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EXECUTIVE SUMMARY

CCUS hubs in Brazil: Making the case, breaking the barriers

FEBRUARY 2024

About this report

CCUS Hubs in Brazil: Making the Case, Breaking the Barriers is a report from the Oil and Gas Climate Initiative, with support from Petrobras. It is based on a proprietary study conducted by S&P Global in May 2023 regarding the potential for a CCUS hub in Brazil and its attendant economic effects, as well as additional desk research. The S&P Global study includes technical modeling on hub placement and other factors, and econometric modeling on GDP and employment.

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About The Oil and Gas Climate Initiative

The Oil and Gas Climate Initiative is a CEO-led organization bringing together 12 of the world's largest oil and gas companies to lead the industry's response to climate change. It aims to accelerate action towards a net zero emissions future consistent with the Paris Agreement.

OGCI members are Aramco, bp, Chevron, CNPC, Eni, Equinor, ExxonMobil, Occidental, Petrobras, Repsol, Shell and TotalEnergies. Together, OGCI member companies represent almost a third of global oil and gas production.

OGCI members set up Climate Investment to create a US$1 billion-plus fund that invests in companies, technologies and projects that accelerate decarbonization in energy, industry, built environments and transportation.

OUR MEMBER COMPANIES

aramco bp Chevron CNPC eni equinor
ExxonMobil OXY PETROBRAS REPSOL TotalEnergies

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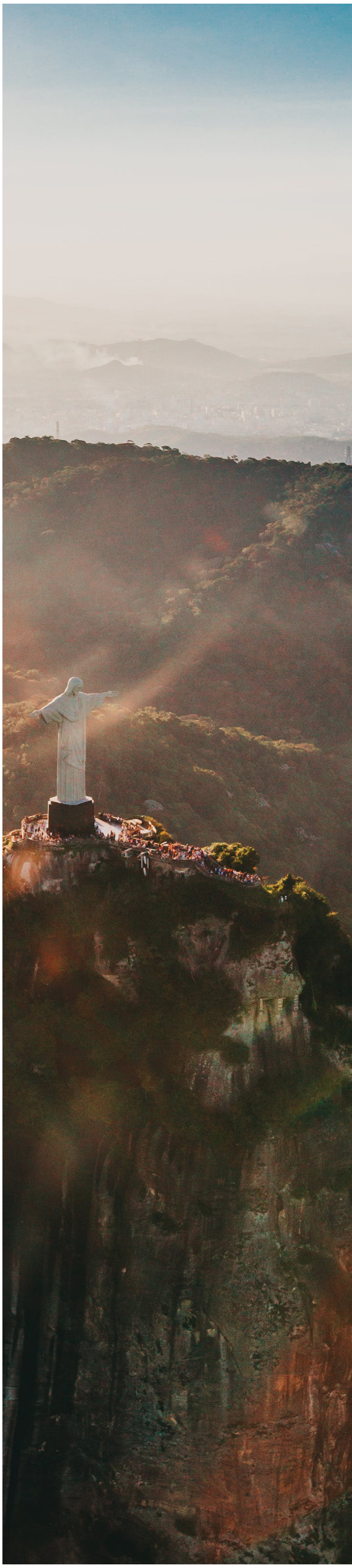
About S&P Global

S&P Global is a provider of credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity, automotive and engineering markets. S&P enables governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping their customers assess new investments to guiding them through ESG and energy transition across supply chains, S&P unlocks new opportunities, helps solve challenges and accelerates progress for the world. S&P Global offers its customers comprehensive ESG and climate solutions informing sustainability, energy transition and climate agendas.



Executive summary

Global interest in carbon capture, utilization and storage (CCUS) has never been higher. The urgency of climate action, combined with limited decarbonization options for several hard-to-abate sectors, gives CCUS prominent appeal on the menu of sustainability technologies.

In Brazil, CCUS could help the country's growing industrial sectors meet their green ambitions and boost their presence in a rapidly decarbonizing global market. This report examines the economic case for CCUS in Brazil and the business-model and policy levers the country could use to cultivate a CCUS ecosystem.

The key findings are as follows:

Decarbonization pressures – especially from top overseas trade partners – are spurring green transformations in a variety of Brazilian industrial sectors, in particular iron and steel and ethanol.

Proprietary analysis of existing data, conducted for this report, has identified eight places around the country that could store a significant amount of carbon dioxide, including two areas off the country's south-east coast that could account for roughly 95% of total domestic storage reserves.

Policy certainty, in the form of clear CCUS regulations at the federal level, combined with a reduction in import taxes, could reduce Brazilian CCUS costs by an average of 18% across seven sectors analyzed.

An economic projection calculated for this study suggests that CCUS hub development could spur up to $3.2 billion per year in GDP growth and stimulate the creation of 210,000 new jobs in Brazil.

Brazil can look to overseas models for policy frameworks that foster CCUS, including via tax and fiscal policy, research and development (R&D) support and more.

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