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Scottish Enterprise

10 May, 2006

Katherine Mansfield
2N/2
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Energy Team

Dear Ms Mansfield

Carbon Capture & Storage - Consultation on Barriers to Commercial Deployment

Thank you for sending us a copy of the above consultation document. We have reviewed the consultation questions and believe that others are more qualified to comment on the detailed technical and commercial questions raised. We would, however, wish to note our support for HM Treasury in conducting this consultation which we believe is a crucial step in the development of an appropriate long term support framework for carbon capture and storage (CCS).

In September 2005, in partnership with the DTI, we undertook a study into market opportunities for carbon capture and storage, which concluded that the UK and Scotland are well placed to exploit CCS due to the large sources of CO₂ located within a reasonable distance of geological formations suited for long term storage. The report also stated that CCS could present a real opportunity for the UK to take a strong lead on climate change and at the same time build long term growth, diversity and innovation in the UK energy sector. The proposed Decarbonised Fuels project at Peterhead utilising the Miller Field for CO₂ sequestration is an excellent example of how Scotland and the UK could start to create a viable and sustainable new industry, building on the existing skills and expertise developed through our oil and gas industries, and the intellectual knowledge within our universities.

We look forward to viewing the consultation responses on HM Treasury website in due course, and will keep a watching brief on matters meanwhile.

Yours sincerely

Brian Nixon
Director of Energy

ET/MH/06-048



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10 Queens Road
Aberdeen AB15 4ZT

Telephone 01224 252000

Fax 01224 627006

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