CARBON CAPTURE USAGE AND STORAGE (CCUS)

Following the CCUS evidence session with your Committee on 31 January 2018 I am writing to update you on the Government’s plans for CCUS in the UK.

Since the January 2018 evidence session, the Government has made a number of announcements that underline the Government’s support to progressing CCUS in both the UK and globally. This includes:

- Establishing a CCUS Cost Challenge Taskforce which reported to Government in July 2018 on the industry’s view on progressing CCUS in the UK;
- Announcing that the UK will co-lead the Carbon Capture Challenge under Mission, as well as become a co-lead to the CCUS initiative under the Clean Energy Ministerial, with both initiatives designed to support progress of CCUS globally;
- Progressing over £45 million in innovation support to CCUS, focused on supporting cost reductions, supporting deployment and the development of innovative technologies; and
- Co-hosting, with Dr Fatih Birol of the International Energy Agency, the world’s first dedicated global CCUS Summit on 28 November 2018 in Edinburgh. This brought together 50 world energy leaders to progress CCUS, confirming its central role in meeting global climate ambitions.

In parallel to the CCUS Summit, the Government published ‘The UK CCUS Deployment Pathway: An Action Plan’\(^1\), which is designed to enable the development of the first CCUS facility in the UK, commissioning from the mid-2020s. This is an important step in satisfying the Government’s ambition for the UK to have the option to deploy CCUS at scale during the 2030s, subjects to its costs coming down sufficiently. I enclose an electronic copy of the CCUS Action Plan to this letter for your reference.

The CCUS Action Plan introduces a staged approach to allow Government, industry and the finance sector to develop and test commercial and regulatory concepts during the 2020s. As a result, the Department, in 2019, will, building on the recommendations from your Committee and the National Audit Office, work with industry to develop a shared understanding of the cost structures and risk sharing arrangements. This engagement will form an important part of the Government’s ongoing Review of Delivery and Investment Frameworks which will complete in 2019. This review is considering the investable business models for CCUS, across power, industry and carbon dioxide transport and storage, as well as assessing the relative roles of Government and industry.

I hope you find this update useful.

I am copying this letter to the Comptroller and Auditor General and to the Treasury Officer of Accounts.

With regards, and best regards,

Alex Chisholm

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