THIRD WAY

MEMO *Published December 8, 2015 • Updated December 8, 2015 • 4 minute read*

Promoting CCS at COP21

Erin Burns
Former Senior Policy Advisor, Clean Energy Program
@ErinMBurns

A number of the world's most reputable climate and energy organizations, including the United Nations Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), have made it very clear that carbon capture and storage (CCS) must play a major role in our efforts to reduce greenhouse gas emissions and meet global climate goals.[1] While development of this vital technology continues to progress and several commercial projects are now up and running, CCS needs a major increase in financing and policy assistance worldwide if it is going to do its part in the fight against climate change.

But, despite acknowledgement from major international bodies that CCS should be a top priority, the world is missing a number of opportunities to actually *prioritize* it—including activities surrounding the high-profile global conference on climate change (COP21) currently underway in Paris. The United Nations Framework Convention on Climate Change (UNFCCC), the global treaty around which these conferences are organized, already recognizes CCS as a climate mitigation

technology. [2] While this is a necessary first step, more can and must be done to promote CCS development on a global scale.

Name it and Claim it

By now, you might be familiar with a particular element of the UNFCCC process known as an Intended Nationally Determined Contribution (INDC), which each country submits to outline what post-2020 steps it will take to reach agreed upon climate goals. The United States' 5-page INDC was submitted in March of this year and kept to topline climate goals, like reducing greenhouse gas emissions by up to 28% from 2005 levels. It did not mention any specific climate mitigation technologies, which is relatively common. However, a handful of nations such as China and Saudi Arabia did include a specific role for CCS in their INDC. While this may seem like nothing but lip service, in the incredibly formal UNFCCC process, words can carry a great deal of influence—especially those of major world powers. The U.S. should consider including CCS when updating its INDC, and encourage other nations to do the same when appropriate.

Open Up a Window

CCS is currently eligible for funding through the primary financing tools of the UNFCCC: the Green Climate Fund (GCF) and the Global Environment Facility (GEF). However, only one CCS project has been approved through the GEF and none have been approved through the GCF. [3] Both financing tools operate with thematic funding windows—a tool that "allows for speciali[z]ation in and a focus on" specific types of projects. [4] A thematic funding window for CCS would ensure that developing nations are aware that it is an eligible climate mitigation technology and encourage them to consider the potential role of CCS projects within their borders.

Make CCS Business a Little Less Risky

The GCF and GEF aren't intended to entirely fund multi-billion dollar projects like a CCS facility—but they don't have to. These financial entities have already recognized the need to leverage private capital for approved projects. In fact, the GEF already employs co-financing that, for some projects, tallies in the hundreds of millions or, in the case of one project, more than a billion dollars. [5] This is good news for CCS. However, CCS doesn't just come with a hefty price tag. Like any large-scale, first generation technology, CCS also entails additional financial risks stemming from factors like higher capital costs and regulatory uncertainty, among many others. [6] The U.S. should encourage the governing bodies of the GCF and GEF to examine whether they are set up to manage these unique risks so that developing nations are able to actually take advantage of CCS's status as an eligible climate mitigation technology.

Don't Let Hard Work Go to Waste

While COP21 will focus on post-2020 action, countries have also been working on pre-2020 ambitions. [7] These ambitions identify what steps each country will take through 2020 to meet

long-term climate goals. For example, the U.S. has set a target of reducing emissions by 17% compared to 2005. [8] This work has involved a number of technical meetings, including one on CCS. This meeting provided valuable, actionable information on the global state of CCS—recognizing its vital role as a climate mitigation technology—through identifying "key barriers" to deployment and providing a list of policy options for CCUS, among other important data. [9] The U.S. should advocate for additional technical meetings on CCS and for their outcome to inform the post-2020 goals coming out of COP21.

The Bottom Line

Meeting climate goals is going to take every tool in the toolbox—and that includes CCS. The U.S. should use its substantial influence to ensure that the UNFCCC is set up to support CCS and that developing nations are aware of its status as an eligible climate mitigation technology. With a challenge this urgent, the world can't afford many missed opportunities or unforced errors. So let's make sure we set CCS on the right path in Paris.

> ***RELATED READING:*** *Senators Heitkamp and Whitehouse send CCUS letter to Secretary Kerry and Secretary Moniz.*

TOPICS

CARBON MANAGEMENT 65

ENDNOTES

1. Maria van der Hoeven, "Technology Roadmap: carbon capture and storage," report, International Energy Agency, 2013, p. 1. Accessed December 3, 2015. Available at: http://www.iea.org/publications/freepublications/publication/TechnologyRoadmapCarbonCaptureandStorage.pdf.

2. While the text of the UNFCCC does not mention CCS, it is recognized by many of the instruments carrying out the framework.

3. The Green Climate Fund recently announced the first round of funding, which included only 8 projects. "Green Climate Fund approves first 8 investments," press release, Green Climate Fund, November 6, 2015. Accessed December 3, 2015. Available at: http://www.greenclimate.fund/-/green-climate-fund-approves-first-8-investmen-1?inheritRedirect=true&redirect=%2Fhome. See also: The Global Environment Facility previously approved a now-cancelled project in Brazil focused on industrial renewable carbon capture and storage. Global Environment Facility, "Detail of GEF Project #4040." Accessed December 7, 2015. Available at: https://www.thegef.org/gef/project_detail?projID=4040.

4. United Nations, Framework Convention on Climate Change, "Workstream III: Operational Modalities Sub-workstream III.2: Managing Finance Background note: Thematic Funding Windows," Transitional Committee, p. 1. Accessed December 7, 2015. Available at: http://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc2_ws3_4_280611.pdf.

5. There have been five approved projects with GEF grants over $100 million; one project received co-financing for more than $1.4 billion. The Global Environment Facility, search results. Accessed December 7, 2015. Available at: https://www.thegef.org/gef/project_list?keyword=&countryCode=&focalAreaCode=all&agencyCode=all&projectType=all&fundingSource=all&approvalFYFrom=all&approvalFYTo=all&ltgt=gt&ltgtAmt=100&op=Search&form_build_id=form--Q9BxJVsPzTQ72mg6ynYtwbgPP6fBlMC9K5Nocy3_E8&form_id=prjsearch_searchfrm.

6. "Targeted Report: Financing Large Scale Integrated CCS Demonstration Projects," report, Societe Generale, May 2014. Accessed December 3, 2015. Available at: http://hub.globalccsinstitute.com/sites/default/files/publications/157868/targeted-report-financing-large-scale-integrated-ccs-demonstration-projects.pdf.

7. "Pre-2020 action fair," United Nations Framework Convention on Climate Change. Accessed December 7, 2015. Available at: http://unfccc.int/bodies/awg/items/8682.php.

8. Todd Stern, "United States submission concerning its emissions reduction target in compliance with the Copenhagen Accord," Letter to Yvo de Boer, Executive Secretary of the United Nationas Framework Convention on Climate Change, United States Department of State Office of the Special Envoy for Climate Change, January 28, 2010. Accessed December 7, 2015. Available at: http://unfccc.int/files/meetings/cop_15/copenhagen_accord/application/pdf/unitedstatescphaccord_app.1.pdf.

9. United Nations, Framework Convention on Climate Change, "Updated compilation of information on the mitigation benefits of actions, initiatives and options to enhance mitigation ambition," technical paper, ADP Technical Expert Meetings: Carbon capture, use, and storage, pp.29-34 and 57, November 26, 2014. Accessed December 3, 2015. Available at: http://unfccc.int/resource/docs/2014/tp/13.pdf.