



International Chamber of Commerce

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ICC contribution on Carbon Capture and Storage

Prepared by the ICC Commission on Environment and Energy for the 14th Session of the Conference of the Parties (COP-14) of the UN Framework Convention on Climate Change (UNFCCC)

To meet the aims of the UNFCCC, a full range of technologies must become available to enable emissions reductions in the most cost-efficiency manner, both in the context of the existing Kyoto framework and beyond 2012, under the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (“AWG LCA”). It is vital that barriers to the development and implementation of both existing and new technologies should therefore be removed.

CARBON CAPTURE AND STORAGE – THE CASE FOR INCENTIVISATION UNDER THE UNFCCC FRAMEWORK

The need for CCS

CCS is one of the most important groups of carbon abatement technologies and is the only technology that enables deep cuts to be made in the emissions from fossil fuel. The importance of CCS rests on the fact that coal is the most abundant and cheapest fossil fuel resource in many parts of the world, a fact that is of great interest to governments seeking to drive economic development through access to competitive supplies of energy—as well as those wishing to maintain a degree of energy security in a world of increasing energy insecurity. CCS is also an important carbon abatement option for other large point sources of greenhouse gas emissions, such as unconventional oil production as well as cement, iron and steel and petroleum-refining industries.

Impediments to the development and implementation of new technologies should therefore be of great concern to those seeking a solution to climate change. As a prime example, the continued exclusion of Carbon Capture and Storage (“CCS”) from the Clean Development Mechanism (“CDM”) represents an important impediment to meeting the ultimate objectives of the UNFCCC. Unless CCS can be widely deployed, the cost of achieving emissions reductions will increase, and the chances of meeting climate change goals would likely fall as a result. As an example, the IEA Energy Technology Perspectives 2008 found that without CCS the costs of meeting GHG targets rose by 71%—costing an additional US\$1.28 trillion annually by 2050. It is therefore of great importance that CCS is recognised as an abatement technology available to many countries if the aims of the UNFCCC are to be realised.

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Commercial barriers to the deployment of CCS

Many mitigation options, such as energy efficiency improvements, make use of technologies that serve purposes besides emissions reduction and often, energy savings alone will justify their commercial use. CCS, however, is a technology that has been designed for the specific purpose of reducing carbon dioxide emissions to the atmosphere. In practice it is a relatively costly, energy and capital intensive technology, albeit with the potential for significant future improvements. The adoption of CCS by the private sector will thus depend on the incentives provided by the carbon market and other emissions reduction policies that overcome the additional cost of CCS development and deployment.

CCS in non-Annex 1 countries

It is expected that most of the near-term CCS plants will be commissioned in Annex 1 countries, and will receive the support that is required from host governments of those countries. With such incentivisation in place, industry will continue to use its expertise to deploy CCS safely and with environmental integrity, based on experience with existing CCS projects and analogous technologies.

However, it is also important that CCS obtains recognition as a valid abatement option in non-Annex 1 countries so that the legitimacy of the technology is established and that financial support measures to enable its deployment are available at an early date. Moreover, the high level of current investment in coal-fired power in developing countries make for a real threat of “carbon lock-in” and consequentially high costs of reducing emissions in the absence of CCS.

Recommendations to policy makers attending COP-14

- In ICC’s view, to facilitate the deployment of CCS in non-Annex 1 countries to reduce emissions of carbon dioxide to the atmosphere and help to build capacity in these countries for this essential technology is vital. Furthermore, the COP/MOP should give serious consideration to the full inclusion of CCS as CDM project activities at COP-14, and establishes a process to enable this in a timely manner.
- ICC also recommends that, as part of negotiations under the “Bali Roadmap”, the COP/MOP examine how the work of the AWG LCA can best promote the development and deployment of all mitigation technologies, including CCS. We believe that this should be a central tenet of discussions related to technology transfer and financing.

More detailed ICC views on the role of CCS, and the required policy and regulatory action for its implementation are available at www.iccwbo.org.