



Department for
Business, Energy
& Industrial Strategy

Lord Callanan
Minister for Business, Energy and Corporate
Responsibility

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Dear Lord Teverson,

I am writing to thank you for your contribution to the Committee Stage debate on Part 1 of the Energy Bill 2022 on 5 September, and to follow up on your question in relation to legal ownership of geologically stored carbon dioxide.

Under the current published proposals for the carbon dioxide (CO₂) transport and storage economic licence framework and indicative licence conditions¹, the licence holder - the transport and storage network company - would take legal title and ownership of carbon dioxide at the point that it enters the network, and remains liable for the CO₂ until the termination of the relevant storage site licence.

Under the economic licence, the transport and storage company will be expected to comply with the terms of any other licences and permits which govern the operation of the carbon dioxide transportation and storage facilities, such as any Crown Estate lease of seabed and subsurface rights for CO₂ storage and any carbon dioxide storage permit issued and regulated by the North Sea Transition Authority (NSTA) or Scottish Ministers.

Geological storage of carbon dioxide must be undertaken in accordance with the licensing and permitting regime for carbon dioxide storage activities provided for in Part 3 of the Energy Act 2008 and the suite of accompanying regulations. In particular, The Storage of Carbon Dioxide (Licensing etc.) Regulations 2010 requires that storage permits include obligations on an operator of a geological storage site, in relation to monitoring and maintaining financial security for the site and the circumstances in which a site may be closed.

The Storage of Carbon Dioxide (Termination of Licences) Regulations 2011 provides the legislative framework for managing the termination of a storage site licence. Once the relevant authority has approved a proposed post-closure plan the authority must determine

¹ See, for example, the most recent update on the carbon dioxide transport and storage business model design published in January 2022, with Annex A setting out draft Heads of Terms for the economic licence conditions:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1045067/ccus-consolidated-heads-of-terms-jan-2022.pdf

the minimum period that must elapse between the date of closure of the storage site and the termination of the licence. The minimum period must be no less than twenty years from the date of the closure of the storage site, subject to demonstration that all available evidence indicates that the stored CO₂ will be completely and permanently contained. Upon the termination of a storage site licence the 2011 Regulations state that liabilities are transferred from the licence holder to the Secretary of State or Scottish Ministers.

The economic regulation and licensing framework established in the Bill is intended to work alongside and in addition to this existing technical licensing regime.

I hope you find this response helpful in addressing the questions you raised in debate, and I would, of course, be happy to discuss further if you would find that helpful.

I am placing a copy of this letter in the house libraries.

A handwritten signature in blue ink, appearing to read "Martin Callanan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Lord Callanan