# Supporting early demonstration of sustainable power generation from fossil fuels

2008/2140(INI) - 18/11/2008 - Text adopted by Parliament, single reading

The European Parliament adopted by 474 votes to 66 with 20 abstentions, a resolution on supporting early demonstration of sustainable power generation from fossil fuels, in response to the Commission's communication on the same issue.

The own-initiative report had been tabled for consideration by Christian **EHLER** (EPP-ED, DE) on behalf of the Committee on Industry, Research and Energy.

**CCS technologies**: Parliament recognises that the use of CCS technologies can contribute to attaining the EU's stated climate targets after 2020. Given the role played by fossil fuels in the energy mix of many countries worldwide, MEPs believe that these technologies in the EU could, in addition to the efforts being made to increase energy efficiency and the use of renewable energies, contribute to achieving security of supply and climate protection.

**Insufficient Commission measures**: Parliament defends the idea that the construction of at least 12 demonstration facilities within the EU is necessary in order to achieve the desired use of CCS technologies in power stations and to secure CO2 storage from 2020. MEPs take the view that the measures unveiled by the Commission are not sufficient to provide the desired incentives for constructing at least 12 demonstration facilities by 2015. They points out that investment decisions and capital acquisition on financial markets for demonstration facilities are made more difficult by the absence of a legislative framework, in particular at national and regional level, and by uncertainties about future movements in emission trading allowance prices.

**Short-term financing by the 7th Framework Research Programme**: MEPs take the view that the time delay between the potential support from emissions trading from 2013, and the necessary planning and construction phase of demonstration facilities, can be overcome by making financial resources available. They propose in this connection that the risk sharing finance facility resources held back after the adoption of the Seventh Framework Research Programme until the mid-term review, should be committed for CCS demonstration facilities so as to make resources available promptly to support these projects and, if possible, to supplement them with other funds in cooperation with the European Investment Bank, as envisaged by the Commission. Parliament calls on the Commission to produce a detailed assessment of the cost of, and the share of private and public funding in, each of the 12 demonstration facilities.

**Support via the EU emissions trading scheme (EU ETS)**: MEPs consider that incentives for CCS technology production should be increased, by allocating, within the EU ETS, allowances for anticipated CCS technology production with an increase of at least 25 % from 2013. However, they consider that such allowances should be allocated at least two years prior to construction so that they can be traded and consider alternatively, that an allocation of 500 million emission trading allowances for the support of the projects within the EU should be envisaged. They encourage the Member States to use proceeds from auctioning emission allowances in the framework of the EU ETS to support CCS technologies and the necessary infrastructure.

**Infrastructure and transport**: MEPs regard as necessary an additional EU commitment on facilitating development of the necessary transport infrastructure, and notes in this regard that the authorisation procedures in individual Member States for other transport infrastructures can last for years; in this connection points to the importance of shortening such procedures to ensure construction by 2020.

**Selection criteria for projects**: Parliament stresses that binding and strict criteria should be set for the long-term safety and permanence of storage sites. MEPs considers it imperative that at least the 12 demonstration facilities earmarked for assistance should cover all possible combinations of the three CCS technologies with the various energy sources and storage options and for these facilities to be sited with a view to maximum geographical spread across the European Union. The report recommends that power station projects with a proposed minimum output of 180 MW be included in the selection.