

**Skyggegruppemøte, Oslo 27. november 2008**

**EUs planer for kommersialisering av CCS**

# **Finansiering av CCS**

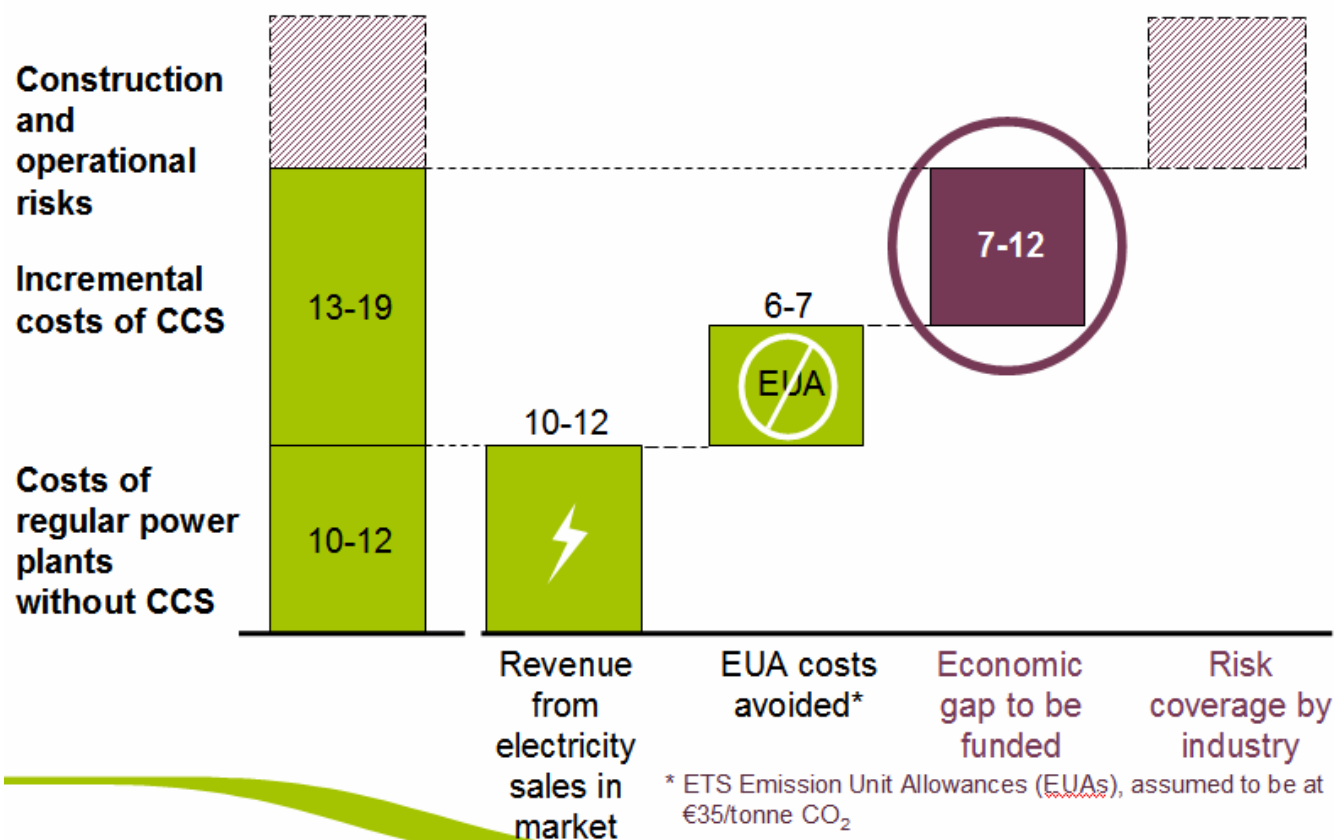
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## Hvor mye trengs?

- McKinseys “lower-end” anslag:

