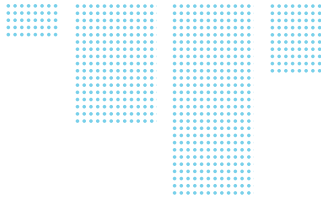


CHAIRMAN'S REPORT



Over the past 10 years, CO2CRC has built an outstanding national and international reputation as a centre of carbon capture and storage (CCS) technology excellence and collaboration. Building CCS knowledge and capability is critical; however the technology's future presents not just a challenge and an opportunity, but a conundrum.

The challenge and opportunity are clear. The data and models on global warming increasingly show a strong relationship between anthropogenic CO₂ and the need for concerted action at the global level. With nations meeting next year in an attempt to develop a global framework on emissions reduction, stronger action during the next five to 10 years is a possibility.

In a world where fossil fuel use is growing and emissions reductions are required, CCS should play a critical role. However, if CCS is to be deployed on a wide scale we must work to drive down costs, ensure storage and monitoring technology is robust and that regulators and the community have confidence in the technology. This must be underpinned by high-quality, public-good research, backed by science and engineering expertise, drawing on the skills of industry, while being seen to be independent of particular interests. Public confidence will be essential for the full deployment of CCS in Australia and elsewhere.

CO2CRC efforts to drive down costs, demonstrate permanent geological storage of CO₂, and improve monitoring technology each contribute to Australia's preparations for possible CCS deployment and, through international collaboration, the global effort. CO2CRC's planned program of work will enhance confidence in the technology and in Australian capability.

The conundrum for CCS is that it will always cost unless the CO₂ is used for other purposes, but opportunities

appear to be limited. Therefore, without an implicit or explicit price on carbon or direct action to limit emissions, it is unlikely that CCS or other technologies will be deployed widely at scale.

A portfolio of different technologies will need to be brought to the fore to tackle climate change. The aim should be to find the most economically efficient and cost effective responses possible, whether that be from deployment of CCS or renewable technologies, avoiding wide scale land clearing, the application of various energy efficiency possibilities and the like. No one technology or solution should be preferred over another. All options to lower emissions should be kept open and examined for their cost effectiveness. To do otherwise would unnecessarily impair national and global economic and social progress by imposing higher than necessary costs from mitigating emissions.

The work of CO2CRC is essential to Australia's ongoing effort to successfully meet the challenge, take advantage of the opportunity and overcome the conundrum CCS faces as we seek to reduce carbon emissions here and around the world.

I am honoured to have served as CO2CRC Chairman since 2009 and thank my fellow Board Directors, CEO Dr Richard Aldous, staff and partner organisations for their commitment to achieving the organisation's mission. And I offer my best wishes to the incoming Chairman, the Hon. Martin Ferguson AM, as CO2CRC transitions to a new research program.

David Borthwick AO, PSM
Chairman

