

**Carbon Sequestration Leadership Forum**

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# **Outcomes from CSLF Financing Roundtables**

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## CSLF Financing CCS Task Force

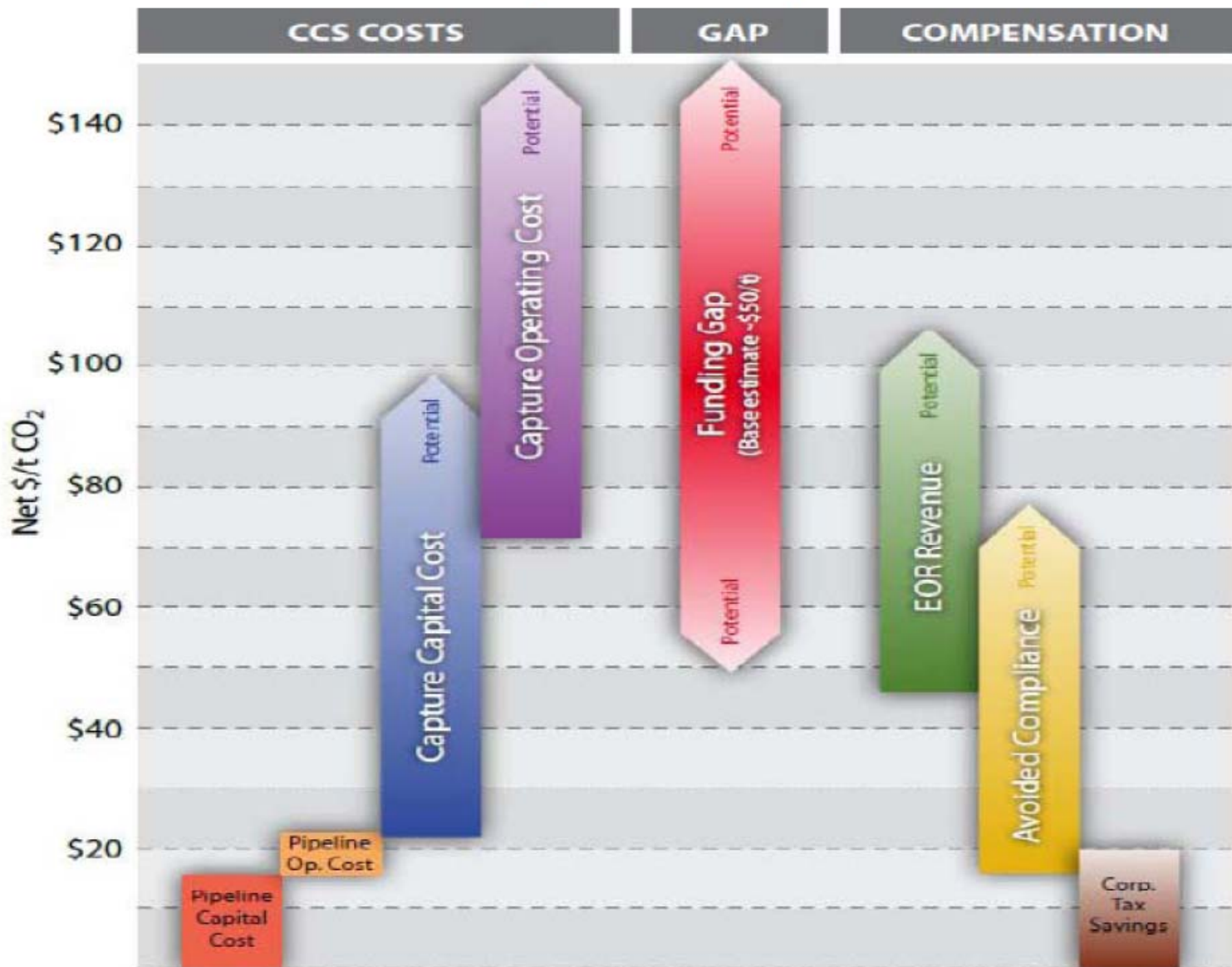
- A new CSLF Task Force on Financing CCS was created in 2009, with France as Chair.
- The Task Force was tasked with investigating incentives and investments for CCS in both developing and developed countries.
- The Task Force has organized two successful roundtables in London (Linklaters) and Washington (Hunton & Williams) with representatives of Banks, Insurances, Government, Industry, Research.
- Yesterday the summary of the task force activity was presented and ADB presented a proposal for CCS demonstration in developing countries



# Focus of the roundtable discussions

- 1) Today, CO<sub>2</sub> price is too low. 100\$ possible? When is uncertain.
- 2) Costs are considerable. Subsidies are not sufficient.
- 3) Financing *Commercial-scale* projects with CCS focuses key risks.
- 4) High risks (technical, market, policy): All risks must be addressed. Public-private negotiation on risk coverage is paramount.
- 5) Rewards not clear. How to recover capital *and* make profit?
- 6) Long-term liability is a major issue; Development is opportunity.
- 7) Market uncertainties, emissions regulations and subsurface rules must be addressed as well, to mobilize private debt and equity.

(Facility with ~\$100/t capture costs)



From Sandra Locke, Alberta, Canada

# CCS – Risk Evaluation

**Zurich**  
Climate Office

## ☰ Fatal Flaws

- likely technology failure
- significant natural resources reserves adjacent
- site situated in a volatile environment
- alignment of interest among parties is unclear
- adverse contractual arrangements
- weak financials



## **CSLF Financing Task Force: Next Steps, 2011**

- 2010 Roundtables on Finance achieved a fruitful dialog between public and private sectors to resolve key risks.
- The dialog must be taken to a deeper level to resolve issues for financing projects with CCS at commercial scale – an order of magnitude in funding over demonstrations or pilot efforts.
- IEA believes that energy financing challenge to 2030 is in **€\$ Trillions...** not a government budget call, but **debt financing needed**.
- **Explication of elements in several “Funding Models” is needed:**
  - Differences between power sector, other energy-intensive sectors
  - Differences of low-growth OECD vs. high growth Developing Nations
  - Differences among market factors and regional features, industrial capacity
- **Two Roundtables are proposed for 2011, one in Asia, one in Washington**
  - Funding will be sought from sponsors and institutions
  - Other organizations to be engaged: G8/G20, IEA, Development Banks, Industry
- **Deliverables: Details of Funding Models, Tools for Government Agencies**