



CALIFORNIA SHOULD MAKE CCS AN OFFSET TYPE: PANEL

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A state-appointed panel said CCS (Sequestration) projects should be able to generate offsets for California.

The independent Carbon Capture and Storage (CCS) Review Panel released a report Thursday urging officials at the California Air Resources Board (Carb) to alter its cap-and-trade regulations to make the “necessary” technology attractive to investors.

“Carb should consider projects that store carbon dioxide as a viable carbon reduction measure and define accounting tools for measuring the stored carbon dioxide so that the carbon reductions can be valued and counted for compliance with California’s climate change regulations,” the panel said in its report.

State regulators have said they will allow a limited amount of carbon offsets -- up to 8 per cent of emitters' compliance obligation -- to be used under the state’s mandatory cap-and-trade scheme, which starts in 2012. So far Carb has indicated four protocols will likely be eligible for compliance purposes, but many in the market expect that list will be expanded in the future to keep up with the demand of 214 million offsets by 2020 that analysts predict will be needed.

The Carbon Capture and Storage Review Panel was formed last year by three state agencies – the California Energy Commission, the California Public Utilities Commission, and Carb. The panel was composed of experts from industry, trade groups, academia and an environmental organisation.

Carb Chair Mary Nichols said the panel's report was valuable, but stopped short of committing the agency to allowing CCS offsets to be used in the cap-and-trade programme. “Carbon capture and storage shows promise as a climate change mitigation strategy, and the review panel findings identified important next steps including development of methods for emissions monitoring, verification and reporting,” she said.

The UN's global offset programme, the clean development mechanism, may also deem CCS projects eligible in future years.

In a decision agreed late on the final day of the annual climate summit in Cancun in December, parties backed a move making CCS projects eligible under the CDM.

The agreement could allow developers to earn carbon credits from the fledgling technology in the developing world, provided issues over leakage, liability and environmental impacts are addressed.

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