

Non-Pipeline Transport Working Group (Kick-off meeting)

27 June 2025

House Keeping

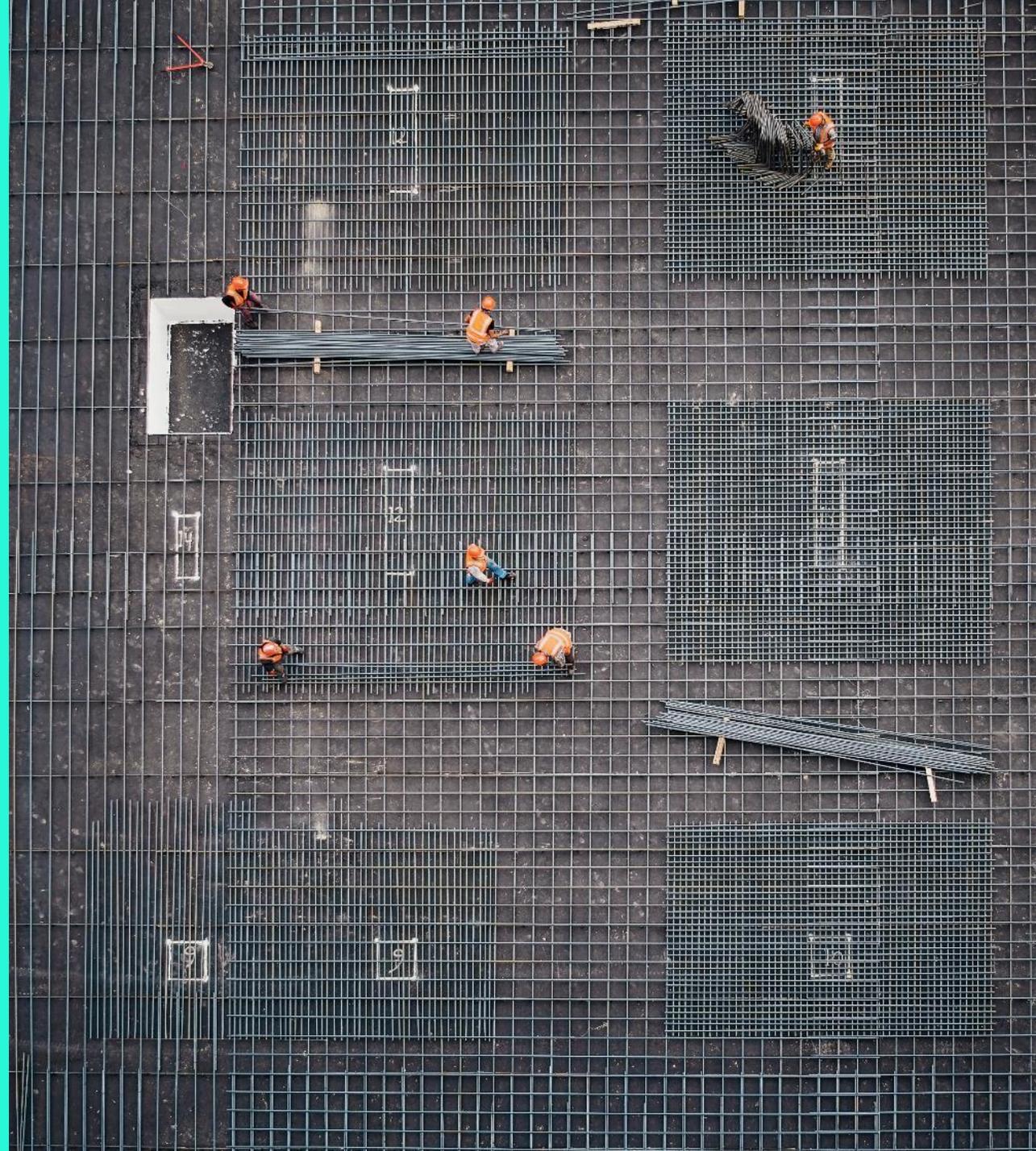
- Meeting is being recorded for internal note taking purposes
- CCSA Competition Law Policy notice is attached to the meeting invite
- If you are not speaking please mute your microphone
- Please **raise your hand** if you wish to comment, you will be invited to come off of mute, if you can also turn on your camera
- Please also pose any **comments in the chat** and these will be picked up by the secretariat
- **Introductions:** Secretariat and CCSA Members on the call (name & organisation)

