

PRESS RELEASE

Cutting Edge CCS Project One Step Closer to Realisation

Ayrshire Power Limited's (APL) demonstration carbon capture and storage (CCS) project at Hunterston, North Ayrshire, Scotland has been endorsed by the Department of Energy and Climate Change (DECC) as the first stage of the EC's New Entrant Reserve (NER) 300 programme – a fund worth €4.5billion to support CCS and renewable projects across the EU.

Project managed by Bristol based consultancy Eunomia, the APL bid for CCS funding has been confirmed as 1 of 7 successful UK CCS schemes described by DECC as “*cutting edge UK energy projects*”. In submitting these projects to the European Investment Bank, Energy Minister Charles Hendry said:

“I am very encouraged by the strength and breadth of the UK applications for this round of NER funding.... Taking forward these sorts of technologies will be crucial to our move to a low carbon economy.....”

Eunomia has been working on the proposed new build 1852MW clean coal power station with CCS (enough electricity to power about 3 million homes) from site identification through key stages in the project's development including project management of the planning application submitted to Scottish Government in June 2010. Eunomia has also project managed the development of an optimal CCS technical solution, from CO₂ capture at the Hunterston site, transportation by pipeline from Scotland, to storage in depleted natural gas fields in the East Irish Sea (EIS).

Adam Baddeley, Principal Consultant at Eunomia, and Project Manager for APL's bid (submitted in the name of Peel Energy CCS Ltd) said;

“Having worked on various aspects of this project since 2007 is it very encouraging that our bid - comprising over 2,000 pages of technical, commercial and financial information – has been supported by the UK Government. As reiterated in a report from the Committee on Climate Change last week, CCS is key to meeting our climate change targets and having established a full chain CCS solution to some of the UK's most advantageous CO₂ storage sites, this project is one step closer to realisation”

Eunomia, with engineering Associates Ipmatis, coordinated the Hunterston full chain CCS development through partner selection, solution design and financial modelling. Reporting to APL, Eunomia created comprehensive bid documentation by managing inputs from Doosan Power Systems (Carbon Capture and Gas Handling), Fluor (Pipeline) and CO₂Deepstore (CO₂ Storage). Eunomia also managed data exchange with the incumbent oil and gas field operators in the EIS.

Mike Claydon, Project Manager for Ayrshire Power said:

“The Eunomia team made a significant contribution to the development of a rigorous and robust application for funding support to the NER300 competition on behalf of Peel Energy CCS Ltd, effectively and professionally managing the preparation of a complex submission under significant time pressure, and we are encouraged that the application has been fully endorsed by DECC”

Earlier this year, Eunomia released a report - *The East Irish Sea CCS Cluster: A Conceptual Design* - which identified over 1 billion tonnes of CO₂ storage capacity within the Liverpool Bay and Morecambe Bay natural gas fields. In commenting on the study recently, Professor Stephenson, Head of Science (Energy) at the British Geological Society said that these depleted gas fields *“should be developed for CCS in the future”*. The report identifies these fields as the main prospects for providing the storage capacity needed to decarbonise the main industrial areas on the west of mainland UK. The Hunterston project, with its ability to attract over a billion pounds of EU and UK funding, is key to unlocking the EIS Cluster for the NW of England, Western Scotland, Wales, and the east coast of Ireland and Northern Ireland.

Adam Baddeley continues:

“We are optimistic that our support of APL’s aim to develop this innovative clean energy technology solution will have wider positive climate consequences than just for Scotland. If significant industrial areas of the UK are to decarbonise - and this has to happen if we are to meet UK government climate change targets - then the EIS cluster is key to achieving this.”

The EIB will now spend nine months performing ‘due diligence’ on the applications submitted by bidders, checking their financial and technical deliverability. Subsequently, the European Commission will undertake an eligibility criteria assessment and re-confirm with Member States the public funding contribution for Recommended Projects, before making its Award Decisions. An announcement on successful applicants is expected to be made in late 2012.

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NOTES TO EDITORS:

The organisations

- Eunomia is a Bristol-based consultancy dedicated to adding value to organisations through the delivery of improved outcomes. Working throughout the UK, other EU Member States and beyond, our consultants have experience and expertise in environmental, technical and commercial disciplines. Our main service areas include:
 - Low carbon energy
 - Waste management

- Resource efficiency
- Climate change adaptation

www.eunomia.co.uk

- Ayrshire Power Ltd is owned by Peel Energy which is at the forefront of delivering low carbon energy for the UK. The company has a balanced portfolio of more than 3GW in generation or development including wind, tidal power, biomass and multi-fuel power plants with carbon capture and storage.

www.ayrshirepower.co.uk

- Peel Energy and Peel Energy CCS Limited are part of the Peel Group, a leading real estate, transport and infrastructure investment company with assets under management of £6bn, employing some 5,000 people.

www.peel.co.uk

The Hunterston project

- The Hunterston power station has been designed based on the implementation of CCS technology in line with the latest UK and Scottish Government guidance. Using the latest supercritical power station technology will significantly increase efficiency and thereby reduce coal consumption. Even after allowing for the energy required to operate the CCS facility, the station is expected to be more efficient than any other coal fired power plant in the UK and ultimately would capture 90% of the CO₂ produced by the plant.
- The planning application has been submitted under Section 36 of the Electricity Act 1989.

The New Entrant Reserve – NER300

- The NER is a financing instrument, whereby 300 million allowances under the EU Emissions Trading System are set aside and sold-off to provide funding for innovative renewable and CCS technologies. The European Commission is responsible for the overall implementation of the scheme, with strong roles for the European Investment Bank and Member States in the process. The sale of allowances could raise around €4.5bn (at a carbon price of €15 per allowance, just under today's price). Successful projects will secure funding for up to 50% of their relevant costs over a 10 year period for CCS/5 years for innovative renewables and a maximum of 3 projects will receive funding in any Member State.
- The seven CCS applications are:
 - Alstom Limited Consortium: oxyfuel new supercritical coal-fired power station on Drax site in North Yorkshire;
 - C.GEN: new integrated gasification combined cycle (IGCC) power station (pre-combustion with CCS on the coal-feed) in Killingholme, Yorkshire;
 - Peel Energy CCS Ltd: post-combustion amine capture on new supercritical coal-fired power station in Ayrshire, Scotland;
 - Don Valley Power Project (formerly known as the Hatfield Project): new IGCC power station in Stainforth, Yorkshire;
 - A consortium led by Progressive Energy Ltd; pre-combustion coal gasification project in Teesside, North East England;

- Scottish Power Generation Limited: post-combustion amine capture retrofitted to an existing subcritical coal-fired power station at Longannet, Scotland; and
- SSE Generation Limited: post-combustion capture retrofitted to an existing CCGT power station at Peterhead, Scotland.