

Insights

CCUS 2024 CONFERENCE: POINTS TO NOTE

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The CCUS 2024 conference, *“Capturing a Net Zero Future”*, held in London on 15 and 16 October, provided a space for developers, policymakers, financiers, investors and industry experts to discuss the latest advancements and future directions in carbon capture, utilisation, and storage (“**CCUS**”). The event highlighted that it is now a question of “when” and not “if” CCUS will be deployed long-term and at scale, and the critical role of CCUS in achieving global climate goals. Members of the BCLP Energy Transition team were in attendance at the conference and drew out the following themes from the discussions:

FINANCING AND FUNDING

The development of markets and mandates to support the commercial viability of CCUS projects was a key topic at the conference. Deployment of CCUS at scale will require considerable private sector investment but no single stakeholder can provide the investment necessary and accept all risks associated with establishing a CCUS industry; the financial sector, industry and governments will have to work together to facilitate CCUS investment and help mitigate the risks of CCUS deployment. In this regard, the UK’s focus on developing specific CCUS clusters with integrated transport and storage networks – linking emitters directly to storage – has proven a crucial first step in managing cross-supply chain risks and improving the likelihood of financing applying project financing principles.

Financial support mechanisms were also highlighted as a key component of any long term funding strategy. It was encouraging to hear that the UK government intends to provide financial backing through various channels, such as the National Wealth Fund (“**NWF**”) which builds on the success of the former UK Infrastructure Bank (“**UKIB**”). The NWF has a wider mandate than the UKIB – moving beyond infrastructure to delivery of the UK’s wider industrial strategy where there is an undersupply in private finance – and nearly £6 billion of the NWF’s capital will focus on the sectors announced in the UK government’s manifesto, including carbon capture. Importantly, the NWF will be tooled with the products, mandate, and risk capital to catalyse private capital most effectively.

THE UK’S COMMITMENT TO CCUS

One of the central themes of the conference was the UK's strong commitment to advancing CCUS technologies. The UK has an amazing geological advantage - one of the largest CO₂ storage capacities in the world, with the potential to store up to 78 billion tonnes of CO₂ under the North Sea – and it is important to pause and reflect on how the UK government has been proactive in developing specific business models to support the CCUS industry.

The UK government has demonstrated a clear vision for CCUS, aiming to create a commercial and competitive market by the 2030s even if there was a feeling that some of these goals are “at the edge” of achievability. The UK government's approach has included setting regulatory frameworks and supporting innovation to reduce costs and scale up deployment - such as the transport and storage regulatory investment model and the dispatchable power agreement for power CCUS - models designed to provide economic incentives and regulatory certainty to investors, ensuring the viability and scalability of CCUS projects. The UK has also committed significant funding to support the development of CCUS clusters. With up to £1 billion allocated for these initiatives, the aim has been to create integrated hubs, or “SuperPlaces”, that combine clean industry, power, hydrogen, and transport. The approach of the UK government has not only driven regional economic growth but also positioned the UK as a genuine leader in the global CCUS market.

THE EUROPEAN EXPERIENCE

Whilst the UK's focus has been on models using a cluster approach, the EU's approach has been more fragmented, with individual member states developing their own regulatory frameworks. Whilst this has resulted in more choice to investors, the “merchant” features of the EU approach have resulted in increased exposure, for those investors, to cross-supply chain risks.

A significant focus of the conference, then, was on the conceptual importance of creating a European-wide storage market and establishing cross-border frameworks to facilitate CCUS deployment across the EU. This could include developing a unified regulatory framework and market for CO₂ storage and utilisation, which would be essential for the seamless integration of CCUS into the broader decarbonisation strategy of the European Green Deal. The conference underscored the importance of international collaboration in aligning global strategies and policies to accelerate CCUS adoption. In a European context, by working together, countries can share best practices, leverage collective expertise and create a more robust and resilient CCUS infrastructure.

INNOVATION AND TECHNOLOGY

The conference showcased numerous innovations in CCUS technology and highlighted advancements in carbon capture and utilisation processes. These technological developments will be essential for improving the efficiency and cost-effectiveness of CCUS projects over time, and the breadth and scale of approaches discussed during sessions on innovation in carbon capture technologies demonstrated that there is no “one size fits all” approach. Developing the necessary skills and fostering innovation within the CCUS sector were emphasised as critical components for

the successful deployment of CCUS projects and training programs and support for research and development were also highlighted as key to addressing potential supply chain disruptions and ensuring a skilled workforce. The UK's efforts in this area were again highlighted as aiming to build a robust and capable industry that can meet the demands of large-scale CCUS deployment.

CONCLUSION

The CCUS 2024 conference highlighted the significant progress being made in the field of CCUS and underscored the importance of continued investment, innovation, and collaboration. The UK's proactive approach, combined with the EU's emphasis on cross-border frameworks and market development, provides a strong foundation for the future of CCUS and the fact that participants were able to discuss, in a meaningful way, lessons learned from early CCUS deployment, shows how far the sector has come. As the industry moves towards achieving net-zero emissions, the insights and strategies shared at this conference will play a crucial role in shaping the path forward.

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- Energy Transition

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