Agenda

No.	Approx. Time	Item
1	10:00	Introduction and CCSA competition law policy notice
2	10:05	Implications and outcomes for NPT from The Spending Review and Industrial Strategy <ul style="list-style-type: none">• Pivoting NPT Messaging following outcomes
3	10:35	NPT workstream updates <ul style="list-style-type: none">• CCC Progress Report• Expected timeline for NPT consultation• CCSA x DESNZ roundtable discussion outcomes• DESNZ stakeholder session topics and expected outcomes
4	11:00	Member discussions <ul style="list-style-type: none">• Key issues of concern ahead of consultation• Key areas of evidence that the industry can coordinate ahead of the NPT Consultation
5	11:50	Terms of Reference, Next Steps, and AOB

Implications and outcomes of NPT from The Spending Review and Industrial Strategy

Mark Sommerfeld (CCSA UK Director)



Comprehensive Spending Review

Influencing the Spending Review (Pre-11 June)

- ✓ Comprehensive, well evidenced, submission
- ✓ Regular DESNZ and HMT engagement.
- ✓ Multi-department push: Treasury, DBT, Cabinet Office
- ✓ Industry-backed letters: Signed by CCSA...
- ✓ Cross-border CO₂: Pushed for inclusion in UK/EU Summit discussions
- ✓ CCUS Council: Extraordinary meeting held, with Olivia Powis co-chairing with Minister Jones

Key CCUS Funding Announcements

- **£9.4 billion capital funding allocated over the Spending Review period**
- Funding to build out **East Coast Cluster** and **HyNet** (North East Wales & Merseyside) and fill storage capacity
- Development funding for Acorn and Viking CCS; final investment decision this Parliament, subject to readiness and affordability
- Shift from 'Tracks' approach to focus on filling existing storage capacity and advancing Acorn and Viking CCS. **Need to understand Process for NPT here.**
- This funding contributes toward the £21.7bn commitment to Carbon Capture made last October for the next 25 years



Status of UK CCUS

Hynet and ECC

- Oct 24: £21.7 billion, over 25 years, to support 5 projects between Hynet and East Coast Cluster.
- FIDs:
 - Dec 2024 Net Zero Teesside (NZT) Power and Northern Endurance Partnership (NEP)
 - March 2025 Liverpool Bay

'Filling the Storage Capacity'

- Part of £9.4bn in the Spending Review to build out projects to fill the transport and storage infrastructure
- **Awaiting Publication of Project Negotiation List**

Viking and Acorn

- Part of £9.4bn for development funding for Acorn and Viking CCS.
- Final investment decision this parliament, subject to readiness and affordability.
- **Discussions ongoing in relation to next steps**

Other UK Clusters and Projects

- NPT Consultation expected second half of this year (*alongside other consultations and CfE*)
- National Wealth Fund engaged with sector.
- **Needing transparent and predictable allocation frameworks.**
- **Development of wider market drivers - E.g. Cross-Border, GGRs, UK ETS and CBAM, low carbon product markets**



Industrial Strategy, Clean Industries Sector Plan and Infrastructure Strategy

Industrial Strategy Headlines

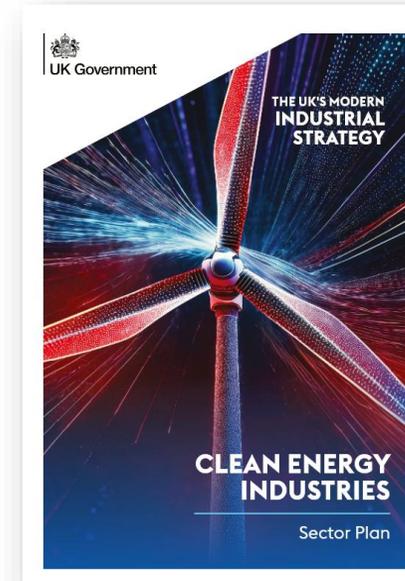
- Electricity bills to be cut by up to 25% for over 7,000 businesses from 2027.
- Introduction of the British Industrial Competitiveness Scheme
- Provide continued relief on electricity prices for materials sectors.

