



UNITED Carbon Sequestration Council STATES

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Sequestration News

The President has indicated that he will seek more modest energy initiatives in the coming year, which may take the form of a Renewable Energy Standard and efficiency standards for buildings and vehicles.

Congress is adjourned, but is expected to return for a “lame duck” session on November 15 to work on another Continuing Resolution and organizational issues.

Most of the current environmentally related focus appears to be on the upcoming EPA regulations on NON-climate emissions: the transport rule, power plant hazardous pollutants, waste disposal, and cooling water intake structures. As EPA gets well into the rulemaking process on these non-climate rules impacting coal-fired power plants, there has been speculation on how many existing coal units are likely to be retired versus being retrofitted. It has been speculated that these rules/regulations could possibly lead to the retirement of as much as a third of the existing coal capacity.

IEA has initiated a biannual publication to report on legal “framework” progress for CCS, by country. The Harvard Belfer Center has published a paper examining the adequacy of various types of financial incentives to facilitate early (i.e., expensive) CCS projects.

The EU is providing funds to a slipstream CCS project in the Netherlands (1.1 million TPY CO₂). A proposed CCS retrofit project in Finland has been canceled.

Climate Legislation

Greenwire (October 25th) reported that President Obama stated his intent to pursue a “bite sized” energy strategy, rather than a comprehensive approach. The bites might include a renewable energy standard, vehicle efficiency standards, and building standards.

Congress is adjourned, but is expected to return for a “lame duck” session on November 15. The Congress may take their customary Thanksgiving recess or may work through it. The lame duck session is likely to focus on Congressional organization issues and on budgetary issues. With regard to the budget, the key issue is providing the funding to keep the Government working. The current Continuing Budget Resolution expires on December 3. To prevent the Government from running out of funds, the

Congress must pass an Omnibus Budget Bill or another Continuing Resolution by December 3. They are likely to pass another Continuing Resolution through the January to March time period, followed probably by a yearlong Continuing Resolution.

State Related Climate Activity

NACAA, the association of state air agencies, has issued a tabular report that identifies the status of each state's authority to begin issuing permits for new and modified point sources emitting greenhouse gases (GHGs). The report concludes that most states either have or are obtaining necessary regulatory provisions. Texas is a significant exception. <http://www.4cleanair.org/newsTop.asp>

EPA and CCS

On September 28th, EPA Administrator Jackson responded to a September 24th letter from Senator Landrieu, which expressed concerns regarding the rule EPA proposed for hazardous air pollutants (HAPs) emissions from industrial boilers, and certain incinerators. The EPA response noted that the rule was required by the Clean Air Act, and emphasized the benefits associated with reductions of SO₂ and particulates (PM) which, although they are not HAPs, would be reduced along with the regulated HAPs. However, the Administrator also stated that, since the release of the proposal, EPA had received additional data which could affect the rules ultimately promulgated – potentially mitigating some of the Senator's concerns regarding limitations on biomass combustion.

On October 27th, EPA issued a second Notice of Data Availability (NODA) for the proposed Transport Rule. The new information includes past and projected emission data for certain stationary and mobile source categories. The Federal Register notice and the data files (which are quite large) can be accessed from EPA's website, <http://www.epa.gov/airtransport/actions.html>.

A series of reports has been issued by various organizations over the past few weeks describing the potential fallout from the coming medley of EPA "traditional" (not climate) regulations – such as the Transport Rule, the Utility HAPs rule (March 2011), the Cooling Water Intake Structure (CWIS) rule for existing electric power plants, and the Coal Combustion Residuals (ash) rule. Some analytical speculation suggests that these rules, taken together and with the specter of future climate limitations, could result in many smaller, older coal units shutting down – and most likely replaced with natural gas-based power systems. The reports differ in terms of methodology and scope (some consider only one or two rules), but generally predict 50-100 GW of retired coal capacity. The reports include:

- Potential Resource Adequacy Impacts of U.S. Environmental Regulations, NERC, October 2010, (46-76 GW retired)
http://www.nerc.com/fileUploads/File/PressReleases/PR_EPA_26_Oct_10.pdf
- Coal in the Crosshairs, Wood Mackenzie, July 2010 (60 GW retired),
<http://www.woodmacresearch.com/cgi-bin/corp/portal/energy/portalup/index.jsp>
- Growth From Subtraction – Impact of EPA Rules on Power Markets, Credit Suisse, September 2010, (60 GW retired, 100 GW sensitivity analysis)
http://www.epw.senate.gov/public/index.cfm?FuseAction=Minority.Blogs&ContentRecord_id=c0c9ed81-802a-23ad-4c12-1dda2b00265a&Issue_id=
- Ensuring a Clean, Modern Electric Generating Fleet while Maintaining Electric System Reliability, M.J. Bradley & Assoc., August 2010,
<http://www.mjbradley.com/documents/MJBAandAnalysisGroupReliabilityReportAugust2010.pdf>

Clean Development Mechanism

The Clean Development Mechanism (CDM) is a system that allows developed country participants in the Kyoto Protocol to meet part of their emission reduction obligations by funding GHG reductions in developing nations. Approximately 70% of the CDM reductions since 2005 have been for projects combusting (destroying) Hydro-fluorocarbons in China, and those reductions have been widely criticized for various reasons. The UN and the EU now report that they are considering denying credit for new HFC projects, perhaps as soon as 2013. China and India are reportedly pushing “to get business back as usual.”

<http://www.bloomberg.com/news/2010-10-28/china-india-to-lobby-un-against-changing-carbon-emission-rules.html> and <http://www.bloomberg.com/news/2010-10-28/eu-to-analyze-co2-oversight-may-ban-hfc-offsets-from-2013.html>

EU and CCS

The EU has provided a 150 million euro grant (\$206 million) to construct and operate a 1.1 million TPY CCS system on E.ON’s coal-fired power plant near Rotterdam, the Netherlands. Storage would be in a depleted gas field under the North Sea. http://www.tradingmarkets.com/news/stock-alert/gdszf_eu-grants-150-million-euros-for-co2-capture-plant-in-netherlands-1261829.html

The Finnish utility Fortum has cancelled a proposed 500 million euro CCS retrofit project at the 565 MW Meri-Pori facility. Fortum’s partner in the project, TVO, pulled out earlier this year.

http://www.fortum.com/news_section_item.asp?path=14022;14024;14026;547;2346;54730

Recent CCS Related Reports

The IEA published Carbon Capture and Storage: Legal and Regulatory Review, a periodic report (twice / year) that summarizes the current status of legal framework issues related to CCS in member nations. www.iea.org/ccs/legal

Two think tanks and the Breakthrough Institute published a paper, Post-Partisan Power, which offers their pathway to “making clean energy cheap,” without a C&T program.

http://thebreakthrough.org/blog/2010/10/postpartisan_power.shtml

The Harvard Belfer Center has published a report, Analysis of Financial Incentives for Early CCS Deployment. The paper examines the various forms of financial assistance that can be provided to make early CCS projects economically viable, and concludes that multiple mechanisms are likely necessary.

http://belfercenter.ksg.harvard.edu/publication/20420/analysis_of_financial_incentives_for_early_ccs_deployment.html



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.

