



EU billions to keep burning fossil fuels
the battle to secure EU funding for carbon capture and storage

Introduction

Carbon capture and storage (CCS) has been promoted by industry as the solution to tackling climate change. Why stop burning fossil fuels when instead you can capture the carbon dioxide and store it in a hole in the ground?

Defying objections on the grounds of cost (the European Commission estimated it would cost €13 billion just to establish the 12 demonstration projects needed to demonstrate that the technology could work), feasibility (carbon capture and storage has not yet been demonstrated on a commercial scale) the environment (even low levels of leakage would undermine attempts to curb CO₂ emissions¹) and in the face of public opposition², heavy industry has pushed for EU support for CCS.

Industry had already scored an initial success in 2005 when the European Commission was persuaded to set up an advisory body – the European Technology Platform for Zero Emission Fossil Fuel Power Plants, more commonly known as ZEP. This body, which is dominated by industry, was set up to advise the Commission on public research policies. It is partially funded by the Commission – but has become a vocal and effective industry lobbying vehicle for CCS³.

It secured its first major tranche of funding in October 2009 when EU officials announced they would direct €1.05 billion from the EU economic recovery fund to support CCS demonstration projects.

But this was all peanuts compared to the funding industry then went on to obtain via the EU emissions trading scheme.

Key proponents of CCS, including Shell and BP working in close alliance with non governmental organisations Bellona and E3G, succeeded in persuading the UK Liberal MEP Chris Davies to work on their behalf. When the Commission announced the Climate and Energy Package in January 2008, Davies became the rapporteur for the draft directive on CCS in the Parliament.

The industry lobby was supported by national governments championing their biggest multinationals (Britain's BP and Shell for the Netherlands) and was immensely successful, securing funding for CCS from the third phase of the EU's emissions trading scheme. This will come in the form of 300 million allowances from the scheme with a value of between 4–7 billion euro, depending on the price of carbon.

This article details the stages of the battle to secure that funding – and Davies' key role in the fight. But industry is still not satisfied. ZEP is now appealing to the European Commission to provide support to help develop the infrastructure for CCS – a network of carbon dioxide pipelines across Europe⁴. Their wish is the Commission's command – as the Commission's Communication on Energy infrastructure priorities for 2020 and 2030 blueprint reveals⁵.

¹ [Greenpeace: False Hope - Why carbon and capture and storage won't save the climate](#)

² [Spiegel: One German Town's Fight against CO₂ Capture Technology](#) and [E&E News: A town's lonely struggle shows CO₂ fears here to stay](#)

³ [Corporate Europe Observatory, December 2009: Public funds used to lobby for fossil fuel in Copenhagen](#)

⁴ [Zero Emissions Platform \(ZEP\): EU needs to build an extensive CO₂ pipeline network](#)

⁵ European Commission [Communication "Energy infrastructure priorities for 2020 and beyond - A Blueprint for an integrated European energy network"](#)

Summary

British Liberal Democrat MEP, Chris Davies sees himself as an environmental champion and currently heads the Liberal group on the influential Environment Committee⁶. He has been a key proponent of carbon capture and storage (CCS) as a key element of the EU's solution to climate change.

Yet documents voluntarily released by Davies following EU Freedom of Information requests, show that his campaign has been closely influenced by those working with, and for, the fossil fuel industry.

- Shell, BP, other businesses and lobby groups (Zero Emissions Platform, Climate Change Capital, Eurelectric, Alstom) acted as his advisors.
- Davies followed the advice of these industry groups, strategising with them and even co-drafting amendments with them;
- BP and the Zero Emissions Platform (ZEP) were able to implement changes in the Parliament's position during crucial negotiations with the Council through Davies.
- Emails reveal that Davies knew that there was a risk that the companies advising him might receive "unnecessary" public subsidies as a result of his actions, yet he continued to promote their views.
- Industry lobbied Davies to water down recommendations that all new power stations should be fitted with mandatory CCS. What industry needed and got with CCS was an excuse to continue building coal-fired plants.
- Davies told the European Commission that if they didn't agree to the concessions, he would block progress on the EU's climate package, telling fellow MEPs that he was "blackmailing" the Commission.
- Through these lobby groups, the oil and coal industries had a highly damaging and excessive influence on the EU's response to climate change;

⁶ [Chris Davies MEP: About Chris Davies](#)

Biased Advice Led to Billions in Subsidies

Chris Davies MEP was already interested in the issue of carbon capture and storage (CCS) when the European Commission announced its Climate and Energy Package in January 2008. The package included a draft directive on CCS⁷ and he became the rapporteur on the dossier in the Parliament.

