

# CCUS

*“there is a consensus that carbon capture, usage and storage (CCUS) will play a critical role in successfully decarbonising our economy by 2050...”*

Government White Paper anticipated Q1 2020 – a key opportunity for CCUS which is being targeted by the sector



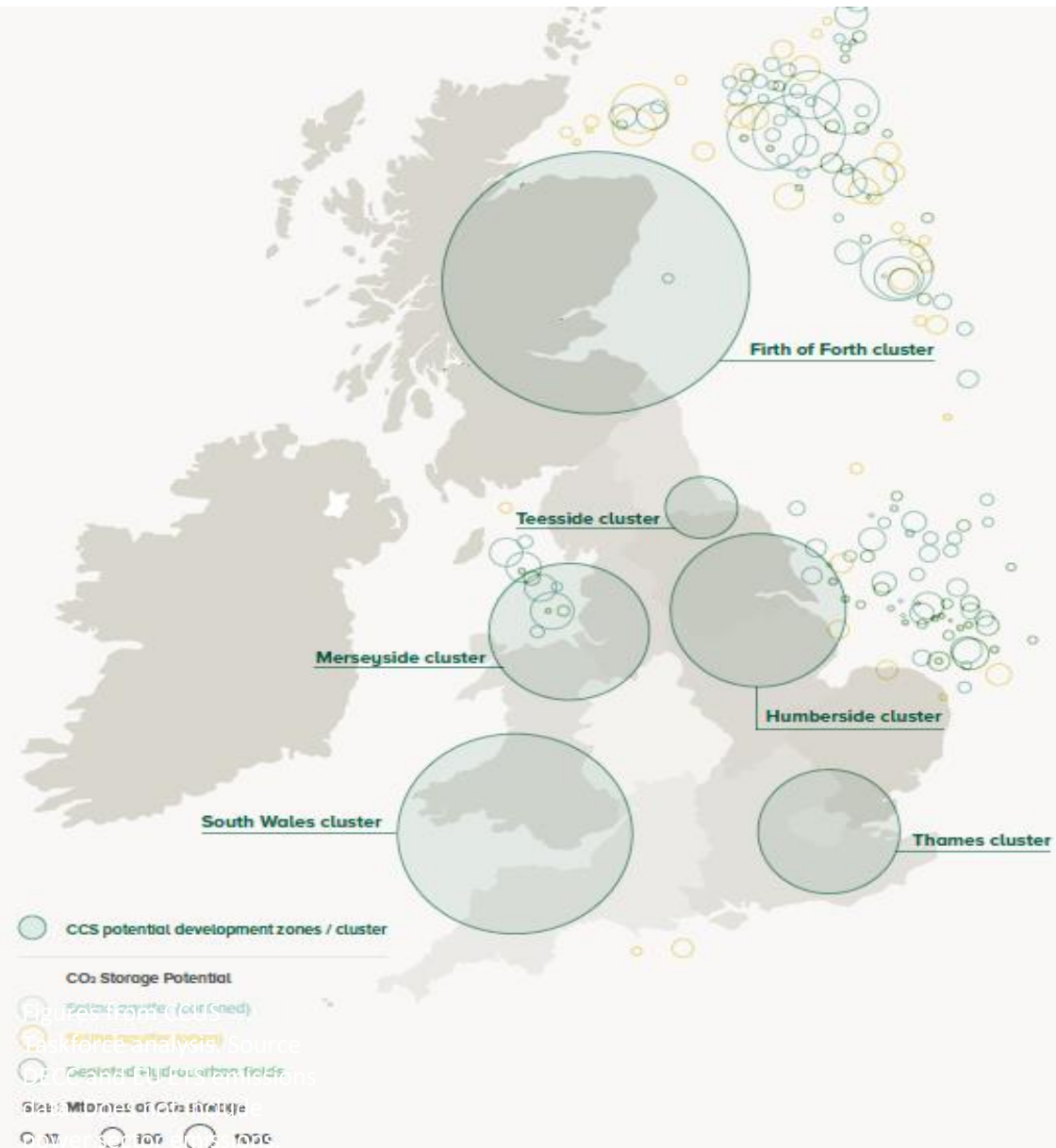
## Clusters

Cluster is a “*regional grouping where several CCUS facilities share infrastructure and knowledge.*”

CCTF recommends that at least two CCUS clusters are operational by the mid 2020s.