Clean Industries Sector Plan

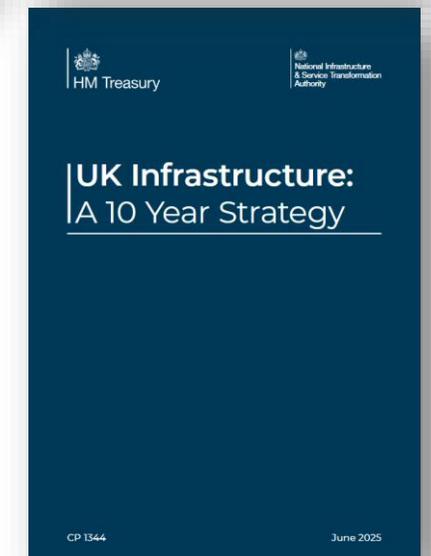
- ✓ ‘CCUS inc. GGRs’ identified as one of six **“Frontier Clean Energy Industries”**
- ✓ Reaffirms £9.4bn in capital budgets over the spending review period.
- ✓ Welcomes the industry-led voluntary ambition of 50% UK local content for CCUS across the Value Chain from 2030.
- ✓ **Commits to working with the EU to agree a regulatory framework for enabling cross-border CO₂ .**
- ✓ Supports the development of a Hydrogen & CCUS Skills Curriculum
- ✓ **Targets public investment including £1 bn GB Energy Clean Energy Supply Chain Fund and confirming £27.8bn National Wealth Fund, with at least £5.8bn targeting CCUS.**
- ✓ New Trade Strategy inc. targets support for Clean Energy Exports.

Infrastructure Strategy

- ✓ £725 bn of Government Funding for Infrastructure over the next decade.
- ✓ Reasserts importance of CCUS in industrial decarbonisation.
- ✓ Reconfirms £9.4bn for CCS Support and £500m for hydrogen infrastructure
- ✓ NISTA to Publish New Infrastructure Pipeline Portal on public projects.



“Publishing a consultation on Non-Pipeline Transport (NPT) in 2025. NPT, including the transportation of CO₂ via road, rail and ship, increases the geographic scope where CCUS and GGRs are viable.” CEI



Upcoming

Strategy Papers

- Trade Strategy (published yesterday)
- Hydrogen Strategy Update to Market (Summer)
- Refreshed Hydrogen Strategy (Autumn)
- Carbon Budget Delivery Plan (October)
- GGR Review Outcome (October)
- REMA Decision (tbc)
- Post-16 Education and Skills Strategy (tbc)

Key consultations already expected

- **NPT Consultation in the Autumn**
- **CfE Future Network Strategy (Expected very soon and could have implications for NPT)**
- **CfE on Economic regulation of CO₂ Storage**
- Govt. response to bringing GGR technologies into the UK ETS
- Carbon Usage

Announced in the Industrial Strategy

- Consultation on a framework of policies for low carbon products
- Developing a Steel Strategy with industry and trade unions



Discussion: Next Steps for NPT

Now that the Spending Review is complete, CCSA is re-focusing our approach in conjunction with the *Strategic Policy Development Committee* and role of Ministerial CCUS Council.

This includes thinking about how we push further forward with market drivers like NPT.

Immediate ask is to see the NPT consultation; however aware we need to be doing more to drive its importance and accelerate delivery.



Highlighting the role of NPT in selected clusters

Demonstrating role of NWF and/or GB Energy in NPT projects

Ensuring GGR review recognises lack of progress on NPT as barrier

Demonstrating real models for NPT contracting

Demonstrating importance of NPT for meeting CCC decarbonisation targets

Ensuring NPT focus of Future Allocation discussions.