Carbon capture and storage

Carbon capture and storage (CCS) is a technology designed to capture CO₂ from coal-fired power plants – or other large emitters such as steel works – and store it underground.

CCS is unproven on a commercial scale, expensive and requires vast quantities of energy, adding to demand for coal. It is also unlikely to be available on the scale-required for many years – certainly not before 2020⁸.

There is also significant public opposition to carbon storage technology – and public protests have led to the cancellation of a scheme in the Netherlands⁹.

But the promise of ‘clean coal’ has contributed to the decision to cancel the phasing-out of state subsidies for coal plants.

Emails disclosed voluntarily via EU Freedom of Information laws reveal Davies’ intention was clear from the beginning: he wanted to secure public funding for companies to install CCS¹⁰. Even before being officially charged with the dossier, Davies met with key-industry lobby organisations, including the International Emissions Trading Association (IETA), representing the key players in the carbon market¹¹, and Shell. He also met with officials from the British government – who were also keen to promote CCS¹².

At this time, carbon intensive industries such as BP, Shell and coal-fired power operator Vattenfall, had identified CCS as a potential tool in their fight against carbon cuts. If they could use technology to capture the CO₂ from their operations, that would reduce the likelihood of regulations to curb their carbon emissions.

But there was a fundamental problem. Developing the technology to capture CO₂ is extremely expensive and the companies argue it will place too great a financial burden on them. So they started lobbying the EU to secure public funding.

Key industry lobby groups such as the Zero Emissions Platform (ZEP) and the Carbon Capture and Storage Association (CCSA) were already working on the issue. ZEP is an industry body, originally set up as a ‘Technology Platform’ by the Commission’s Directorate General on Research and still part-funded by the Commission. It represents

⁷ [European Commission: The EU climate and energy package](#)

⁸ [Greenpeace: False Hope - Why carbon and capture and storage won't save the climate](#)

⁹ [PointCarbon: Dutch halt Shell's CCS plans](#)

¹⁰ [20080108DaviesBrockettCOM, 20080108DaviesFrisvoldBELLONA](#)

¹¹ A powerful lobby group involving all companies that have an interest on carbon trading in an international level - [IETA](#)

¹²09/01/08, 24/01/08, 31/01/08 and 14/02/08 Davies 2008 calendar

28 companies, including major polluters BP, Shell and Vattenfall, and effectively acts as a de facto lobby group on their behalf¹³.

Looking for funding

The documents show that Davies knew the costs of CCS would be high. A “CCS equipped power station will cost double the price of a conventional one,” he wrote. But they also show that Davies was aware that the companies helping him could be in line to receive huge and unnecessary public subsidies to pay for the technology.

In an email to the European Investment Bank, Davies conceded that the CCS funding mechanism “might result in substantial and unnecessary subsidies being paid to companies that have in many cases, already made large windfall profits through the operation of the [EU] Emissions Trading Scheme”¹⁴.

The first seminar in the European Parliament on CCS took place on 5 March 2008, co-organised by Davies, ZEP and the Statoil-funded NGO the Bellona Foundation,¹⁵ to discuss the challenges facing CCS development¹⁶. The key issue was funding.

Davies was by this stage consulting regularly with BP. In fact, when the European Environment Bureau (EEB) wrote to him raising concerns about CCS¹⁷, Davies turned to BP for advice on how to respond.

Other companies were also influential. The power generator Alstom met with Davies in March 2008 and offered advice¹⁸.

And some EU member state governments were also actively involved. According to the documents, Davies forged good relationships with Norway and Britain, both of which have key companies that would benefit from CCS (Statoil, BP and Shell) and are key advocates of CCS¹⁹.

A funding proposal takes shape: link CCS to carbon trading

At a British-Embassy organised meeting in Norway with Statoil and Vattenfall, Davies met Kate Hampton from the London-based consultancy Climate Change Capital (CCC). CCC had been hired to do financial modelling on CCS by ZEP and was looking at possible funding through the third phase of the EU Emissions Trading Scheme (ETS). Hampton became a key advisor to Davies²⁰.