Present value over lifetime, € billion



## Criteria for CCS subsidies

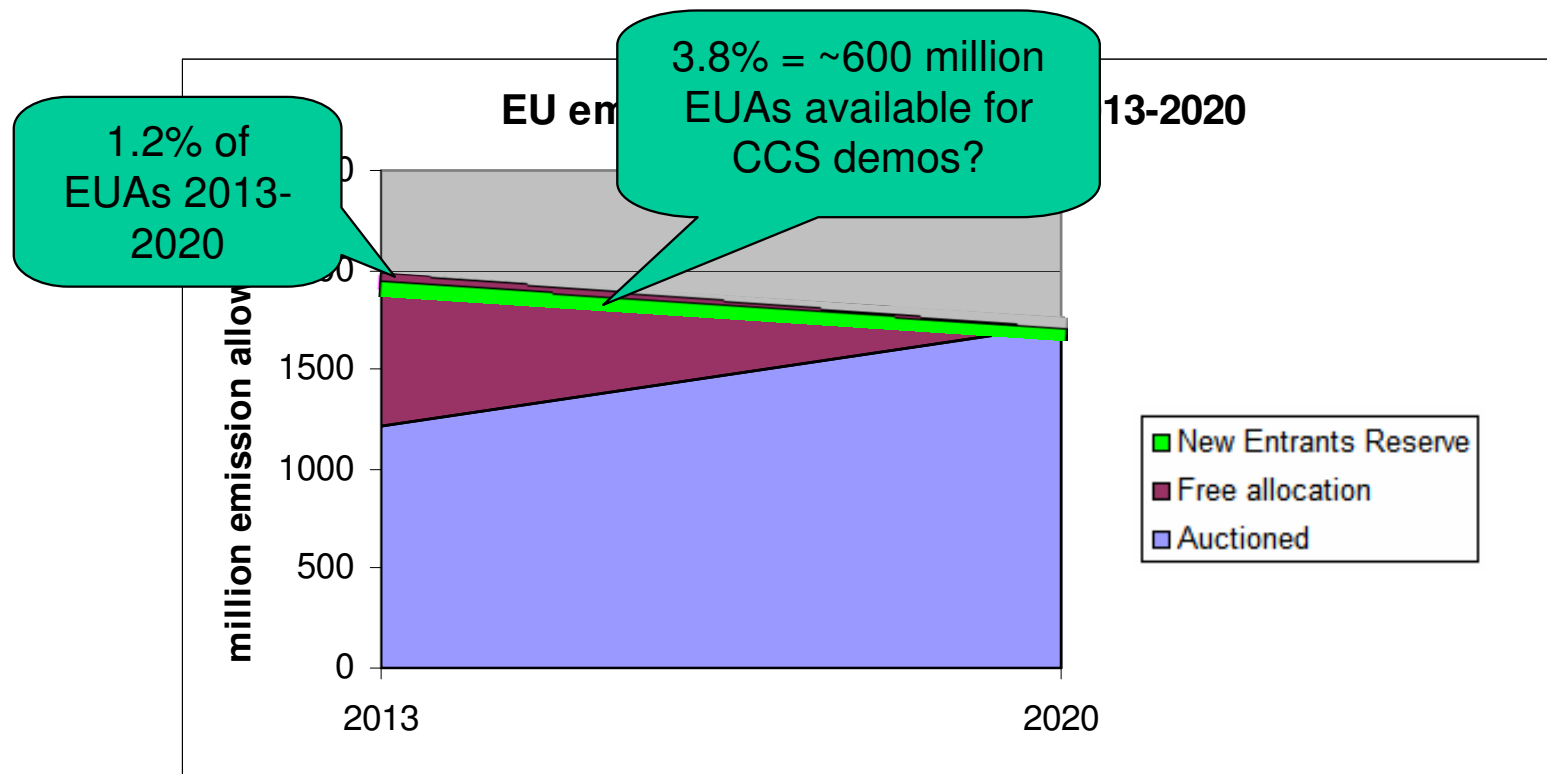
- Time- and volume-limited (demo plants only)
- No performance no pay
- Only additional costs – no windfall profits
- Maximise industry and Member State co-financing (differentiated between countries)
- *Urgency!*

## Potential subsidy categories

	Member States	EU
Carbon markets	Earmark EUA auction revenues	"CCS set-aside" (AM56)
Budget	State aid Structural funds	FP7 RFCS Next long-term budget (2014-2020)

## CCS set-aside: Using the ETS to co-finance

- Emission allowances under EU Emission Trading Scheme = will be adopted 2008
- New Entrants Reserve: Commission proposal 5% of total cap (for free allocations to new installations)
- Extrapolation from ETS 2008-2012: New entrants = 6% of free allocations



## Mixing the revenue sources

- Set aside ~400 of the 740 million EUAs for CCS within the New Entrants Reserve (NER) for *appropriations* by end 2015
- EIB to monetise EUAs (underwrite forward EUA prices for the consortia) in order to evacuate price volatility of EUAs
- CCS set-aside to be reduced if alternative funding is found. Commission report by end 2012, taking account of i.a.:
  - Financial Perspectives for 2014-2020
  - Revenues from the auctioning of EUAs
  - Progress made in the global development of CCS technology
- No project more than 10% of set-aside
- Higher industry and Member State co-financing in richer countries than poor ones

## Possible timeline

- 2nd half 2009: Adoption of the structures, procedures and criteria for identifying the projects and awarding allowances (through comitology)
- 15-18 months tender process
  - Simple pre-selection
  - Time for negotiation before final selection
- First project selection by end 2010?
- Second batch of selected projects 2011?

Takk for oppmerksomheten!  
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