

# Report: Clear CCUS policy needed for UK net-zero emissions goal



The UK Government should update its “vague terminology” on carbon capture usage and storage (CCUS) deployment in the UK to create clear policy drivers that transform the technology into a primary tool to meet national and international climate change targets.

That is one of the key takeaways from the Business, Energy and Industrial Strategy (BEIS) Committee’s new report, released today (25 April) which notes that the UK could not credibly adopt a net-zero emissions target with CCUS playing a key role.

The UK Government has confirmed that it is seeking advice from the Committee on Climate Change (CCC) on how best to bolster its carbon reduction targets and create a net-zero economy, with a formal response from the CCC set to be published next week.

The report notes that a failure to deploy CCUS in the UK could double the costs of meeting the 80% emissions reduction envisioned through the Climate Change Act, rising from approximately 1% of GDP annually to 2% in 2050.

The report notes that the UK has a “favourable environment” to establish CCUS as a technology. Five clusters – Teesside, Humberside, Merseyside, South Wales, North East Scotland – have been identified as well suited to early CCUS deployment, which aligns to Energy Minister Claire Perry’s vision of a “just and fair” low-carbon transition across all areas of the UK.

However, policymakers have been criticised over their approach to CCUS. A stark warning from the CCS taskforce was issued based on the need to move timeframes forward for CCUS. The taskforce criticised ministers for closing the £1bn competition fund for CCS in 2015, citing claims that the decision could cost the UK an additional £30bn if it is to meet its 2050 carbon targets.

The new report analyses commitments made under the Clean Growth Strategy, which committed up to £20m for viable CCUS schemes as the UK forges ahead with its coal plant phase out by 2025.

Late last year, the UK Government unveiled plans to “make CCUS technologies a reality”, including an aim to bring the nation’s first large-scale CCUS facility online by the mid-2020s. However, government ambitions largely focus on using CCUS as an add-on for current power generation methods. The BEIS Committee report claims that it can instead be a key tool for decarbonisation and “presents an opportunity to reduce the overall cost of meeting the UK’s emissions reduction targets”.

“Whilst we strongly support cost minimisation, we disagree with the CCUS Action Plan’s stipulation that deployment ‘at

scale' should be supported only if 'sufficient' cost reductions are achieved. Such vague terminology gives no certainty to investors and does little to ensure that CCUS can contribute to meeting the UK's overarching climate change targets at least cost, given its existing status as the cheapest – or only – decarbonisation option in many industrial applications," the report states.

## **Benefit analysis**

Specifically, the report called for an urgent consultation to allocate funding for CCUS industry clusters, ideally ahead of future Contract for Difference (CfD) auctions. The forthcoming Comprehensive Spending Review should also focus on CCUS, the report states, in order to denote its wider benefits in extending lifetimes for select industries that would otherwise be decommissioned under national climate policy requirements.

The Committee also recommends the Government task the National Infrastructure Commission – or a third party – to conduct cost-benefit analysis as to how CCUS can be used to decarbonise industrial emissions.

Anna Turley, Labour MP for Redcar and Member of the Business, Energy and Industrial Strategy Committee, said: "The UK has an opportunity to lead the world in the development of a new CCUS industry. In addition to helping to tackle UK carbon emissions, CCUS can play a crucial role in delivering much-needed investment in skills and infrastructure and supporting regional growth and jobs.

"The current Energy Minister has been a champion for CCUS, and there have been some encouraging recent developments, but the CCUS industry has been the victim of years of turbulent policy support and suffered a series of false dawns. The Government now needs to give the 'green light' to CCUS and ensure that we seize the domestic growth and jobs opportunities of this modern, green industry."