



CCS Alliance Update — April 5, 2011

1. Senators Introduce Bipartisan CCS Bill

- ◆ On March 31, 2011, Senate Energy Committee Chairman Jeff Bingaman (D-NM) led a bipartisan group of senators to introduce new legislation aimed at fostering further development of carbon capture and storage (“CCS”) technology. The bill (S. 699) mirrors a provision of a comprehensive energy package reported by the Energy Committee in 2009 that would establish a Department of Energy (“DOE”) program to facilitate up to 10 commercial scale CCS projects. It also includes provisions that would establish a regulatory framework covering liability issues surrounding long-term storage of CO₂ underground. The bill would require monitoring and verification of the CO₂ plume throughout the life of a project and after site closure. It would also create a \$10 million annual grant program to train CCS regulatory personnel at state agencies. Senators Barrasso (R-WY), Rockefeller (D-WV), and Energy Committee Ranking Member Lisa Murkowski (R-AK) have joined as cosponsors of the bill. Chairman Bingaman is expected to hold a mark-up of the bill this spring.

2. EPA Seeks to Exempt CCS from Hazardous Waste Rules

- ◆ The Environmental Protection Agency (“EPA”) has drafted a proposed rule that would conditionally exempt CO₂ stored underground from federal hazardous waste regulations. The proposed rule is an attempt to address long-standing concerns that owners and operators of CCS wells could be liable under the Resource Conservation and Recovery Act for environmental contamination in the event CO₂ well leaks contaminate underground sources of drinking water. The proposed rule has been sent to the Office of Management and Budget for review but has no legal deadline for issuance.

3. Mississippi Enacts Geologic Sequestration Bill

- ◆ Mississippi Governor Haley Barbour signed a bill on March 24, 2011 that aims to expand the state’s energy production by using geologic sequestration of CO₂ to enhance oil and gas production. The bill establishes standards by which the Mississippi Department of Environmental Quality and the Mississippi Oil and Gas Board will oversee and monitor geologic sequestration of CO₂. The bill took effect immediately and will regulate the storage of CO₂ from Mississippi Power Company’s commercial CCS project at its coal-fired power plant in Kemper County.

4. NETL CCS Sorbents Move Closer to Commercialization

- ◆ Two new chemical sorbents patented by the DOE's National Energy Technology Laboratory ("NETL") are closer to commercial deployment as a result of a licensing agreement between NETL and ADA Environmental Solutions. The nonexclusive agreement facilitates negotiations on intellectual property rights, protects proprietary information, and grants licensing of the new technology. NETL can now convey and control the right to make, use, and sell the sorbents, thereby assuring strategic commercialization throughout the coal-fired power plant industry. The two patented sorbents provide lower cost scrubbing of CO₂ and can be used in large scale gas-solid scrubbing processes.

5. World Bank Plans Ban on Loans to Nations for Coal-Fired Power Plants

- ◆ The World Bank's new proposed energy strategy calls for eliminating loans to middle-income developing nations (such as India and South Africa) for the construction of new coal-fired power plants. A draft of the energy strategy states that the Bank will help nations identify alternatives to coal-fired energy production and commits the Bank to stop lending money for new plants in more than 80 countries. The plan does include provisions for the funding of "emerging technologies" but it is unclear whether new plants with CCS technology would be eligible for such funding.

6. Taiwan Announces Creation of National CCS Alliance

- ◆ Taiwan has launched a national CCS Alliance as part of the government's efforts to reduce greenhouse gas emissions. The initiative is part of Taiwan's goal to cap the country's 2020 GHG emissions at 2005 levels. The Alliance includes the Taiwan Bureau of Energy, Council for Economic Planning and Development, National Science Council, CPC Corp., and the Taiwan Power Company. According to Taiwan EPA Minister Stephen Shen, the Alliance will undertake a pilot program to capture and store 10,000 tons of CO₂ in geologic caverns beginning in 2015.