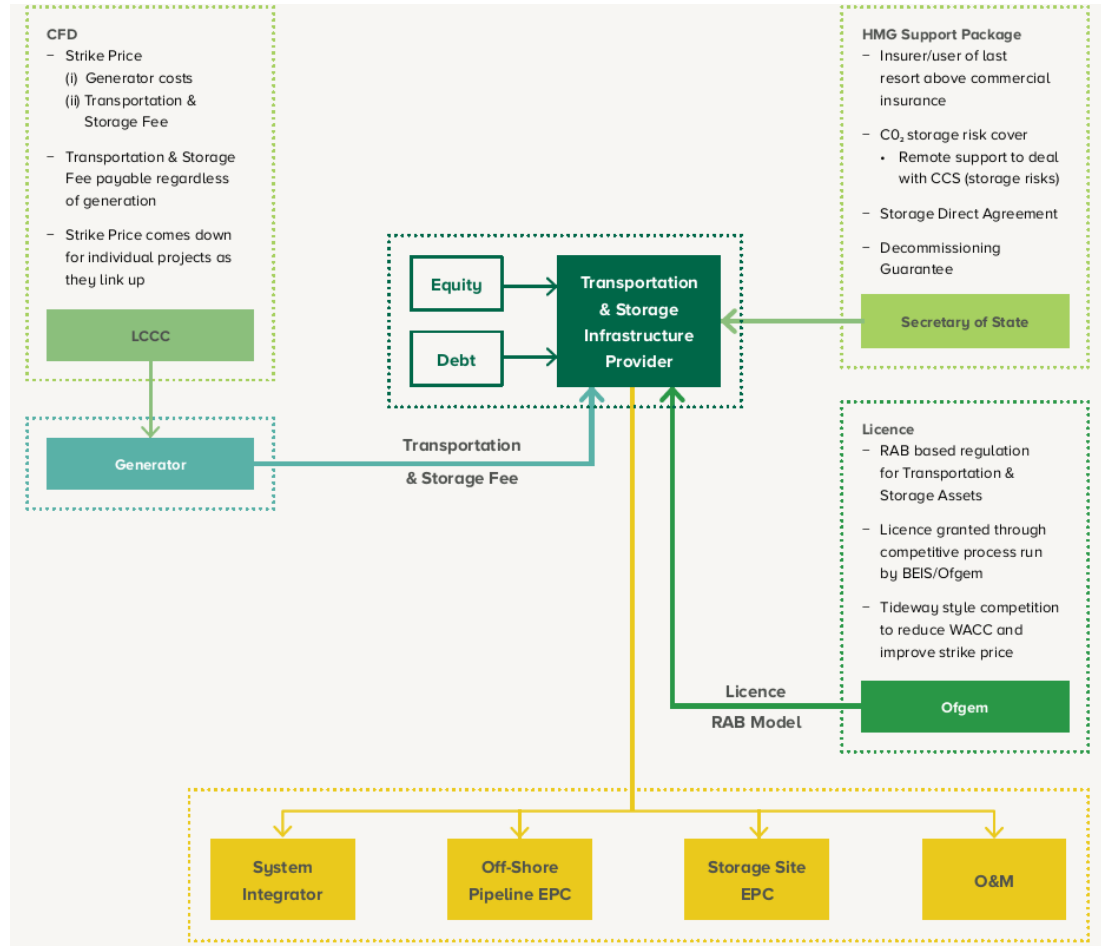
Committee on Climate Change recommends that in order to achieve net zero commitments will need up to 3-5 clusters.

BEIS select committee recommends at least 3 clusters



# CCTF: New commercial model to reduce risk

- CCUS capture plant to be anchored around a shared “T&S enabler” project which is operated by a T&S provider
- T&S assets economically regulated by a GB regulator issued licence
- Split the revenue streams for the capture plant from that of the T&S operator
- T&S revenues regulated under a regulated asset base (RAB) model
- T&S fee shared with other capture projects as they join



# Base Case Models under consideration

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- Key aspects of asset ownership and financing:
  - T&S assets for a cluster privately owned and financed, regulated through a RAB structure, funded through T&S fees charged to customers
  - If CO<sub>2</sub> shipping required, probably sub-contracted to private companies by the T&S company
  - Electricity generation privately owned and financed, funded through a “Dispatchable CfD contract” based on the existing contract for difference model in the UK
  - Industrial CCUS projects privately owned, financed privately, possibly with UK government grants as well for upgrades to capture CO<sub>2</sub>
  - Hydrogen production privately owned and financed; low-carbon hydrogen industry could develop without commercial regulation; or as a regulated industry operating in regulated markets, potentially using RAB structures.

# Necessary conditions for investment in CCUS

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- Recognition of central role in decarbonising areas of industry, transport, heat and power that other technologies cannot achieve
- Understanding of the value proposition
- Clear policy direction from government and regulators
- Clear allocation of risk for public and private sectors
- Pipeline of projects
- Clear business models which create a viable revenue stream
- Support and funding for research and early development
- Knowledge sharing
- Greater clarity on costs
- Cross-border coordination and international cooperation

# Contact

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