Various industry lobby groups inundated Davies with their proposals on how CCS would be funded. Eurelectric, the powerful European electricity industry lobby group representing major electricity providers like RWE and EON, argued: “there is a strong

¹³ [Corporate Europe Observatory, December 2009: Public funds used to lobby for fossil fuel in Copenhagen](#)

¹⁴ [20081021DaviesKnowlesEIB](#)

¹⁵ Bellona: [StatoilHydro entered in 2005 into a three-year cooperation agreement with Bellona, New Cooperation deal](#)

¹⁶ [Bellona: CO2 Capture and Storage - the way forward](#)

¹⁷ [20080305HontelezEEBDavies](#), [20080306WorthingtonBPDavies](#), [20080307HontelezEEBDavies](#)

¹⁸ Davies 2008 calendar

¹⁹ The UK government constantly fed Davies with information: [20080509JacobsUKDavies](#), [20081021DesoutterUKDavies](#), [20081022DaviesDesoutterUK](#), [20081117HamptonUKDavies](#)

²⁰ [20080313workshopTrondheim](#)

case for governments providing much increased funding for low-carbon technologies, including CCS, at the pre-commercial phase²¹.

In April 2008, the Carbon Capture and Storage Association (CCSA) - which includes all the major European energy players²² - tried to firm up the idea, first expressed publicly by Eurelectric and developed by Climate Change Capital for ZEP²³, that: “a formula could be found in which emissions saved through CCS investment could be regarded as mitigating circumstances”²⁴.

The following month, ZEP wrote to Davies explicitly proposing the use of the EU ETS for CCS funding: “Mechanisms to stimulate private sector investment is [sic] therefore vital – for example, in the form of a specific incentive under the EU ETS”²⁵. The International Association of Oil and Gas Producers (OGP) also welcomed “the [proposed] inclusion of CCS in the revised EU ETS”²⁶.

Davies said later that “David Hone, Shell's climate change adviser, played an important role in giving substance to the idea of using carbon allowances as a means of supporting CCS capital investment”²⁷.

Davies included industry's idea of using funds from the EU ETS in his first presentation to the ENVI Committee on 5 May 2008, suggesting that 700 million free allowances from the ETS could be given to CCS projects²⁸.

Climate campaigners responded with dismay. CAN Europe, a coalition of environmental organisations working on climate, contacted Davies to criticise the proposal, arguing that the EU ETS was supposed to be a “technology-neutral market mechanism”. Davies forwarded CAN's email to Climate Change Capital asking them how he should counter the argument²⁹. He also faced opposition from inside the EU Commission with DG Environment against CCS obtaining money from ETS³⁰.

ConocoPhillips, another member of CCSA, then put forward the idea that coal companies should receive ETS funds from the ‘New Entrants Reserve’ (NER)³¹ - a fund which was proposed by the Commission to fund emissions reduction projects under the third phase of the EU ETS. CCS could be just one of a wide range of different priorities, alongside renewable energy, efforts to avoid deforestation, facilitate adaptation in developing countries and efforts to address the social impacts such as possible increases in electricity prices³².

²¹ [Eurelectric: Position Paper on CCS, April 2008](#)

²² [CCSA members](#)

²³ Working in a contract with ZEP, CCC was also in contact with the Commission already in September 2007 discussing on the modelling of financing CCS. [ZEP was discussing the issue in the presence of the Commission also in June 2007](#)

²⁴ [20080425ChapmanCCSADavies](#)

²⁵ [20080505FrisvoldZEPDavies](#)

²⁶ [200804OGPDavies](#)

²⁷ [Chris Davies MEP: A Last word on CCS](#)

²⁸ [20080510WorthingtonBPDavies](#)

²⁹ [20080507DaviesHamptonCCCSingerWWF](#)

³⁰ [20080510WorthingtonBPDavies](#)

³¹ [20080513KingCPDavies](#)

³² [ETS Commission's proposal](#), p. 9

On the day Davies was due to present his report to the European Parliament's Environment Committee (ENVI), Eurelectric told him they wanted him to push for nearly all of the NER to be used for CCS, contrary to the Commission's proposal.

Big Oil demands that “Mandatory” CCS is dropped from report

Davies tabled his draft parliamentary report on CCS on 5 June, 2008³³. He introduced amendments proposed by lobby groups including Eurelectric, Euracoal and ZEP, representing the interests of companies which would benefit from CCS funding.