Highlighting the role of NPT in cross border discussions

Delivering strong response to NPT Consultation

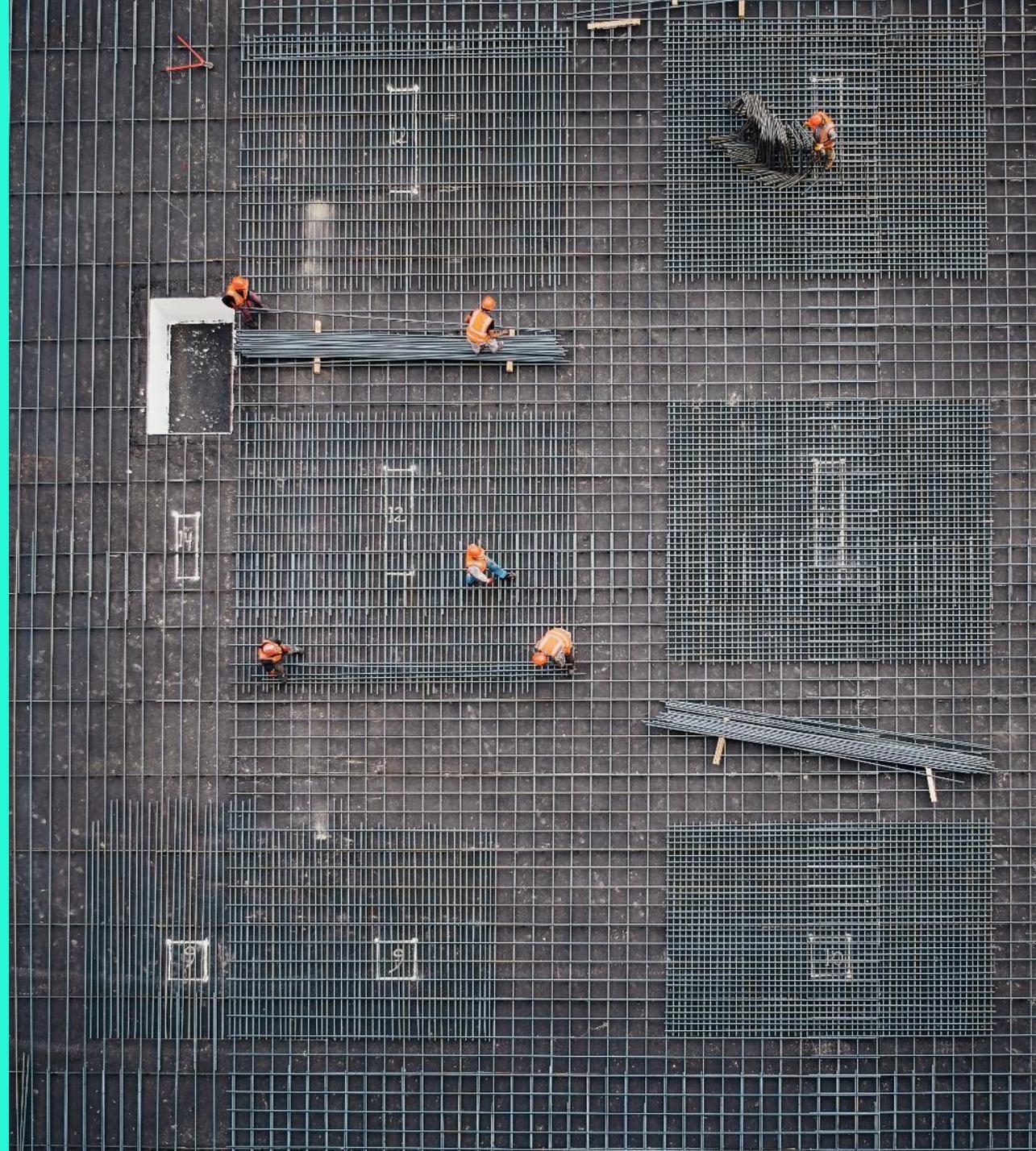
NPT workstream updates

Expected timeline for NPT consultation

CCSA x DESNZ roundtable discussion outcomes

DESNZ stakeholder session topics and expected outcomes

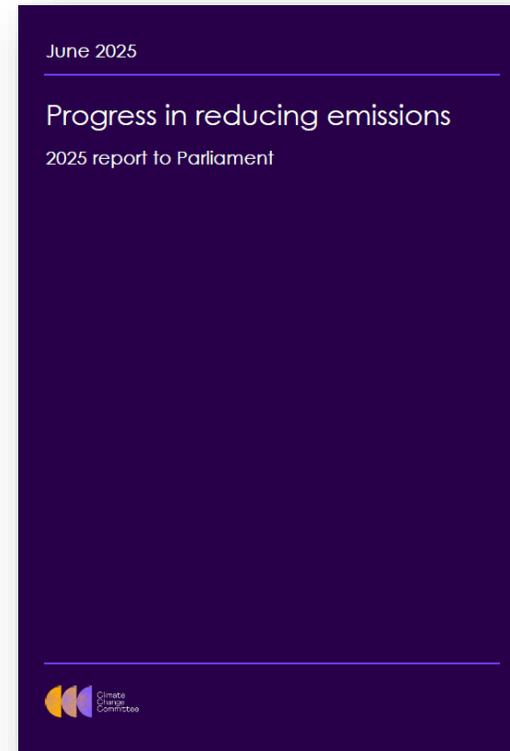
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CCC Progress Report

- CCC finds that the new Government is making progress. However, reiterate policy remains below what is required to meet carbon budgets and actions need to accelerate.
- Report stresses, as its highest priority recommendation, the need to make electricity cheaper, calling on Government to remove policy costs from electricity prices.
- The report provides a mixed assessment of progress on CCUS. Welcoming £21.7bn commitment, but overall downgrading their assessment of progress on CCS due to:
 - 1) Overall lack of progress with industrial CCS
 - 2) Continued delays to finalising the business model for engineered removals.

“Funding has been confirmed for CO2 transport and storage infrastructure at two industrial clusters. **Support will need to be extended to other sites, and potentially to non-pipeline transportation for projects outside of industrial clusters.**”



NPT consultation timeline & DESNZ roundtable

- **DESNZ NPT consultation:** expected to be published in Sep/Oct-25
- **DESNZ x CCSA roundtable on 25 April**
 - Proposal that **CO₂ liability** should only pass between ETS-regulated entities. There must be an obligated party involved, while commercial contractual arrangements manage the liabilities involved in any emissions within the supply chain, including from intermediary stores.
