

IEA CSLF Workshop on Near Term Opportunities for Carbon Capture and Storage

Report to the Final Plenary Session

International Mechanisms Breakout Session

Co-Chairs: Alex Zapantis and Ian Hayhow
Facilitated by: Andrew Mingst and Debra Justus

San Francisco, CA
August 23, 2006

International Activities Relevant to Near-Term Opportunities

Economic mechanisms

Emissions trading, regulation (e.g., cap), AAU, EU ETS, JI, CDM, offset markets (e.g., RGGI, CCX), voluntary markets

Int'l co-operative forums

CSLF, IEA, AP6, MOUs, UNFCCC, EC, regional fora, WBCSD, etc

Int'l development assistance

GEF, IFIs, etc

INTERNATIONAL MECHANISMS – ISSUES and BARRIERS	Priority
No incentives for CCS	1
Uncertainty regarding targets and mechanisms after 2012 under the Kyoto Protocol, as well as other non-Kyoto institutions	1
Absence of a int'l framework for the funding, selection and prioritization of different CCS projects and RD&D	1
Insufficient int'l and national legal/regulatory framework necessary to support int'l mechanisms	1
Need for more outreach and education to policymakers and the public to build support in the int'l mechanisms and share technical information	2
Increased costs from CCS could bring competitive disadvantages, particularly across regions	2
Concern over IPR (particularly in capture aspects)	2
CCS isn't incentivized because the "costs" of doing nothing haven't been assessed	2
Absence of clarity on the implementation of the IPCC 2006 guidelines (for CCS) to national GHG accounting	2
The CDM approval process does not move quickly enough	2
No established stakeholders for CCS on power, so surrogates are the sole option (e.g., no players for fossil-fired power)	2
Need for better co-ordination between int'l programmes (e.g., CSLF, AP6)	2
Insufficient technical and economic capacity building	3

Cross-Cutting Issues Matrix

Issue	Technical	Commercial - Financial	Legal - Regulatory	Public Education - Outreach
No incentives for CCS	X	X		
Insufficient int'l and national legal/regulatory framework necessary to support int'l mechanisms			X	
Need for more public/policymaker outreach and public education				X

International Mechanisms

Stakeholder Issues and Concerns

No incentives for CCS	All -- particularly policymakers, industries that will be required to spend (e.g., power, oil & gas), NGOs, plus int'l bodies
Uncertainty regarding targets and mechanisms after 2012 under the Kyoto Protocol, as well as other non-Kyoto institutions	All -- particularly policymakers, industry, NGOs, regulators
Absence of a int'l framework for the funding, selection and prioritization of different CCS projects and RD&D	Industry, policymakers, int'l bodies
Insufficient int'l and national legal/regulatory framework necessary to support int'l mechanisms	Regulators, technology suppliers, policymakers, industry
Need for more outreach and education to policymakers and the public to build support in the int'l mechanisms and share technical information	Int'l bodies, NGOs, industry
Increased costs from CCS could bring competitive disadvantages, particularly across regions	All -- particularly industry, technology suppliers
Concern over IPR (particularly in capture aspects)	Industry, technology suppliers
CCS isn't incentivized because the "costs" of doing nothing haven't been assessed	Policymakers, financial institutions
Absence of clarity on the implementation of the IPCC 2006 guidelines (for CCS) to national GHG accounting	Policymakers, regulators, int'l bodies, industry, technology suppliers
The CDM approval process does not move quickly enough	Industry, int'l bodies, policymakers
No established stakeholders for CCS on power, so surrogates are the sole option (e.g., no players for fossil-fired power)	Industry, technology suppliers, financial institutions
Need for better co-ordination between int'l programmes (e.g., CSLF, AP6)	Int'l organizations, industries, policymakers
Insufficient technical and economic capacity building	NGOs, industry, policymakers, int'l organizations

Gaps in Knowledge or Activities

...and what Needs to be Done Prior to the Assessment Workshop

No incentives for CCS	Need to identify forms of incentives that address risks in CCS investment due to uncertainties in the incentives, need for a catalogue of national/int'l incentives and models for CCS; prepare a compendium of what has been done (to provide base-level knowledge), prepare status report on ongoing processes
Uncertainty regarding targets and mechanisms after 2012 under the Kyoto Protocol, as well as other non-Kyoto institutions	Need for clarity on any proposals for inclusion of CCS during climate negotiations, need for clarity on how far proposals go in meeting near-term objectives; prepare a status update on these topics
Absence of a int'l framework for the funding, selection and prioritization of different CCS projects and RD&D	Monitor World Bank activities for new funding mechanisms, review existing financial 'models' to fund technology demonstrations in other industries, e.g., Coal 21 Fund in Australia
Insufficient int'l and national legal/regulatory framework necessary to support int'l mechanisms	Prepare status report to inventory/compare/contrast regulatory models, with discussion of how 'close' these are to enabling CCS in the near-term

Gaps in Knowledge or Activities ...and what Needs to be Done (cont.)

What needs to be done prior to the next workshop?	Suggested Agenda Items:
Summary 'status report' of CSLF, AP6, others organizations' work programs	Sharing of stakeholders' perspectives
Thorough stakeholder analysis	Perspectives from financiers
Prepare status report to inventory/compare/contrast regulatory models, with discussion of how 'close' these are to enabling CCS in the near-term	Challenges for implementation of the CCS activities that are underway
Summary of CCS activities that are underway	CDM EB's perspective on success of the program
	Update on the EU ETS
	Perspectives from project proponents