

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

Twelfth Delegated Legislation Committee

DRAFT STORAGE OF CARBON DIOXIDE  
(AMENDMENT AND POWER TO MODIFY)  
(EU EXIT) REGULATIONS 2018

*Monday 28 January 2019*

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

**not later than**

**Friday 1 February 2019**

© Parliamentary Copyright House of Commons 2019

*This publication may be reproduced under the terms of the Open Parliament licence, which is published at [www.parliament.uk/site-information/copyright/](http://www.parliament.uk/site-information/copyright/).*

**The Committee consisted of the following Members:**

*Chair:* MR PETER BONE

- |  |   |
|--|---|
| † Abrahams, Debbie ( <i>Oldham East and Saddleworth</i> ) (Lab)          | † O'Brien, Neil ( <i>Harborough</i> ) (Con)                     |
| † Badenoch, Mrs Kemi ( <i>Saffron Walden</i> ) (Con)                     | † Perry, Claire ( <i>Minister for Energy and Clean Growth</i> ) |
| † Brown, Alan ( <i>Kilmarnock and Loudoun</i> ) (SNP)                    | Powell, Lucy ( <i>Manchester Central</i> ) (Lab/Co-op)          |
| † Cunningham, Mr Jim ( <i>Coventry South</i> ) (Lab)                     | † Prentis, Victoria ( <i>Banbury</i> ) (Con)                    |
| Eagle, Ms Angela ( <i>Wallasey</i> ) (Lab)                               | † Smith, Nick ( <i>Blaenau Gwent</i> ) (Lab)                    |
| † Hair, Kirstene ( <i>Angus</i> ) (Con)                                  | † Whitehead, Dr Alan ( <i>Southampton, Test</i> ) (Lab)         |
| † Harris, Rebecca ( <i>Lord Commissioner of Her Majesty's Treasury</i> ) | † Wood, Mike ( <i>Dudley South</i> ) (Con)                      |
| † Hughes, Eddie ( <i>Walsall North</i> ) (Con)                           | Gail Poulton, <i>Committee Clerk</i>                            |
| † Mackinlay, Craig ( <i>South Thanet</i> ) (Con)                         |   |
| Morris, Grahame ( <i>Easington</i> ) (Lab)                               | † <b>attended the Committee</b>                                 |

## Twelfth Delegated Legislation Committee

Monday 28 January 2019

[MR PETER BONE *in the Chair*]

### Draft Storage of Carbon Dioxide (Amendment and Power to Modify) (EU Exit) Regulations 2018

4.30 pm

**The Minister for Energy and Clean Growth (Claire Perry):** I beg to move,

That the Committee has considered the draft Storage of Carbon Dioxide (Amendment and Power to Modify) (EU Exit) Regulations 2018.

It is a pleasure to serve under your chairmanship, Mr Bone.

I will first give the Committee a bit of background. As we approach EU exit, my Department is working extremely hard to ensure that our energy and climate change legislation continues to function effectively after exit day. The draft statutory instrument would be in place whether there was a deal or no deal. The best way to show its importance is to draw the Committee's attention to paragraphs 2.3 and 2.4 of the explanatory memorandum. To save everyone the trouble of looking, they essentially say that we want the Government to have the option to deploy carbon capture, usage and storage—CCUS—at scale during the 2030s, subject to the usual caveats about cost. We need to ensure that the regulatory regime for the geological storage of CO<sub>2</sub> remains functional following our withdrawal from the EU. Without the statutory instrument, we would not have an adequately functioning licensing regime, as outlined in paragraphs 7.2 to 7.5 of the explanatory memorandum, and that would prevent projects in areas where the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010 apply from proceeding.

There is now broad international consensus that CCUS is vital in helping to keep increases in temperature at or below 2°. The Intergovernmental Panel on Climate Change has set out many estimates that will help us with that, including the view that it could be up to 140% more expensive to meet the 2° target without CCS—an additional \$12 trillion. In our clean growth strategy and last November's CCUS action plan, we have set out a desire to rapidly progress CCUS and have a scaled deployment by the mid-2020s, with the option to deploy more extensively into the 2030s, but we must have a functional regime for the storage of CO<sub>2</sub> to ensure that the deployment is adequately met. It is of note that our aquifers, primarily those offshore, are considered to be among the most structurally sound and accessible for CO<sub>2</sub> storage in the world, so it is hugely important to get this right.

