

## National Carbon Capture and Storage Council

Ms Jillian Broadbent, AO  
Chair, Clean Energy Finance Corporation Review  
C/o CEFC Secretariat  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Ms Broadbent

I am writing in response to your call for submissions for the review of the Clean Energy Finance Corporation (CEFC).

The role of the National Carbon Capture and Storage (CCS) Council is to advise the Minister for Resources and Energy on the accelerated development and deployment of CCS in Australia. CCS is a key part of the portfolio of low emissions and renewable energy technologies which Australia, and the world, will need to maintain energy security and respond to growing energy demand, while achieving significant reductions in greenhouse gas emission. More information is provided at Attachment A.

CCS has been specifically excluded from the portfolio of energy initiatives to be delivered by the CEFC. However I believe there are many similarities in the strategies which need to be put in place to overcome capital market barriers to investment in low emissions technologies in Australia such as CCS, large-scale solar and geothermal. Like CCS, these potential renewable energy technologies may be technically proven but are not currently commercially viable at large-scale.

The Council's assessment of the essential role of governments in facilitating investment in low emissions technologies is reflected, for the coal fired power sector, in the *National Low Emissions Coal Strategy* which identified commercial gaps existing at the early stage of deployment of such technologies. Funding options suggested in the *Strategy* include: up-front capital support; medium term operational support and underwriting early coordination risks including counterparty risk. Non-financial factors impacting on the commercial deployment of first-of-a-kind projects which must also be considered include a supportive regulatory framework, the framework for carbon pricing and permit trading and the level of community acceptance.

There has been public comment from Minister Combet's Office that projects that are relevant to CCS such as using CO<sub>2</sub> captured from coal-fuel fired power stations for the production of biofuel will be considered for CEFC financial assistance. This appears to me to be an area for potential collaboration between the National CCS Council and the CEFC, given that there are already trials in place at power stations in Australia as well as large

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### National Carbon Capture and Storage Council

Delivering a coordinated Australian approach to  
CCS technology research, development and  
demonstration to support accelerated deployment of  
CCS and reduced national and global CO<sub>2</sub>  
emissions.

scale proposed projects overseas. Another area for collaboration could be in considering options for hybrid power stations, in particular solar and geothermal options for existing fossil fuel fired operations.

CEFC investment will serve as a transitional incentive or arrangement to create essential critical mass for the commercial deployment of renewable energy technologies at the next-of-a-kind stage. A number of the Council members have experience in driving pilot scale and commercial scale CCS projects. If it would be useful I would be pleased to provide a briefing on the challenges associated with these projects, from the Council's perspective.

Yours sincerely

A handwritten signature in black ink that reads "Dick Wells". The signature is written in a cursive, slightly slanted style.

Dick Wells

12 December 2011

## **National Carbon Capture and Storage Council - Role and Membership**

The role of the National Carbon Capture and Storage Council is to bring together key stakeholders to advise the Australian Government on the accelerated development and deployment of CCS in Australia, including a portfolio of industrial-scale demonstration projects in the period 2015-2020 and commercial deployment from 2020.

The Council will advise the Minister for Resources and Energy on a nationally consistent response to the commercial, technical, policy and regulatory barriers to CCS demonstration and accelerated deployment in Australia. The Council's advice will address:

- Implementation of transitional policy and regulatory measures to support CCS deployment;
- Prioritised development of storage facilities, including pre-competitive exploration programs;
- Development of multi-user transport and storage hub infrastructure;
- Community awareness and acceptance of CCS;
- Research and development requirements to support the deployment of demonstration projects; and
- Opportunities for international collaboration and linkages.

The Council builds on the work of the National Low Emissions Coal Council and the Carbon Storage Taskforce and oversees the implementation of the *National Low Emissions Coal Strategy* and the *National Carbon Mapping and Infrastructure Plan* (Copies enclosed).

The Council comprises senior industry representatives from key CCS stakeholder groups including the coal, oil and gas sectors; coal and gas-fired power generators; the research community; and the Australian and State Governments with significant investment.