

Do you have any comments on the proposal that the definition of an eligible generator under The Contracts for Difference (Definition of Eligible Generator) Regulations 2014 should be amended in order to specify that retrofit Carbon Capture and Storage (CCS) projects, involving the connection of an existing power station to a complete CCS system, are eligible for a Contract for Difference?

- CFDs are necessary to support CCS
- CFDs set against the carbon price may be necessary to support industrial CCS
- CCU needs to be recognised in the EU ETS

Sandbag supports this amendment to the Contract For Difference Regulations. Power generation with Carbon Capture and Storage requires government support to launch the technology in Europe. Investment now will keep the costs of the UK's decarbonisation lower in the future; a balanced energy system is the most cost-effective and most likely way to reduce emissions, with a combination of wind, solar, hydro, other renewables, nuclear and CCS.

Following last week's budget announcement, and the government's focus on gas power, it is urgent that the government looks at another way to support CCS on gas, outside of the Commercialisation Competition. Contracts For Difference covering capex and opex may still be the way to bring the first projects to construction.

However, CCS development needs to be focused more widely than power. DECC should bring forward a plan for supporting industrial CCS with CFDs, [along the lines we suggested earlier this year](#). Now is also the time to investigate support for Carbon Capture and Utilisation (CCU). As well as R&D funding, the ETS needs to recognise when CO₂ is used and permanently stored with negative emission credits under the cap.

Other options for urgently moving forward with carbon capture in the UK include taking initial transport & storage pipelines into the National Grid's Regulated Asset Base, and then allowing individual installations to attach to a pre-existing infrastructure. This may be reduced in cost if the initial T&S uses pre-existing North Sea infrastructure.

About Sandbag

Sandbag is a UK-based not-for-profit think tank conducting research and campaigning for environmentally effective climate policies.

Our research focus includes the phase-out of old coal in Europe; deep decarbonisation of industry through technologies including Carbon Capture Utilisation & Storage; reform of the EU Emissions Trading Scheme; and increasing ambition in the EU 2020 and 2030 climate & energy packages.

For more information visit www.sandbag.org.uk or email us at info@sandbag.org.uk