Key among these was an amendment to Davies' own original requirement that the CCS directive “should include a mandatory requirement for new coal and gas-fired stations to be fitted with the technology”³⁴. The documents reveal that BP, Euracoal and Eurelectric all suggested that he watered down this requirement³⁵. BP argued that only permitting new coal fired plants if they were equipped with CCS was not going to work and that they needed to focus on securing EU funding for CCS instead³⁶. Industry didn't want to have to pay for CCS themselves, but wanted public subsidies.

He also implemented Euracoal's demands regarding the definition of 'storage sites', 'leakage' and 'storage permits'³⁷.

Lobbying the Commission with BP and Shell on funding

After his report was tabled, Davies met BP on a regular basis to push through the funding proposals. He met the Commission accompanied by BP, Climate Change Capital and the consultancy E3G and BP drafted the minutes of the meeting³⁸.

The criteria determining how funding from the ETS was spent were not part of Davies' brief on CCS, but would be included in a review of the ETS which was being carried out at the same time. After meeting with Shell and BP, Davies put forward a draft amendment that 600 million allowances from the ETS were allocated to CCS through the NER. The original idea to fund CCS projects through the NER had come from Shell.

The Commission told him that they could accept the basic element of his proposal (getting funds from NER) but that 600 million allowances was too many and that projects outside the EU should be excluded.

In July 2008, together with Avril Doyle MEP and Linda McAvan MEP, Davies tabled the revised proposal, calling for money to be used for CCS from the new entrants reserve. It read: “up to a maximum of 500 million allowances in the new entrants reserve shall be awarded to large-scale commercial demonstration projects that are undertaking the capture and geological storage of carbon dioxide in the territory of the EU or in developing countries and countries with economies in transition outside the EU that ratify the future international agreement”³⁹. It became known as “amendment 500”.

³³ [Chris Davies Draft Report on CCS](#)

³⁴ [ENDS Europe: MEP eyes binding requirements on carbon capture](#)

³⁵ [Eurelectric: Position Paper on CCS, April 2008](#)

³⁶ [20080306WorthingtonBPDavies, 20080422.GardnerBP.Davies](#)

³⁷ Compare [Chris DaviesDraft Report](#) with [EURACOAL's opinion on the Commission's proposal](#) [on the left] (Davies received on April 9, 2008)

³⁸ [20080624MasonBPDavies](#)

³⁹ [Amendment 500](#), p. 22

After tabling this amendment, Davies and industry lobbied the Commission and MEPs intensively to win their support. Over the next four months, officials from DG Environment, the Energy Commissioner and MEPs on the Environment Committee were all lobbied by Davies and a myriad of big oil and energy companies including BP, Vattenfall, Eurelectric, RWE, Alstom, Shell, Enel and the industry group, ZEP⁴⁰.

On 7 October, the amendment on the ETS report was passed by a majority of just one vote in the ENVI committee – endorsing the funding of the fossil fuel industry receiving funding as “new entrants”. Davies’ report on CCS was also approved⁴¹. Through Davies’ support, the fossil fuel industry had won this round in the battle to get public subsidies.

Lobbying governments and “Blackmailing” the Commission

After the vote it soon became clear that the CCS package (CCS directive and the ETS amendment on funding) as well as the whole Climate and Energy package would ultimately be decided in an informal “trilogue” – or political compromise procedure - between the European Parliament, the Commission and the Council. CCS funding was voted on by the plenary of the Parliament, but not discussed or amended. This was because the French Presidency wanted the climate package completed during its term of office⁴².

After the vote in the Committee, Davies started “touring EU capitals to drum up support for the [proposed] financing scheme”⁴³. He visited Spain (a trip arranged by the British government) Poland and the Czech Republic. The Polish Economic Minister was initially resistant to the proposal – he didn’t want ETS revenues diverted from state finance– but Poland also had two possible CCS demonstration sites and after lobbying from industry, Poland’s position changed⁴⁴.

The Czech Deputy Environment Minister Ales Kutak, told Davies he did not object to the proposals, as long as there was no threat to new coal installations without CCS⁴⁵. This, following on from BP’s objections, was the final nail in the coffin for the initial plan for mandatory CCS⁴⁶.

