

Exemptions from the requirement to hold a Carbon Dioxide Transport and Storage Licence

Fuels Industry UK response

1. Do you think there should be a class exemption for spur pipelines of a specified type connecting emitters to the network? If so, what should be the specified characteristics? This can include length and/or diameter of such pipelines, or alternatively this could be defined in terms of the purpose of the pipeline.

Fuels Industry UK agrees that there should be a class exemption for spur pipelines connecting emitters to the network.

The original network should have required a Carbon Dioxide (CO₂) Transport and Storage (T&S) Licence with the associated application and due diligence process. For clarity Fuel Industry UKs view is that all pipelines associated with the operation of a single cluster should be included in the same, single, licence. This ensures appropriate approvals are in place while managing the administrative burden to industry and regulators.

A spur connecting into this should not require a significant additional application process in order to manage the administrative burden on operators.

We agree that the criteria for this should be established and defined in advance and form part of the original T&S licence. These could include a de-minimis acceptance criteria, such as the throughput being less than 10% of the overall system throughput, or storage capacity. Rather than specify a maximum length or diameter it would be appropriate to consider that the spur is local to the original T&S infrastructure (i.e., a part of the same cluster) where our previous comments for a single licence for a single cluster would apply.

For the avoidance of doubt linking different clusters together to improve network resilience in the future should require additional licences rather than being exempted as a spur pipeline.

2. The Department is keen to understand whether there are any R&D activities/projects that are being considered by the sector that could fall within the definitions of licensable activity within the primary legislation. Please provide a comprehensive outline of the types of activities, for the purpose of R&D, that may require an exemption.

We cannot provide a definitive list of R&D activities and projects that could fall within the definition of licensable activity within the primary legislation.

However, one approach may be to specify a maximum volume of CO₂ that would be covered under the legislation. This approach is similar to that used in other sectors, such as the Renewable Transport Fuels Obligation (RTFO) where a minimum annual volume of 450,000 litres is used (supplies over this trigger the obligation).

3. Are there any other class exemptions you deem suitable and necessary to support CCUS? Please provide reasoning and evidence. This should include evidence of economic considerations where relevant and implications of the class exemption not being in place.

UKPIA is not aware of any other class exemptions that may be suitable and necessary to support CCUS.

However, given the nascent nature of CCUS technology at this time we would advise that this issue is periodically reviewed and updated as necessary to ensure ongoing support for CCUS.

4. Would the sector like the Department to consider any specific named exemptions? Please provide reasoning and evidence for any proposed named exemptions, including the implications of not being granted an exemption.

Given the nascent nature of CCUS technology at this time, it would be prudent to offer as much flexibility as possible to enable CCUS development.

With this in mind, it would be prudent to offer specific named exemptions as appropriate. As mentioned in the consultation this approach has been used in the Gas (exemptions) order 2011.

These should be considered on a case-by-case basis with an appropriate level of evidence and justification following engagement with the sector. If possible, there should be constancy of approach with that taken under existing schemes such as the gas (exemptions) order 2011.

5. For any named exemptions the Department would need to consider the evidence in support of an exemption as well as any impacts the exemption may have on the sector more broadly. This would inform both the appropriateness of granting an exemption as well as any conditions which it may be appropriate to attach to an exemption. Please let us know if you have views on this.

Fuels Industry UK has no firm views on this.

As we discuss in our response to Q5 the use of exemptions has been established under schemes such as the gas (exemptions) order 2011. A similar approach (with any appropriate learnings) should be used in the licencing of CCUS.

6. Would you see benefit in an application system for future individual exemptions granted by way of an order? What are the implications if no exemptions are granted?

Given the nascent nature of CCUS technology at this time, it would be prudent to offer as much flexibility as possible to enable CCUS development.

With this in mind, it would seem prudent to offer an application system for future individual exemptions granted by way of an order. The request for information as broadly outlined in the consultation document would seem to be appropriate.

Whilst we cannot comment in detail, it would seem possible that if no exemptions are granted then some CCUS schemes may not progress, limiting progress in the sector towards the UK climate goals.

7. Are there any other exemptions that are not captured within the three categories (class, named, and future individual exemptions) that you deem necessary to be considered by the Department? Please provide reasoning and evidence. This should include evidence of economic considerations where relevant.

Fuels Industry UK is not aware of any other exemptions that are not captured within the three categories discussed in the consultation at this time.