

Last year on November 4, 2015 in Riyadh, Saudi Arabia, the Stakeholder's Message reminded the Ministers that our global energy industry is expected to more than double its service to our customers by 2050. This is due to:

- A projected population increase of 2 billion people;
- The need to meet the energy demands of 1.3 billion people who today are completely unserved. They have no access to commercial energy- no electricity- no liquid fuels;
- The need to meet the energy demands of 1.3 billion who are not adequately served with commercial energy. This is 4.6 billion people. Today we adequately service 2.4 billion and partially serve another 1.3 billion for a total of 3.7 billion. Collectively this means we will need to serve another 3.4 billion people with electricity while maintaining supply to the existing 3.7 billion consumers.

This needs to be done with energy production, distribution and utilization being safe, affordable, reliable and clean. Dramatically increased consumers demand will be met by a broad portfolio of resources and technologies including:

- Energy Efficiency and Demand Management
- Renewables: Hydro, Solar, Wind, Geothermal, Biomass and others
- Nuclear: particularly advanced generation technologies and small modular reactors and
- Fossil Fuels: Coal, Natural Gas, Petroleum and Derivative fuels

We will need to accomplish this while reducing greenhouse gas emissions, globally by 50%- and in OECD countries by 80%. Meaning- doubling our energy service to consumers while simultaneously decarbonizing the global energy sector. Today we are all in agreement that this cannot be done without Carbon Capture & Storage and Carbon Capture, Utilization, & Storage. There are two important messages from stakeholders—one dealing with actions needed now to establish and support CCS/CCUS projects in the near term, and a second dealing with CSLF actions to develop the critical human resources needed in the longer term. Since last November, some projects have continued to advance but others have faltered... in some case due to the withdrawal of government financial support. It is clear that we need to attract private capital to CCS & CCUS projects. Supportive government fiscal policies are essential to interest private sector investors. It is also clear that governments do not have the budgets to support deployment of these large, capital intensive demonstration projects.

We have acknowledged for years, that we need additional utility scale demonstrations projects to acquire the learning needed to drive costs down, and implement risk sharing arrangements with investors. This represents the urgent need to have fiscal policy parity for CCS & CCUS relative to other low carbon- no carbon technologies. Examples include:

- Accelerated Depreciation
- Carbon Valuation: Tax or Cap & Trade
- Something similar to the Clean Development Mechanism
- Contracts for Differences
- Feed-in-tariffs
- Grants
- Tax-Preferred or Green Bonds
- Private Activity Bonds
- Green Climate Fund
- Investment Tax Credits
- Clean Energy Portfolio Standards
- Preferential Dispatch for Electricity Production in competitive power markets
- Production Tax Credits
- Public-private Partnership
- Loan Guarantees

National and subnational governments will need to utilize the combination of these fiscal instruments that will incentivize private capital in their specific circumstances, and it will vary by jurisdiction. It is well understood that “one size does not fit all”. We need the entire toolkit of fiscal options, and in some circumstances, multiple policy tools need to be used in tandem.

A level playing field is critical to adequately demonstrate CCS/CCUS. CCS & CCUS should benefit from policy choices that are available to other low carbon-no carbon emitting technologies. Deploying these fiscal tools for other technologies has distorted the marketplace with governments favoring some technologies over others. Providing similar fiscal tools for all low carbon-no carbon technologies will reduce market distortion. The financial community favors technologies that are picked by government policymakers as “winners” versus the perception of “losers”. Without fair and equal treatment, CCS & CCUS will not pass the minimum threshold for major investment by the private sector. These technologies will not even be on the radar screen for the financial community.

100% of the time – 100% - not 90% or 80% - 100% of the time private investors whether energy companies, insurance companies, mutual funds, hedge funds, or venture capital investors will pick the technologies that have government policy support. The urgent time for policy parity for CCUS & CCS is now. Finally, there is one additional new message- the importance of supporting the academic community, which supplies us with much of the human resources and talent needed to support the CSLF mission. Earlier the newly rejuvenated CSLF Academic Community Task Force sought support for critical educational and training activities in member countries. We believe it is increasingly important to cultivate a vibrant and talented pool of CCS researchers going forward.

To close, on behalf of the CSLF stakeholders, we ask you to carry this message of policy parity and academic support back to your governments and to work to adopt fiscal policy that supports private sector investments in CCUS. Our pledge as stakeholders is to continue to support CSLF.