He continued to lobby the Commission, working closely with E3G, where there was still opposition to his proposals, particularly from the Environment Commissioner Stavros Dimas.⁴⁷

In a letter to the Dimas cabinet (October 22), Davies threatened to block the whole CCS directive if the Commission didn’t take a more active stance and convince member

⁴⁰ [20080917DaviesPiotrCOM](#), [Euractiv:Carbon storage 'competitive' by 2030, says study](#) and the [McKinsey Report](#), [20080922SweeneyZEPmembersENV](#), [Eurelectric: Position Paper on CCS, October 2008](#), [PRESS RELEASE - Brussels, 3 October 2008 EU NEEDS TO SUPPORT DEMONSTRATION OF CARBON CAPTURE & STORAGE](#)

⁴¹ [CCS wire: AM-500 adopted](#)

⁴² [20081024DaviesMaskayFR](#)

⁴³ [Euractiv: Divided EU wants poor countries to join climate pledge](#)

⁴⁴ [20081030DaviesMaskayFR](#)

⁴⁵ [20081106DaviesinternalonCZ](#)

⁴⁶ [20080306WorthingtonBPDavies](#)

⁴⁷ [200809xxDavieshandnote](#), [20081027DaviesScottJohnstonE3GPorterTCKortenhorstECF](#)

states by solving concretely the outstanding funding issue.⁴⁸ But these were not the only “threats”:

Extracts from Davies emails proposing to threaten the Commission

1) From: DAVIES Chris
Sent: 24 October 2008 17:42
To: Anne-marie MASKAY [French Permanent Representation]
Subject: CCS Financing - Some progress perhaps!

I have a meeting arranged with Commissioner Dimas for 4pm on Monday. The Commission has GOT to get off the fence and start facilitating agreement. I am threatening that if they do not I will block progress on the CCS Directive (“if there are no demonstration plants there will no C02 being captured, and therefore no need to speed through legislation to provide for the storage of it”).

2) Email of Davies to ENVI MEPs:

From: DAVIES Chris
Sent: 03 November 2008 21:42
To: GROSSETETE Francoise; GLANTE Norbert; LAPERROUZE Anne;
HAMMERSTEIN David; HOPPENSTEDT Karsten Friedrich; BUITENWEG Kathalijne Maria; EVANS Jiiil; TZAMPAZI Evangelia; SEPPANEN Esko; DE BRUN Bairbre;
BLOKLAND Johannes
Subject: CCS Triogue and CCS Financing

Dear Colleague,
As you know, I have refused to arrange a date for the first trilogue on the CCS (C02 geological storage) directive.

Thank you for bearing with me while I have been ‘blackmailing’ the Council and Commission. My aim has been to try and force the latter to get off the fence and put forward some practical ideas for financing CCS demonstration projects, ideas that may bridge the present gulf between the majority positions of the Council and the Commission.

3) From: DAVIES Chris
Sent: 10 November 2008 18:58
To: ‘Anne-marie MASKAY’
Cc: DAVIES Chris; ‘Scott BROCKETT’; CHADWICK Roger
Subject: CCS Trilogue

Anne-Marie

I would be grateful if you will call me [...]to discuss the format and agenda for tomorrow’s meeting.

⁴⁸ [20081024DaviesGraffCOM](#), see also [20081024DaviesMaskayFR](#) and [20081110DaviesMaskayFRBrockettCOM](#)

In my opening remarks I shall refer to the CCS financing issue which is not on the specific agenda but is very much part of the whole package. I will be interested to hear the Presidency's views on how to proceed. Commissioner Piebalgs was helpful today but I have yet to see the Commission non-paper. Perhaps we shall have it by tomorrow - if not I will be retrieving [sic] to my blackmail tactics and saying that we can set a date for a second trilogue but we should not count on it talking place! It is more than 6 months since I started discussing this issue with DG Envi and I am less than hugely impressed!

With the backing of some very powerful governments and multinationals, and with allies within the Commission, including the Energy Commissioner Andris Piebalgs⁴⁹, Davies put pressure on DG Environment and some governments to support his scheme.

Industry Lobbies the Trilogue meetings

Following intensive lobbying by Davies, E3G and industry, Dimas' objections to Davies' proposals appear to have been overcome before the trilogue meetings between the Council, Commission and Parliament began.

Dimas accepted that extra costs could not be covered by the companies themselves, that state support was necessary for early demonstration plants and that 20 per cent of member state revenues from the ETS would go towards low carbon technologies including CCS.

The Commission also explicitly recognised Amendment 500 as "a part of the climate and energy package negotiation". But it proposed reducing the 500 million quota, estimating the extra cost of developing CCS as between 0.5 – 1 billion euro per plant (5 to 12 billion euros for the 10-12 pilot projects). It also proposed that EU research money and state aid could be used as alternative ways of funding⁵⁰.

