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We cannot hit the Paris target without carbon capture and storage



Fossil fuels are going to be in the mix for decades to come. DAVID DAVIES

by Josh Frydenberg

In 2011 there was a political fix. The Greens would support legislation establishing the Clean Energy Finance Corporation in return for Labor agreeing to explicit provisions in the Act preventing the CEFC from funding "prohibited technology" defined as nuclear power, nuclear technology or carbon capture and storage (CCS).

This is despite nuclear being a widely accepted zero emissions power source, and CCS having a proven ability to capture and store CO₂ in deep geological formations.

CCS can reduce the carbon footprint from fossil fuel-generated electricity or industrial processes like steel, chemical production or cement by up to 90 per cent.

Unfortunately, Green ideology won the day.

What made Labor's capitulation to the Greens all the more galling was the fact that CCS had featured prominently in Julia Gillard's 2012 Energy White Paper, and senior frontbenchers like former Minister for Climate Change Penny Wong and former Minister for Energy and Climate Change Greg Combet had been such strong public advocates.

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The Energy White Paper bellowed "commercialising CCS remains critically important to meeting long-term global emission reduction goals" before going on to say "abandoning CCS as a mitigation option would significantly increase the cost of achieving emission reductions to limit average global temperatures increases to 2° Celsius".

Indeed it does.

This is why the Coalition government has announced that it will be introducing legislation into the Parliament to amend the Clean Energy Finance Corporation Act 2012 (CEFC Act) to enable investment in carbon capture and storage technology.

It is not only consistent with our technology-neutral approach, but it will also right a historical wrong and has the potential to play a significant role in enhancing energy security and job security while providing better environmental outcomes.

It is important to understand that CCS is a proven technology which is being applied not just in Australia but also abroad.

According to the Global Carbon Capture and Storage Institute this year there will be 22 large-scale CCS projects in operation or under construction with another five at the advanced stage of development and planning.

This includes the Boundary Dam project in Saskatchewan, Canada, and the Petra Nova Project in Texas.

Both involve black-coal-fired power stations and have received significant government support with the Boundary Dam project, receiving \$C240 million, and the Obama administration providing \$US190 million for Petra Nova.

Financial support

In Australia, while there have been some reductions from successive governments in funding for CCS, more than \$590 million in government financial support has still been provided since 2009.

This money has gone towards a range of initiatives including successful demonstration projects in Western Australia, Queensland and the Otway Basin in Victoria.

These pilot projects and research and development programs have helped set the scene for what later this year will be Australia's first and one of the world's largest CCS commercial-scale projects at the Gorgon gas field off the coast of Western Australia.

Later this year it is expected to start injecting up to four million tonnes of CO₂ per year into the Dupuy Formation two kilometres below the surface.

The Gorgon gas processing project – and an industrial application at an iron and steel project in Abu Dhabi – demonstrate clearly that CCS is not a coal-only technology but rather has a much wider application which is seen by many experts as key to reducing global emissions.

The head of the International Energy Agency (IEA), Dr Fatih Birol, has said CCS "will not be optional in implementing the Paris Agreement" and "without CCS the cost of the energy transition under Paris would be \$US3.5 trillion higher".

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In a similar vein the Intergovernmental Panel on Climate Change (IPCC) has said without CCS the cost of meeting global emission targets would be more than double.

This is not surprising when you consider that even with the significant uptake of renewable energy the IEA estimates that by 2040 fossil fuels will still be providing up to 60 per cent of the world's power.

Success critical

Combine that with the fact that industrial processes account for around 32 per cent of the world's emissions and it's not hard to understand why the commercial success of CCS is so critical.

This is not to say that CCS comes cost-free because it doesn't, but the technology is improving all the time.

A 2015 report, Australian Power Generation Technology by the CO₂CRC, found that the cost of retrofitting a black-coal-generating plant was within the range of \$103 to \$154 a megawatt hour, which was competitive with new solar at \$95 to \$121 per megawatt hour.

But retrofitting a black-coal-fired power station has the added benefit of being able to provide dispatchable, reliable, 24/7 power.

Given that CCS technology has received such strong support from the likes of the IPCC and the IEA internationally as well as the Chief Scientist and the CSIRO here at home, it is now only appropriate that we unshackle the CEFC and allow it to support this low emissions technology.

The CEFC is, after all, not the renewable energy finance corporation, but one that is explicitly encouraged under part six of the Act to also invest in energy efficiency and low emission alternatives.

Labor's 2016 election plan, after all, did say "Labor will restore flexibility to the CEFC by broadening the investment mandate to make it technology neutral".

It's time these words were met with action.

Josh Frydenberg is Australia's Minister for the Environment and Energy

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