

CCS Alliance Update — April 19, 2011

1. Bingaman Re-Introduces CCS Prize Bill

- ◆ On April 7, 2011, Senate Energy Committee Chairman Jeff Bingaman (D-NM) re-introduced his bipartisan measure from the last Congress that would award monetary prizes to researchers who develop a method to capture CO₂ directly from the air. The bill (S. 757) is cosponsored by Senators John Barrasso (R-WY) and Michael Enzi (R-WY). The bill would establish a commission within the Department of Energy (“DOE”) to award the prizes to scientists and researchers making headway in the field of carbon capture and storage (“CCS”). The legislation stalled in committee during the 111th Congress; Chairman Bingaman stated that no decisions have been made about when the Committee will take up the bill.

2. Lack of Price on CO₂ Presents Financing Difficulties for AEP Project

- ◆ American Electric Power (“AEP”) is still seeking additional funding sources needed to fill a lack of necessary financing at its commercial scale Mountaineer CCS project in New Haven, West Virginia. The needed funding could have been met through potential cost recovery programs or the pricing and trading of CO₂ allowances under a cap-and-trade system. AEP spokeswoman Melissa McHenry stated that “so far, [regulators] have not been willing to support cost recovery for CCS ahead of a federal mandate to cut carbon emissions from power plants.” AEP is backing the \$670 million project but still needs additional funding sources to complete the project at their 1,300 megawatt plant.

3. Alcoa Launches CO₂ Reuse Pilot Project

- ◆ Alcoa announced a new pilot project, in collaboration with CO₂ Solution and Codexis, that will focus on capturing CO₂ emissions and reusing the gas to manufacture commercially viable products. The pilot project has received \$13.5 million in funds from DOE and the National Energy Technology Laboratory under the American Recovery and Reinvestment Act. The project will use a proprietary induct scrubber to capture CO₂. Once captured, Alcoa and its partners will create a mineral-rich neutralized product that can be used for environmental reclamation projects.

4. Brazil Begins CCS Project at Oil Refinery

- ◆ The CO₂ Capture Project has begun trial operations on a pilot scale CCS project at an oil refinery in Brazil. The project is taking place at a Petrobras research complex in Parana

state, with testing scheduled to be completed at the end of May 2011. The test is expected to demonstrate the viability of oxy-combustion at fluid catalytic cracking units that could potentially capture 20-30 percent of CO₂ emissions from typical refineries. Because refineries have many different operations that produce CO₂ emissions, developing CCS systems to capture those emissions is more challenging than capturing emissions at power plants or other industrial sources. Oxy-combustion is viewed as a promising capture technology and was chosen for the Petrobras project over 200 other options.

5. GCCSI Report Finds Role for Industrial Reuse of CO₂

- ♦ A report released by the Global CCS Institute (“GCCSI”) indicates that the reuse of CO₂ could provide a moderate revenue stream for near-term CCS project development. In locations where reuse applications, such as aggregate construction material, and markets are close to the emission sources, reuse of captured emissions can help to recover costs associated with the installation or construction of CCS projects. The report states that reuse may be particularly beneficial to developing nations, where demand for energy and construction materials is high. The report was commissioned by the Australian and United Kingdom governments, under the Carbon Capture Use and Storage portion of the Clean Energy Ministerial Technology Action Plan. The report can be found on GCCSI’s [website](#).

6. ICO2N Releases Report on Cost Analyses of Capture Technologies

- ♦ The Integrated CO₂ Network (“ICO2N”), a network of Canadian companies committed to the deployment of CCS in Canada, has released a report on the methods used to conduct cost analyses of different CCS technologies. The report, titled “Perspectives on Conducting Cost Analyses of CO₂ Capture Technologies,” addresses the challenges of conducting such analyses and offers recommendations on how to ensure they are robust and truly comparable to other cost analyses. The report can be found on ICO2N’s [website](#).