According to Mark Johnston from E3G this was not acceptable – CCS needed a more flexible approach to funding⁵¹. Davies turned to Climate Change Capital and asked them to evaluate the Commission's proposals on his behalf⁵².

The trilogue on the ETS directive started on 14 November. In the meeting, France suggested reducing the number of ETS credits for CCS from 500 million to 100-200 million, which would be worth between two and four billion euros⁵³.

According to the UK representative, only the Netherlands, UK and Spain spoke out in favour of the scheme and wanted to increase the number of credits. Thirteen countries "could not support it as drafted" – primarily those countries that did not intend to host a

⁴⁹ [20081106DaviesinternaldraftletterPiebalgsCOM. Energy Commissioners' Speech in ZEP, Novembr 10, 2008](#)

⁵⁰ The [Commission non-paper](#) and the cover letter with which the Commission sent it to Davies: [20081111ODwyerCOMDavies](#)

⁵¹ [20081112JohnstonE3GDavies](#)

⁵² [20081111DaviesHamptonCCC](#)

⁵³ [France suggested lowering the number of credits to 100-200 million, worth between 2 billion and 4 billion euros, a document seen by Reuters on Friday showed.'](#)

CCS demonstration plant in their country and which therefore had nothing to gain from funding the scheme⁵⁴.

Davies wrote a long letter to the French Presidency on 16 November, arguing that:

- the Presidency's proposal that none of the plants should receive more than 10 per cent of the total number of allowances was unacceptable as it "flies in the face of the ZEP proposals" – reminding the Presidency that ZEP was "the European Commission's technology platform".
- the Presidency's proposal to give EU ETS allowances to demonstrate large-scale renewables if they have not been used on CCS by December 2015 (proposed by Green MEP Caroline Lucas) would "render their value virtually worthless", as "demonstration projects will in many cases not commence operation until late in 2015". He argued that funding for renewable was only an option once funding for the 12 CCS demonstration plants had been assured. "The mechanism [...] will have to provide a return of investment at least up to 2020", he wrote.
- He also asked the Presidency to deal with DG TREN.⁵⁵ DG Environment had been the Commission department responsible for the ETS directive, but Davies asked the Council to deal with industry-friendly DG TREN.

He commented that "not one single member state objected the principle of using some allowances to develop carbon capture technology" and that this was "a huge step forward". He also remained confident that in the final outcome, the number of available allowances would be closer to 500 million than 200 million⁵⁶.

Industry continued to lobby right up until the last moment, and in a last ditch attempt to secure as much funding as possible, BP even drafted amendments for Davies. One email from BP said: 'We followed your steer and drafted the attached wording (...) to include novel, low carbon technologies that did not already receive material public funding'⁵⁷ This was intended to overcome objections that ETS funding was supposed to be technology neutral.

At the same time Davies denied numerous demands from fellow MEPs to meet, not giving them the opportunity to know which amendments resulted from pressure from the Council and which came from suggestions made from industry to him⁵⁸.

The final deal was reached on 13 December 2008. Revenues from 300 million allowances would be made available for CCS demonstration projects and "large scale" innovative renewable technologies.⁵⁹

Because of the reference to "large-scale", it seemed likely that most funds would be for CCS and that 10 to 12 demonstration plants would be prioritised.

⁵⁴ [20081117HamptonUKDavies](#)

⁵⁵ [20081116DaviesLegliseFR](#)

⁵⁶ [PointCarbon: EU countries back using permits to fund gas capture](#)

⁵⁷ [20081114GunnarBPDavies](#), [ZEP position](#), CCSA position: [200904.CCSA](#)

⁵⁸ [20081029BuitenwegMEPs](#), [20081028LehtonenGREENSBreierEP](#), [20081103TzampaziPESDavies](#)

⁵⁹ The [final ETS directive](#) and the [final CCS directive](#).

According to a Parliament insider speaking on condition of anonymity, in his closing Trilogue remarks, Davies said he was “disappointed” that the allowances were reduced to 300 million. He was rebuked by the chairing French deputy permanent representative who pointed out that the fossil fuel industry should thank him for the money they would soon receive thanks to his frenzied campaign.

