



# PRESS RELEASE

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## **New electricity levy a “major shot in the arm” for British CCS industry and UK climate leadership**

LONDON, 9 April 2010: International NGO The Climate Group today welcomes a new piece of UK energy legislation which will fund the development of up to four commercial-scale carbon capture and storage (CCS) projects in the UK.

The new Energy Act (2010) – introduced to the UK Parliament as a bill in November 2009 and which became law yesterday – includes a levy on electricity suppliers that will support up to four industrial scale CCS projects in the UK. The collection of the new CCS levy and the disbursement of funds will be administered by regulator Ofgem. Details of the levy will be based on each supplier’s market share and set through regulations that will be the subject to consultation later this summer.

**Jane Paxman, Director of The Climate Group’s Low Carbon Energy Programme**, welcomed the news: “The new law is a major shot in the arm for the future of the CCS industry in the UK. It will cement the UK’s global leadership in developing this important low carbon technology. The news will be welcomed by all the companies that have been working hard on CCS projects for several years and have been waiting for support that will enable them to help deliver the national CO<sub>2</sub> emissions reductions mandated under existing UK climate legislation. With the EU also due to complete its process to put CCS support in place next month, this industry-in-waiting will now be able to demonstrate the substantial contribution it can make to tackling climate change.”

The Bill, which passed its final “ping pong” stage in Parliament and received its Royal Assent, drew support from the UK’s opposition Conservative Party during the wash-up session of uncompleted legislation ahead of a general election in May.

**Charles Hendry, Shadow Minister for Energy**, told Bloomberg this week that his party has no substantial objections to the bill: “We think it’s an important piece of legislation.” However, Hendry added that his Party had pushed for key concessions from the Government, including extending carbon capture and storage to cover industries outside coal: “That’s the most important change we wanted in the bill.”

The UK government will use a competitive process to select which CCS projects will benefit from the new levy.

Last month, Department of Energy and Climate Change (DECC) awarded funding to Scottish Power and E.ON to conduct Front End Engineering and Design (FEED) studies in the latest stage of a UK competition to build one of the world’s first commercial scale CCS demonstration plants. It is expected the winner of this current competition will be one of the projects to be supported by this new levy.

The UK government also established a new Office for CCS (OCCS) in March and published a CCS industrial strategy saying that the CCS industry could generate upwards of £3 billion a year for the UK economy by 2030, sustaining up to 100,000 jobs.

-ENDS-

### **Notes to Editors:**

The Energy Bill follows on from the UK’s ‘Low Carbon Transition Plan’ (link: [http://www.decc.gov.uk/en/content/cms/publications/lc\\_trans\\_plan/lc\\_trans\\_plan.aspx](http://www.decc.gov.uk/en/content/cms/publications/lc_trans_plan/lc_trans_plan.aspx)), published in July 2009 which aims to deliver emissions

cuts of 34 per cent from 1990 levels by 2020 and of 80 per cent by 2050, while maintaining security of supply, maximising economic opportunities and protecting vulnerable consumers.

### **Our CCS Global Task Force**

The Climate Group and Global CCS Institute are working with international stakeholders from government and business to accelerate construction of the first wave of industrial-scale CCS plants by 2015 in Australia, China, India the EU and USA. This work supports International Energy Agency (IEA) targets to have 100 CCS plants in operation by 2020 and over 3,000 by 2050. If IEA targets are reached, CCS could represent around 20 per cent of all global efforts required to halve the world's emissions by 2050 (from 1990 levels), meaning CCS has the potential to make largest contribution to global emissions reductions from a single technology – equivalent to the combined GHG reductions expected to come from all forms of renewable energy. For more information please visit:

<http://www.theclimategroup.org/programs/carbon-capture-and-storage-ccs/>

### **About The Climate Group:**

The Climate Group ([www.theclimategroup.org](http://www.theclimategroup.org)) is an independent, not-for-profit organisation working internationally with government and business leaders to advance smart policies and technologies to cut global emissions and accelerate a low carbon economy. Its global coalition of 78 leading companies, states, regions and cities around the world recognise the economic and environmental imperatives of taking decisive action now. The Climate Group was founded in 2004 and has operations in Australia, China, Europe, India and North America.

### **Recent CCS announcements:**

- Climate Group welcomes UK government decision to fund UK's first commercial scale CCS demonstration plans <http://www.theclimategroup.org/our-news/news/2010/3/12/Climate-Group-welcomes-UK-government-CCS-decision/>
- Financing CCS event <http://www.theclimategroup.org/our-news/news/2010/2/22/financing-decarbonization-of-the-power-sector/>
- World's Governments commit \$4bn to CCS [http://www.theclimategroup.org/assets/files/Governments-commit-USD\\$4bn-to-global-CCS-projects.pdf](http://www.theclimategroup.org/assets/files/Governments-commit-USD$4bn-to-global-CCS-projects.pdf)
- GCCSI partnership <http://www.theclimategroup.org/our-news/news/2008/11/27/the-climate-group-partners-on-global-carbon-capture-and-storage-institute/>
- The Climate Group publishes high-level briefing paper on CCS for global policy-makers as part of our joint *Breaking the Climate Deadlock* project with Rt Hon Tony Blair: <http://www.theclimategroup.org/assets/files/Carbon-Capture-and-Storage.pdf>
- PM Rudd announcement <http://www.theclimategroup.org/our-news/news/2008/9/25/australian-pm-rudd-joins-international-business-leaders-for-ceo-roundtable/>