MANUFACTURING OUR FUTURE: INDUSTRIES, EUROPEAN REGIONS AND CLIMATE ACTION

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The report “Manufacturing our Future: Industries, European Regions and Climate Action – CO2 Networks for the Ruhr, Rotterdam, Antwerp & the greater Oslo Fjord” was published by Bellona Europa, an NGO that has been key in shaping European CCS policy for more than a decade, in October 2016. The report includes learnings from the last decade and on this basis, provides a way forward for deploying CCS in Europe, with an emphasis on industrial emissions.

Industrial CCS provides a critical and cost-effective solution to reaching Europe’s climate goals. Current EU and national policies, however, have so far not given the needed signals for European industry to invest in CCUS projects. A societally and climactically disastrous choice is emerging; to decarbonise or to retain industrial production and employment: This is a false choice.

2015 was the hottest year since records began, at 0.76°C above the 1961-1990 average. In the same year, governments from around the globe concluded an ambition to halt global warming at 1.5°C and a maximum 2°C Celsius. CCS will be an important pillar in deeply decarbonising European industrial products. Sectors such as Steel, Cement, Refining, Fertiliser production, Waste to Energy and Chemicals all require CO2 transport, CO2 utilisation and storage networks to radically improve climate performance.

Industrial CO2 capture technology is ready to be deployed at scale. Yet even for industries such as ammonia production which has low (<€10/tonne) CO2 capture cost, this is not taking place because industry lacks access and possibility for the transportation of large volumes of CO2. No single cement or steel company is likely to develop geological storage sites and build CO2 networks for which they have no expertise, let alone a business case.

Jobs or Climate Action – the Emerging Risk of a False Choice. Lacking access to CO2 infrastructure, industries find themselves in a poker game in which they are not served by a solution-oriented approach to climate action. A constructive dialogue between the relevant stakeholders, including industries, policy makers and trade unions are essential. In this context, it is encouraging that industrial unions increasingly are part of this conversation. The message is clear: industrial products will be needed also in the future. Shifting from production to import to meet climate targets, with closures and job losses, will not do. Involving the unions to build bottom-up cases at regional level, and exert pressure on national and EU authorities to fund CO2 Market Makers could prove an effective strategy.

Bellona proposes to use state-owned and/or -funded CO2 Market Makers (regional CO2 transport and storage infrastructure development organisations) to break the current inertia, providing guarantees in each part of the iCCUS value chain (CO2 storage, transport and capture). A key opportunity was created by Norway’s announcement of October 2016 of its decision to progress three industrial CO2 capture projects with one common transport and storage solution – a west coast ship terminal for CO2 delivery and a large pipeline to offshore storage.

EU funding schemes eligible for CCS projects and that could possibly be accessed to capitalise/fund CO2 Market Makers exist, yet they are highly fragmented. The European Commission’s CCS mandate from the EU 2030 framework for Climate and Energy is limited to the ETS Innovation and Modernisation Funds – pressure is needed from stakeholders.