He added that if Davies had been really interested in promoting the development of safe CCS technology, he would have supported the Council’s ideas for greater diversification of financing, which would have meant in principle more transparency and better public awareness, instead of this opaque big source of money, namely the ETS as demanded by industry.

Davies congratulated Shell for its effective CCS lobbying in the company’s 2008 ‘Sustainability Report’. “Shell’s strategic thinking and vigorous advocacy has played a crucial role in making the development of CCS technology a priority within the EU strategy to reduce global warming emissions,” he said⁶⁰.

“Greatest Achievement”

The issue of how the NER money would be split between CCS and large scale renewables was left to be resolved in the Comitology procedure⁶¹ between the Commission and the Member States.

The negotiations lasted a year. Environmentalists and the renewable energy industry fought for an at least 50:50 divide between CCS and renewable technologies. The lobby groups ZEP and CCSA argued that both should be able to apply and that the Commission together with Member States should decide “based on the merit of each project”⁶². They knew that large scale projects would benefit from this process, and so CCS would take much more than half of the funding.

In April 2009, Davies and CCSA co-organised a workshop on EU CCS Implementation in the European Parliament, sponsored by Shell, to promote the industry’s agenda⁶³.

The final decision was made by Member States and the Commission on 2 February 2010, and was in line with the fossil fuel industry’s demands. Davies celebrated “the largest single financial support mechanism for carbon capture and storage anywhere in the world”⁶⁴ with up to 7 billion euros of public money available for CCS development (€4-4.5 billion at 2010 prices).

Industry managed to secure a commitment that at least eight projects would be 50 per cent funded. With an estimated cost of 1 billion euro per plant, that would equate to 4 billion euro.

⁶⁰ [Shell Sustainability Report 2008](#)

⁶¹ [The Comitology Committees are instances deciding implementation measures for the EU directives and consist of representatives from Member States and are chaired by the Commission. They enable the Commission to establish dialogue with national administrations before adopting implementing measures. The Commission ensures that measures reflect as far as possible the situation in each of the countries concerned.](#)

⁶² [200904.CCSA](#)

⁶³ [20090330.Chapman](#)

⁶⁴ [Euractiv: EU agrees billions to fund renewables, CCS](#)

Davies said the whole campaign had been "the most important achievement of his life"⁶⁵.

There is little doubt that industry celebrated with him. What is less clear is how the environment will benefit.

In March 2010 Green MEPs objected to the implementation measures, claiming "they are not compatible with the aim and content" of the EU Emissions Trading Scheme.⁶⁶ They withdrew the objection after the Commission orally assured them "that that renewable energy projects will get an equal share of funding if the amount requested for renewables projects is equal to the amount requested by CCS projects,"⁶⁷.

The European Parliament gave its consent to CCS funding in a rushed debate under the opaque Trilogue procedure⁶⁸. Only a handful of MEPs were involved in what was a strategic decision for the EU.

One billion euros have been already given to CCS projects from the EU Recovery Plan⁶⁹ and further funding will be paid out in the third phase of the ETS: 4 – 7 billion Euros depending on carbon price fluctuations in the period 2013 – 2020.

And industry is now pushing for the EU to support the development of a CO₂ pipeline network – which again will cost billions – to allow carbon dioxide to be transported between the refineries and factories where it is generated to storage facilities elsewhere⁷⁰.

The Commission's blueprint on Energy infrastructure priorities for 2020 and 2030 highlights the need for an initial 2000 km CO₂ network, increasing to 8800km by 2050 – and requiring a cumulative investment of 9.1 billion euro. Industry still has a lot to play for⁷¹.

⁶⁵[Chris Davies MEP: Victory for North West Euro-MP in clean coal deal](#)

⁶⁶[Bas Eickhout MEP and Claude Turmes MEP: Draft Motion for Resolution](#)

⁶⁷ Email of the Greens to the Chairman and coordinators of the ENVI Committee of the European Parliament, 7 Apr 2010.

⁶⁸ [Statewatch: Secret trilogues and the democratic deficit](#)

⁶⁹ Jaenschwalde – Vattenfall, Rotterdam – E.ON., Belchatow – PGE, Compostilla – ENDESA, Hatfield – Powerfuel Power, Porte Tolle – ENEL,

⁷⁰ [Zero Emissions Platform \(ZEP\): EU needs to build an extensive CO2 pipeline network](#)

⁷¹ European Commission [Communication "Energy infrastructure priorities for 2020 and beyond - A Blueprint for an integrated European energy network"](#)