Supporting early demonstration of sustainable power generation from fossil fuels

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PURPOSE: to support early demonstration of sustainable power generation from fossil fuels.

CONTENT: the EU has set itself ambitious targets to reduce green house gas emissions. Emissions from the energy sector – primarily coal and gas, lead to approximately 40% of all CO2 emissions in the EU. Thus, any strategy to address climate change needs to consider ways in which to reduce the effect of CO2 emissions from fossil fuel power generation. One way forward is the capture and storage of CO2 (CCS). This technology, which is expected to be commercially feasible in 10-15 years, will enable CCS to stand on its own feet in an Emission Trading Scheme.

This Communication complements a Commission proposal for a Directive on Geological Storage of CO2. Its purpose is to set out a strategy for the realisation of CCS and to set out a vision on how to effectively coordinate and support large-scale CCS demonstrations as well as creating the conditions for bold industrial investments in a series of plants.

The investment needed to bring CCS to market is substantial. Around EUR 1 billion will have to be spent between now and 2020 on R&D activities to bring CCS technologies to a state in which they can be commercially deployed. In addition, early demonstrations of CCS in industrial-scale power plants will require further spending to the tune of billions of Euros. For example, several hundred million Euros per plant will have to be invested in large-scale projects that include capture, transportation and storage. This is significantly more than for standards plants.

The first step to enabling CCS power generation can be taken without substantial additional costs. The Commission's proposal for a CCS Directive will crate a comprehensive regulatory framework to ensure the safety of CCS deployment. In response to these developments the EU is putting a structure in place that seeks to stimulate the demonstration of CCS in power plants. This is the SET-Plan, which creates a framework in which CCS can develop. The plan identifies CCS as one of the strategic energy technologies and sets the time horizon of 2020 for making its use in power generation a realistic option. A coherent and coordinated EU-level action could add value and enhance overall impact, whilst respecting the autonomy of national initiatives.

The SET-Plan proposes to examine avenues for raising additional funds. The European Investment Bank (EIB) is currently analysing new products for financing CCS in addition to the existing Risk Sharing Finance Facility (RSFF)

Within this context the Commission is proposing to launch a European Industrial Initiative on CO2 capture, transport and storage starting in 2008. While stimulating large-scale demonstration, this Initiative will also seek to address, in an integrated manner, the need for continuous research and for increased public awareness and acceptance.

In order to push this initiative forward, in 2008 the Commission will set up a Support Action under the 7th Framework Programme the purpose of which will be to create and animate a network of CCS demonstration projects. In this way the Commission will provide first movers with a list of best practices. Information thus gathered will help focus policies establishing a long-term value chain for CO2 and will give coherent and effective interaction of participating projects with related R&D undertaken across the EU.