 - Ensure no gap in ETS coverage while letting hub, shipper, and store contracts sort out the details.
 - Leave **commercial parties** free to decide exactly how to allocate title, liability and pricing for residual emissions.
 - Noted the importance of terminology. The terminals will be the ones managing intermediary CO₂ emissions. Not the ports, which may act as landlords to these terminals, and have no interest in taking on such risk.

NPT Stakeholder sessions

- DESNZ NPT team sent out a readout after each session, please seek further details there.
- NPT Fees
- Scope of NPT costs
- NPT Fees and Delivery points
- Revisiting Cross-Chain Risk Allocation
- NPT Economic Regulation & Licensing
- CCS Network Code
- NPT fee options and stranded asset risk

Actions ahead of the consultation

- CCSA have offered further round tables to the DESNZ consultation team – ahead of the consultation launch.
- Would be good to understand key industry concerns
- Is there particular evidence members are already compiling and wanting to present to DESNZ? We can help facilitate this either bilaterally, or as group.
- Could include worked examples of intended contracting approaches.
- We can consider what further evidence it would be helpful to compile ahead of the consultation
- Continue to apply pressure to expediate NPT delivery.



Terms of Reference, Next Steps

- **Terms of Reference being reviewed**
- **Strategic Policy Development Committee**
- **Next steps**
 - **Date for next meeting and agenda items**
- **Close Meeting**

