



UNITED Carbon Sequestration Council STATES

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Sequestration News

The primary Congressional focus appears to be on financial reform and the Gulf Oil Spill, but the Kerry-Lieberman bill is receiving some attention. Their bill contains some strong incentives for CCS and some strong disincentives for coal without CCS – and incentives are provided for natural gas. The bill has much in common with HR 2454, the House passed climate bill, but includes somewhat different incentives for CCS, and several new provisions that are aimed at retiring existing coal-fired power plants.

Interestingly, discussions have begun in the UK with regard to the need for capturing CO₂ from natural gas plants. An executive with Alstom Power is urging UK officials to mandate CCS for new natural gas fired units, or accept that the current policy will serve to discourage deployment of CCS on both gas and coal-based units.

Kerry Lieberman Climate Bill

The Kerry-Lieberman (KL) climate bill was officially released on May 12th. The bill can be viewed as a down scoped version of HR2454, the climate bill passed in the House last summer. Missing from the KL bill is the Renewable Electricity Standard contained in the House bill, but that could be added from other legislation in the Senate. New wrinkles for coal in the bill include changes in the “bonus allowance” provisions (compared to HR2454), including about 11% fewer allowances to subsidize CCS, and revised language in Section 2302 (compared to HR2454) which would authorize EPA to set performance standards for existing coal fired power plants (in addition to limits under the general GHG cap). The KL bill, as did HR2454, prohibits such standards for any other type of power plant, including both new and existing natural gas fueled power plants. Combined with incentives provided to owners of merchant coal-fired power plants to retire those units or repower them with natural gas, the KL bill appears to launch a new strategy of eliminating non-CCS coal-based power plants, and favoring non-CCS natural gas based power plants. <http://kerry.senate.gov/americanpoweract/intro.cfm>

EPA and CCS

EPA has proposed reporting regulations for geologic storage facilities for CO₂. The Notice of Proposed Rulemaking (NPR) was published in the April 12 *Federal Register*. EPA's press release and background material are located at <http://www.epa.gov/climatechange/emissions/subpart/rr.html>

On May 13, EPA promulgated the final rule for "tailoring" GHG permits. The purpose of the rule was to provide relief from the default applicability of EPA new source review requirements to any new stationary source emitting over 250 tons per year of a pollutant – a threshold which would encompass tens of thousands of CO₂ emitters. The agency reported receipt of 450,000 public comments to the proposed rule. The final rule applies initially to new and modified facilities (otherwise subject to permitting) that emit over 75,000 tons per year (after January 2011), and to sources of over 100,000 tons per year even if not otherwise subject to permitting (after July 2011). Given the explicit language in the CAA regarding applicability of the NSR program (250 tons per year), the rule is likely to be litigated. The rule, a fact sheet, and related material are available from EPA at: <http://www.epa.gov/nsr/actions.html> .

EE Daily (May 25) reports that on June 10, Senator Murkowski will introduce Senate Joint Resolution 26, invoking the Congressional Review Act process to veto EPA's endangerment finding and block climate regulation of stationary sources using existing CAA authority. Some give the Resolution a good chance of passage in the Senate, but do not expect it both to pass in the House and avoid a Presidential veto.

UK and CCS

Joan MacNaughton, Senior VP of Power and Environmental Policy at Alstom Power urged the UK's new coalition government to mandate CCS on new natural gas power systems. "If you set the Emissions Performance Standard at a level that unabated gas can meet, then you build unabated gas stations. Then you are left with the problem of emissions from unabated gas and with emissions actually growing from gas fired power generation when the overall goal has got to be to take the emissions out of power. If you have no coal new build then the market for CCS is pushed off to the right - it certainly is delayed by some considerable time because the economics for CCS work better on coal." <http://www.reuters.com/article/idUSTRE64B24Q20100512>

A British study projects that current GHG mitigation programs in the UK are insufficient to meet that country's carbon target in 2020. <http://www.businessgreen.com/business-green/news/2263543/uk-miss-renewables-emissions>

EU and CCS

The EU has released an analysis of options to move beyond the EU's current 20% GHG reduction goal to a 30% goal. http://ec.europa.eu/environment/climat/climate_action.htm

The Dutch government announced plans to provide \$190mm to capture and transport CO₂ from an E.ON coal plant in Rotterdam to storage in a depleted (near shore) North Sea gas reservoir. <http://www.reuters.com/article/idUSTRE64B2IN20100512>

GHG prices in the European market have reached 16 Euros per ton of CO₂ (about \$20 per ton at current conversion rates).

http://www.reuters.com/article/idUSTRE6444AY20100505?loomia_ow=t0:s0:a49:g43:r1:c0.105263:b33700272:z0

Bonn Follow Up Meeting to Copenhagen

A follow-up to the Copenhagen climate meeting was held in Bonn in early April. The Bonn meeting, in turn, was to set up the next major meeting (Cancun in December). Reports suggest that the focus at Bonn and Cancun will be on obtaining funding from rich countries to support climate activities in poor countries, and on whether these transfers are viewed as “charity” or “compensation” for damages. <http://www.guardian.co.uk/environment/cif-green/2010/apr/12/bonn-climate-talks-copenhagen>

Other Climate and CCS Related News Items

Research by the Woods Hole Oceanographic Institution and published in Geology, the publishing arm of the Geological Society of America, made the counter-intuitive conclusion that current and anticipated (for the next 200 years) concentrations of atmospheric CO₂ did not show reduced calcium carbonate production for a large range of marine animals (corals, shell fish, etc.) exposed to seawater in equilibrium with such concentrations for 60 days. Many species were discovered to have adaptive mechanisms to the reduction in salt water alkalinity. Geology, Dec. 2009, v.37, No.12, p. 1131-34. <http://www.whoi.edu/page.do?pid=7545&tid=282&cid=63809&ct=162>

Climate and CCS Related Reports

EIA has released a new report, U.S. Carbon Dioxide Emissions in 2009: A Retrospective Review. The report states that U.S. CO₂ emissions dropped 7% last year, the largest decrease since EIA began estimating data in 1949. The report disaggregates the various drivers for the drop (reduced GDP, reduced energy intensity, reduced carbon intensity of energy). <http://www.eia.doe.gov/oiaf/environment/emissions/carbon/>

The National Academy of Sciences released 3 new climate reports: Advancing the Science of Climate Change, Limiting the Magnitude of Climate Change, and Adapting to the Impacts of Climate Change. Pre-publication copies of the reports are all available for purchase from the NAS (\$51 each), and can be found by “googling” the titles.

The Academy also published two papers (based on the same original research) on the cumulative amount of GHG emissions that could be associated with an atmospheric concentration target of 450 ppm CO₂. These papers were published in September 2009, but are quite relevant to current legislation and climate policy. <http://www.pnas.org/content/106/39/16539.full>



The U.S. Carbon Sequestration Council (www.uscsc.org) is a not-for-profit, 501(c)(3), organization established as an authoritative source of information to inform and to educate on all matters pertaining to carbon sequestration.