In 2009, the EU introduced the CCS directive, which established the first legal framework for the environmentally safe geological storage of CO<sub>2</sub>. We implemented those requirements in the Energy Act 2008 and in subsequent regulations, and the draft SI will mean that that framework can continue to function when we leave the EU.

I will make three brief points about the details of the draft SI. First, it corrects references to the UK as a member state and removes obligations to consult with the European Commission, ensuring that we can continue to issue licences and permits as a sovereign nation. Secondly, it gives the Secretary of State a new power to update technical requirements relating to storage site characterisation and monitoring in the light of technological or scientific progress. The power can only be used to reflect such progress, but it is an equivalent power to that currently held under the CCS directive. Thirdly, the draft statutory instrument will ensure that there continue to be robust monitoring and safety standards for CO<sub>2</sub> stores, consistent with current legislation.

The draft SI applies amendments in respect of devolved matters to varying degrees, but the Committee will be pleased to know that we have sought and received formal consent from Scotland, Wales and Northern Ireland to introduce the regulations. We have, of course, consulted extensively with the Oil and Gas Authority, as both our licence-granting and permitting body and our regulator.

The amendments in the draft regulations will have no adverse impacts on and place no additional burdens on existing CCUS projects, including Project Acorn, which we have been pleased to co-fund and which was recently awarded a CO<sub>2</sub> licence by the Oil and Gas Authority. The changes will ensure that the UK continues to have a robust, effective and safe regulatory regime for storing CO<sub>2</sub>, which is a vital component of supporting the progress of CCUS in the UK.

I will not detain the Committee by talking about why CCUS is so important and why the UK is in the lead in advancing this technology, but it was striking at the excellent global conference that we co-organised with the International Energy Agency in Edinburgh last November that we had possibly the most senior array of CEOs, Energy Ministers and general commentators involved, who welcomed the fact that we were driving it forward.

To conclude, we are committed to supporting the development of CCUS, but to do that we must have a fully functioning regime for the safe and permanent storage of CO<sub>2</sub> in the UK when we exit the EU and become a sovereign nation. The amendments proposed in this SI provide for just that. I therefore commend the draft regulations to the Committee.

4.35 pm

**Dr Alan Whitehead** (Southampton, Test) (Lab): It is a pleasure to serve under your chairmanship, Mr Bone. I cannot resist commenting on the interesting circumstances: with the extension of SIs, we are going into different Committee Rooms, and I am used to having a rather closer relationship with the Opposition Front Bench than I have this afternoon.

**Claire Perry:** With the Government Front Bench.

**Dr Whitehead:** Sorry, with the Government Front Bench—the Minister usually has a closer relationship with the Opposition Front Bench. That does not mean, of course, that we shall be particularly far away from each other on the proposals in the SI this afternoon.

Essentially, the SI transposes three sets of regulations that underpin different aspects of the UK's regime for carbon dioxide storage, including the regulations that

should be adhered to, the circumstances of termination of licences that should be adhered to and the access for infrastructure. Those matters are contained in different sets of regulations, all of which stem from the EU carbon capture and storage directive. Obviously, in the event of a no-deal Brexit, we would not be a member state as defined by the directive. Therefore, it is necessary to secure the effect of those regulations without referring to our being a member state. As the Minister said, it is very important that we do maintain the effect of the regulations.

I would like the Minister to confirm that in her opinion—this is certainly my opinion—the changes made in today’s SI merely serve that purpose and do not do anything to the substance of those three SIs. My understanding is that their substance remains exactly as it was.

**Claire Perry:** I am very happy to clarify that the hon. Gentleman’s understanding is correct: this is simply a transposition exercise.

**Dr Whitehead:** I suppose that I could be a little curmudgeonly by saying that it would be rather nice if we had some carbon capture and storage to put into those regulations. We do not at the moment, so in a sense nothing will actually change with the regulations coming on stream, inasmuch as there is nothing that will be regulated or licensed, or indeed terminated, by the transposition of the regulations. I hear what the Minister says about the intentions for carbon capture and storage in the future. I hope that it will indeed proceed rapidly, after its previous setbacks, and that the regulations will be necessary sooner rather than later.

