

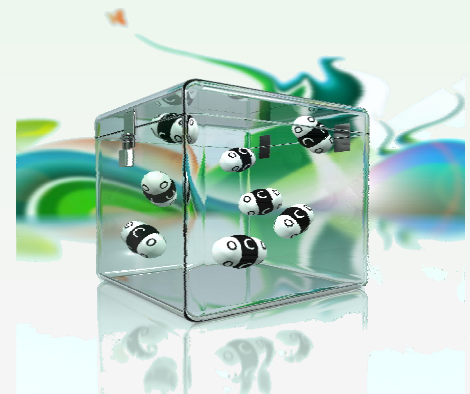
WORKSHOP ON MODALITIES AND PROCEDURES FOR CCS UNDER THE CDM

Crown Plaza Yas Island Hotel
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Issues and Options to the use of CCS in Geological
Formation as CDM Project Activities

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BACKGROUND

- In February 2011 Alliance of Small Islands States (AOSIS) submitted to the Parties its views on matter pertaining to CCS
- AOSIS recognizes the potential of CCS technology as part of the global mitigation effort
- At the time issues relating to the following were still unresolved:
 - Non-permanence
 - Measuring, reporting and verification
 - Environmental impacts
 - Project Activity boundaries
 - International Law
 - Liability
 - The potential for perverse outcomes
 - Inter alia.
- It was anticipated that the SBSTA based on the request of the CMP would develop modalities and procedures for the inclusion of CCS.



MAIN CONCERNS OF AOSIS

- Perverse Outcomes
 - Increased emissions associated with energy required for carbon capture
 - Accounting for additional hydrocarbons brought to the surface where CCS is combined with Enhanced Oil Recovery
 - Investment in CCS Technology may be at the expense of developing renewable energy production
 - Reduced storage capacity for combined CCS and bioenergy projects if more focus is given to storage for CCS and fossil-fuel technology is combined



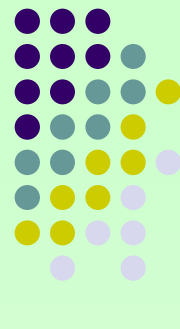
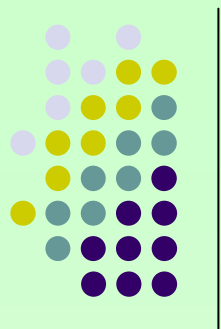
MAIN CONCERNS OF AOSIS (Cont'd)

- **Risks and Liability**
 - The issue of liability should be taken in the context of benefits to be derived by Annex I parties particularly where activities give rise to ensuing risk.
- **Legal and Regulatory Framework**
 - the scope of legal and regulatory frameworks for host country – these frameworks will need to be stringent
- **International Law**
 - CO₂ capture, transport and storage to other international jurisdiction
 - Project consistency with both domestic legislation and international law
- **Transboundary CCS Projects and Shared Reservoirs**
 - Potential use of geological reservoir by more than one project proponent.



RECOMMENDATIONS FROM AOSIS

- Offsetting mechanisms do not contribute to global emission reductions, and therefore inclusion of CCS in the CDM would remove the mitigation benefit of this technology completely.
- Issue of perverse outcomes needs to be explicitly addressed in any CCS modalities and procedures.
- Given the technical, technological and financial resources of Annex 1 parties, any liability arising from CCS projects should be vested in the investing party.
- Modelling can be supplemental however, it should not be allowed in the modalities and procedures as the only means of quantifying emission reductions
- AOSIS has also been consistent in its view that eligibility of CCS as a CDM activity is conditional upon the resolution of several legal, technical and environmental issues.



Thank You

