

Creating a Level Playing Field for CCS in Climate Change Mitigation Instruments

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Introduction

- **Recommendation from 1st workshop (Jun04): Create a level playing field for CCS with other climate change mitigation technologies in the climate change mitigation instruments, including emission trading schemes**
- **Jun04 – EU ETS not started, KP not ratified, CDM not heard of CCS. Norway’s Carbon Tax stimulating CCS.**
- **Oct06 – knowledge moved on a long way, but where have we got to ? EU ETS not clear, CDM not clear.**
- **Discussion document looked at cc mitigation instruments and generic issues for CCS**

Mitigation Instruments

- Carbon trading schemes
- Capital support / Direct subsidy
- Tax schemes
- Regulation

Carbon Trading Schemes

- CDM
 - Issues – project boundary, leakage, permanence
 - Emission reduction or sink enhancement ?
 - Process in place, COP/MOP2 Nairobi
- JI
- EU ETS
 - MRG 2004, ECCP WG3, MRG 2006
 - Need for underpinning regulatory framework – EU or MS ?

Capital Support / Direct subsidy

- IFI schemes
 - GEF - Looking at how CCS would work
- National/regional schemes
 - EU State Aid
 - AUD500
- No electricity price support
- Eligibility of CCS ?

Tax schemes

- Norway

Regulation

- Algeria ?
- Capture ready power plant

Issues for CCS

- Baseline emissions, and allocation
- Monitoring, reporting and verification of stored CO₂
 - Short term and long term
 - Fugitive emissions
 - Site specific characteristics
 - * IPCC Inventory Guidelines 2006 *
- Long-term nature of storage liabilities
 - Transfer to state ?
 - Accounting for potential leakage
- Eligibility as a 'new' or 'fossil' technology

Conclusions

* UNCERTAINTY *

- CCS relatively new – needs knowledge and confidence building at policy and public/NGO level
- Carbon trading systems are necessarily complex to ensure environmental integrity + CCS is complex = more work needed to remove uncertainty
- Tax / Capital systems = less complex (but blunt)
- CCS incentives need regulatory and legal barriers addressing, national, international - all are related -
 - eg IPCC SR, IPCC IG, and work of LC/P, OSPAR, EC, help give confidence for incentive mechanisms to remove uncertainties for CCS

Recommendations

- Provide independent info on CCS for the range of stakeholders
- Use/promote risk assessment protocols eg London
- Generic site selection criteria
- Application of IPCC IG in countries
- Review of storage liability treatment
- Generic CDM methodology
- Review progress in national regulatory/incentive schemes
- Generic EIA / SEA

