.eu/clima/funding/ner300/index_en.htm

For all media enquiries, please contact:

Eric Drosin

Director of Communications

E-mail: edrosin@zero-emissionplatform.eu Tel.: +32-(0)493-511-982

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.