



CO<sub>2</sub> Capture Project

# **CO<sub>2</sub> Capture Project's Policies & Incentives Work Program 2005-2006**

*Gardiner | Hill*

*CCP2 Stakeholders*

*7 February 2006*

# P&I Team Mission Statement

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**The Policy & Incentives Team provides information and advice to the CO2 Capture Project Executive Board on national and global policies, regulations and legislation, incentives and any other external developments that may impact or benefit the technology program being developed by the CO2 Capture Project.**



# P&I Team Objectives

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- **Update the survey of existing policies, regulations, and incentives related to CCS**
- **Continue the network monitoring function for the team and share information about proposed regulations, policies, and incentives that can affect CCP2**
- **Participate in international forums to discuss the formulations of policies and incentives in CO2 capture and storage technology**
- **Make recommendations to the Executive Board on appropriate actions to address issues identified**
- **Provide written comments on select, significant proposed policies and incentives – “light” advocacy**



# P&I Team Terms of Reference 2005-2006

- **Task 1. Follow up developments of the London Convention and OSPAR**
- **Task 2. Follow up the development of the EU ETS Monitoring and Verification Guidelines to include CO2 Capture and Storage.**
- **Task 3. Follow up the national developments of policies and regulations to treat potential emission credits from CO2 capture and storage.**
- **Task 4. Survey emerging monitoring and verification policies and regulations from other countries.**
- **Task 5. Follow up developments in the national implementations of the EU water directive and how such implementations may influence CO2 storage.**

**P&I Team Tasks Have a Potential Component of “Light” Advocacy**



# P&I Team Terms of Reference 2005-2006

- **Task 6. Examine current decommissioning and field abandonment current practices, policies, and regulations in the oil and gas industry to obtain lessons learned about potential regulations (i.e., long term well integrity is identified as a critical issue).**
- **Task 7 Examine the potential effects of impurities in CO2 streams in the regulatory and policy development context.**
- **Task 8 Map regulatory issues and compare between countries**
- **Task 9. Follow up with specific developing countries in Latin America and the potential for Clean Development Mechanism projects in China, Algeria, Indonesia.**

**P&I Team Tasks Have a Potential Component of “Light” Advocacy**



# New for 2006 (Proposed)

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- Task 10: Continue development of position papers on specific issues
- Task 11: Continue monitoring of key areas of policy development and engage in “light” advocacy as appropriate

**P&I Team Tasks Have a Potential Component of “Light” Advocacy**



# “Light” Advocacy Elements

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- ***Only in response to specific regulatory proposals or policy white papers from governments and multi-lateral bodies (e.g., Carbon Sequestration Leadership Forum, European Commission), the Policy & Incentives Team will:***
  - Provide information to correct or clarify facts
  - Offer options or approaches
  - Describe and explicitly recommend any approach or approaches preferred by the CO2 Capture Project
- **Draft submittals by the Policies and Incentives Team will be reviewed and approved by the Executive Board pursuant to the Board’s voting procedures.**



# Key Issue Areas (1)

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**“Light” Advocacy entails response to regulatory proposals and policy white papers. Areas of key issues will likely focus on:**

## **Outreach**

- **Promotion of CCS as a viable means of managing significant GHG emissions worldwide**
- **Opportunity for industry involvement in public policy development**
- **Facilitation of technology transfer to developing countries**

## **Government Support**

- **Government incentives for pre-commercial CCS technology development without promoting a particular technologic solution (i.e. government should not pick the winner)**
- **Government partnership in CCS technological development and public education/outreach**





# Key Issue Areas (2)

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## Legislative/Regulatory

- **Acceptance of CCS within GHG emissions trading systems**
- **Acceptance of CCS within international conventions not originally contemplating CO<sub>2</sub> capture and storage**
- **Promotion of appropriate levels of environmental, health and safety protection for site evaluations and permitting of transport and storage structures.**
- **Regulations commensurate with the risk level associated with CCS**
- **Consistency in regulations between jurisdictions as possible and appropriate**
- **Consistency in regulations regardless of source or location of CO<sub>2</sub> emissions**



# Technical Issues

There will be technical issues in these areas:

- ✓ **Decommissioning and long term liability (draft)**
- ✓ **Addressing impurities (draft)**
- **Incentives for deployment (no draft)**
- **Siting and permitting requirements (no draft)**
  - May include model technical standards for the following:
    - Well integrity
    - Risk assessment
    - CO2 Monitoring

**Develop position papers to inform the actions of the CO2 Capture Project.**



# Focal Area of Current Policy Development

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- **US Groundwater Protection Council (GWPC) and the Interstate Oil & Gas Compact Association (IOGCC)**
- **Model standards & regulations to be developed beginning 2005 and into 2006**
- **P&I Team believes this policy development will be a focal area of significance for CCS technology.**
- **P&I Team discussed the proposal from Bryan Cave LLC, a law firm, to work with the CCP2 P&I Team to shape these model standards & regulations at the GWPC and IOGCC**
- **However, the level of funding needed is very high and will require an increase budget allocation to the P&I Team.**



# Creating Favorable Conditions

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- **Consider what needs to be done.**
  - Understand the issues, barriers, opportunities for another key industry sector (i.e., electric power generation)
  - Create a positive public perception,
  - Ensure a balanced legal/regulatory framework, and
  - Enable eventual commercial financing
- **US, Europe, Other Regions**
- **Other Industries**
- **Conducted one meeting in Houston (2 March) and Brussels (11 July) with companies and industry associations of:**
  - Coal
  - Coal-fired electric power generators
  - Equipment manufacturers



# Multi-Industry Discussions

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## Opportunity Statement

**A collaborative initiative to shape public perception and advocate policy effectively on CO2 capture and storage (CCS) technology can be achieved through:**

- Networking to establish common ground between multiple industries
- Developing proactively cross-industry led solutions rather than delayed and fragmented response to government mandated solutions
- Sharing of best practices and lessons learned
- Conveying consistent messages for raising public awareness and education, with emphasis on key decision and policy makers
- Advocating publicly acceptable policy principles for the siting, permitting, financing and monitoring of CCS projects, which streamlines jurisdictional overlaps
- Designing a framework, which defines CO2 ownership, roles and responsibility
- Developing a model for financing early projects that adequately reflects the technology development and commercialization risks
- Promoting technology development and demonstration projects



# Multi-Industry Discussion - Outcome

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**The Coal and Power Industries in the US and Europe, on the whole, did not express a strong desire to form soon a collaborative multi-industry initiative on shaping policy. More work will be needed to persuade these industries of the effectiveness of CCS technology and to form a wider collaboration on creating favorable business conditions.**



# Current Members

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- **Dag Christensen (Norsk Hydro)**
- **William Veerkamp (Shell)**
- **Arthur Lee (Chevron) – Team Lead**
- **Georgia Callahan (Chevron, alternate)**
- **Tony Espie (BP)**
- **Stephen Kaufman (Suncor)**
- **Bruce Wilcoxon (ConocoPhillips)**
- **Sue Young (ConocoPhillips)**
- **Paulo Cunha (Petrobras)**
- **ERM consultants (led by Lee Solsbery, Paul Zakkour, Greg Cook)**

