

Minutes
CCS Development Forum
15 September 2014, 13.30 to 16.00

Attendees:

Matthew Hancock – Minister of State for Energy
(attended for short introductory discussion)

Chairs

Michael Gibbons – CCSA Chair
Ashley Ibbett - CEO, Office of Carbon Capture and Storage, DECC

This Forum was chaired by officials, and therefore substitutes were allowed.

Members

Chris Brookhouse - Vice President International Development, Summit Power
David Clarke - Chief Executive, ETI
Ward Goldthorpe - Programme Manager CCS & Gas Storage - The Crown Estate (Storage Development Group)
Leigh Hackett - Chief Executive, Capture Power Limited
Niall Mackenzie - Director, Energy, Materials & Agri-tech BIS
Graeme Miller - Commercial Director - 2Co
Dave Robson – Technical Development Manager, SSI UK
Nilay Shah - Imperial College London; UK CCS Research Centre
Bill Spence - Head of CCS, Shell
Paul Sullivan - Commercial Development Manager - National Grid Carbon
Graeme Sweeney - Chairman, Zero Emissions Platform
Luke Warren - Chief Executive, CCSA
Angela Whelan - Chief Executive, Ecofin Research Foundation (Commercial Development Group)
Peter Whitton - Managing Director Progressive Energy

Amy Clemitshaw
Nick Crabtree
Declan Burke

Apologies:

Patrick Dixon - OCCS Expert Chair
Eric Redman (represented by Chris Brookhouse)
Rob Hastings (represented by Ward Goldthorpe)
Peter Boreham (represented by Paul Sullivan)

Lewis Gillies (represented by Graeme Miller)

Item	Discussion	Action
Item 1	<p>Welcome and introductions – Mike Gibbons (MG)</p> <p>MG opened the Forum and introduced Matt Hancock, Minister for Energy. The Minister welcomed those attending and reaffirmed the UK's commitment to CCS deployment.</p> <p>The Minister noted the importance of the CCS Commercialisation Programme which indicated real progress towards CCS deployment and that, beyond the Commercialisation programme, a cost competitive CCS Contract for Difference (CfD) would further CCS deployment in the UK. The Minister set out that, in order to ensure value for money for consumers, a significant amount of the Levy Control Framework budget was being held back for future CfD allocation rounds for potential renewables and CCS projects, including those in the Commercialisation Programme. The Minister reminded the Forum that the development of a generic CCS CfD could only be achieved by industry and Government working together to achieve value for money.</p> <p>After taking some questions from the Forum, the Minister departed.</p>	
Item 2	<p>Government update and Next Steps in CCS: Policy Scoping Document – Ashley Ibbett (AI)</p> <p>AI provided an update on recent developments in DECC and OCCS reiterating the Government's commitment to CCS, including publication of Next Steps in CCS: Policy Scoping Document (PSD), as requested and agreed at the March Forum.</p> <p>Forum members received an update on: the 24 July EMR announcement; the award of funding to the White Rose CCS project under NER300; and the forthcoming opening of the Boundary Dam project - promoted as a significant milestone in international CCS deployment.</p> <p>NC provided Members with an update of progress regarding the CCS Competition.</p> <p>The DECC EMR team provided an update on EMR following the 24 July EMR announcement and that the allocation process for renewable CfD would be open this October. The budget for the Levy Control Framework for low carbon generation beyond 2021 had not yet been set and decisions were unlikely until the next Parliament. Any future decisions would need to take into account the impact on consumers.</p> <p>AI set out that internationally the UK was leading the way on CCS investment as no other Government was offering a similar investment mechanism. AI described DECC's programme of work, building momentum across Europe for CCS - highlighting the recently published 'Path to Paris' which sets out the Secretary of State's commitment for low carbon technologies and a global climate change agreement.</p>	<p>Secretariat to circulate timetable of PSD stakeholder events</p> <p>DECC to set out an indicative process for engagement on a generic CCS CfD.</p>

	<p><u>Policy Scoping Document – Next Steps in CCS</u></p> <p>AI encouraged Forum Members to respond to Next Steps in CCS by 23 October and described a time table of events to engage the CCS community. Members of the Forum were keen to seek clarity on the timetable of engagement for a generic CCS CfD. AC set out current thinking on plans to engage externally on a contract and allocation framework suitable for subsequent CCS projects. This would require strong mechanisms for consultation with industry, consumer groups and the financial community, and the Development Forum and its members would have a key role. The purpose was to put in place an appropriate CCS CfD framework by 2016, as a basis for future decisions on allocation. In order to take forward work on a CCS CfD a range of issues would need to be considered including contract term, fuel price indexation, storage performance risk and CfD allocation.</p> <p>Forum Members, while welcoming the publication of the policy scoping document, indicated concerns about Phase 2 of CCS deployment and the development of a generic CCS CfD. The following points were made in discussion:</p> <ul style="list-style-type: none"> • It was acknowledged that the Commercialisation Programme was one of the best CCS offerings by Government globally. However, industry wanted to see a greater commitment to funds being made available to develop additional projects beyond the competition. • The desire to have a detailed discussion about developer risk appetite for phase 2 and 3 projects, recognising the importance of understanding the business model and risk management across the full CCS chain. • Forum Members stated that the visibility of Phase 2 and beyond was important as the intentions of some active CCS developers extended beyond building a first of a kind CCS facility in the UK. • The importance of Industrial CCS remaining part of the conversation <p>AI concluded that the discussions and negotiations under the Commercialisation Programme will inform much of the design of a generic CCS CfD. DECC officials agreed that work to design a CCS CfD and allocation arrangements should continue alongside similar work in the competition. OCCS would engage with members of the Forum the CCS community and more broadly to take forward work to develop a CCS CfD appropriate for the next phase of projects.</p>	
Item 3	<p>Presentation: Carbon Capture and Storage and the European Union – Graeme Sweeney (GS)</p> <p>GS provided an update of the status of CCS within the European Union highlighting efforts being undertaken to raise the profile of CCS. The presentation focussed on the EU 2030 Energy and Climate Change Framework; the forthcoming European Council; and the role CCS could play in meeting the EU's low carbon targets. A joint industry letter inviting the Commission to bring forward a comprehensive European CCS strategy has been sent to the Commission. Members of the Forum were encouraged to support this letter.</p>	

	<p>Industry update - Commercial and Transport/Storage Development Groups</p> <p>The Commercial and Transport/Storage Development Groups updated the Forum Members on activity since March and set out an overview of work planned for the year ahead.</p> <p>The following points were also made in discussion:</p> <ul style="list-style-type: none"> • The Commercial Development Group (CDG) provided an update on a PSD workshop which was attended by members of the financial industry and some DECC officials. The initial response to the PSD was broadly positive however, it was felt that further work needed to be done to consider the financial risks of investment. • The Transport and Storage Development Group (TSDG) indicated that it may be necessary to consider future resourcing and financing of both the TSDG and CDG. • TSDG set out that there was a need for multi-disciplinary work across the CSD and TSDG and that the terms and conditions of the groups may need to be re-visited. 	
Item 5	<p>Next Steps and closing remarks – Mike Gibbons and Ashley Ibbett</p> <p>The Chairs thanked members for giving up their time to attend.</p> <p>MG summarised the meeting, and highlighted a need for further discussions on the enabling architecture for a generic CCS CfD.</p>	<p>It was agreed that DECC would generate and recommend some early milestones for progressing work on CCS CfD design and allocation.</p>
Item 6	<p>Next Meeting</p> <p>The next meeting is tentatively scheduled to take place in early 2015, date to be confirmed.</p>	