I do not have any particular cavils or quibbles with either the intention or the practice of what is being done today. Indeed, I very much support the idea that we must have a good, solid carbon dioxide storage licensing and regulation regime. That is what there has been previously and what there should be in the future. The draft regulations will ensure that that is the case, so I am very happy to inform the Committee not only that we do not wish to divide the Committee, but that we support these changes.

4.39 pm

**Alan Brown** (Kilmarnock and Loudoun) (SNP): It is a pleasure to serve under your chairmanship, Mr Bone.

Obviously, the SNP supports carbon capture and storage, and likewise we will not seek a Division. We are still a wee bit bitter about the £1 billion that has been pulled, but it is good that the Government say they want to be a global leader in the field. The Minister mentioned an action plan, but can she confirm that there is a clear pathway, in terms of Government funding and a programme, to reach that large scale by 2030?

The Minister said in response to the shadow Minister, the hon. Member for Southampton, Test, that the regulations do not make any change of substance. Perhaps it is just the way it is written, but will she clarify something in paragraphs 2.1 and 7.2 of the explanatory memorandum? It states that the instrument “addresses failures of retained EU law to operate effectively”.

Does that relate just to the need to incorporate EU law into UK law, or have the Government identified deficiencies that the draft regulations will rectify? If so, what are they?

With respect to Brexit, is there any cross-collaboration and research across the EU that could be put at risk?

4.41 pm

**Claire Perry:** I shall try to answer some of those questions. It is a delight that the hon. Member for Southampton, Test, who is always scrupulous in his scrutiny of every SI, can find no reason to detain or divide the Committee. It must be worth proceeding with this matter on a cross-party basis.

The hon. Gentleman, like the hon. Member for Kilmarnock and Loudoun who represents the SNP, made a point about action. I think it is fair to say that we have accelerated our actions substantially in the past year in a way that does not overburden taxpayers or, indeed, consumers with extremely high costs for the deployment of the technology. In fact, we have tried to set out targeted amounts of funding. I announced £45 million of innovation funding at the conference in Edinburgh, and we have had high-quality bids to the extent that we are considering increasing that funding pool. We have been setting out clearly how we want to go forward and deploy at scale on an individual site basis. That has been the target of the £170 million of industrial decarbonisation money that we set out through the industrial strategy, which essentially requires CCUS to be fundamentally in that mix.

That has been the real acceleration. It is not just a matter of thinking about CCUS as part of the decarbonisation of power generation, because of course people say, “Well, just find more renewables.” It is about embedding it in the decarbonisation of industrial activity, which is so much more difficult to do. We look forward to seeing the bids that come forward for that funding.

It is also worth pointing out that there are only 22 at-scale CCS plants operating globally. Sixteen of them rely on the CO<sub>2</sub> that is extracted for enhanced oil recovery, which does not feel like a carbon reduction process to me. It is striking that very few Governments have been able to deploy it at scale, including our good friends in Norway, because it has been perceived to be too expensive and just about the decarbonisation of energy. However, I am struck by the quality of the projects we have coming forward, including Pale Blue Dot Energy’s Acorn project, which is starting to look at decarbonisation on a cluster basis.

Of course it is not just domestic action that we are taking forward. We are a lead partner in the Mission Innovation taskforce, which is looking at CCUS on a global scale, and we are the largest donor of overseas development assistance to global CCUS projects. We are trying to put our money where our mouth is and to focus on this technology.

The hon. Member for Kilmarnock and Loudoun queried the deficiencies referred to in the explanatory memorandum, but they are not deficiencies in the current drafting of the law. The deficiencies will arise, for example, through the reference to the UK as a member state on our exit from the EU. The intention is that the existing regulations can continue to apply as intended. As the hon. Member for Southampton, Test said, the SI essentially transposes the existing regulations to allow us to maintain the relevant regulations on exit day.

*Question put and agreed to.*

4.44 pm

*Committee rose.*





