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CCS Alliance Update — June 28, 2011

1. Senator Conrad Re-Floats Energy Bill; Tax Credit for CCS

- Senator Kent Conrad (D-ND) has re-introduced a broad energy bill containing several portions of his 2008 energy plan, including a tax credit for carbon capture and storage ("CCS") at qualifying coal-fired power plants. The bill would amend Section 45Q of the Internal Revenue Code of 1986 to grant a credit of $10 per metric ton of CO_2 that is stored geologically (including use during enhanced oil recovery) or permanently sequestered in any other stable form. Eligible CCS projects would be able to take advantage of the credit for a ten-year period beginning at the time the CCS equipment is placed into service.

2. DOE to Host Annual CCS Review Meeting

- The U.S. Department of Energy ("DOE") will host its 2011 Carbon Storage Program Infrastructure Annual Review Meeting in Pittsburg, PA on November 15-17. The annual meeting highlights DOE's Regional Carbon Sequestration Partnerships but will also feature a new focus on international projects. For the first time, DOE is inviting members of the public to participate in the annual meeting, along with members of the regional partnerships and federal and state government agencies. Participants will discuss recent achievements and lessons learned from the regional partnerships, as well as share knowledge and resources to assist in future CCS efforts. Featured presentations will focus on regulatory issues, government-industry collaborations, data collection and evaluation, and international cooperation.

3. Alstom Says CCS is Cost-Effective

- A detailed study conducted by Alstom, based on an examination by independent experts of the company's 13 CCS pilot and demonstration projects, has concluded that CCS technology is cost-effective. The results of the study, unveiled at a PowerGen Europe conference, state that the cost of electricity generated at a coal-fired power plant with CCS will be between 6.5 and 8.5 eurocents/kWh (9 to 11 cents/kWh U.S.). The study also concludes that CCS technology is on the verge of large-scale deployment and will be commercially viable by 2015.

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4. Shell Signs Agreements with Canadian Government for CCS Oil Sands Project

- Royal Dutch Shell has signed agreements with the governments of Alberta and Canada to secure $875 million in funding for its Quest CCS Project. The project will capture and geologically store more than one million tons of CO_2 per year from Shell's Scotford Upgrader oil processing plant. The plant processes heavy oil from the Athabasca oil sands and is the first application of CCS technology for an oil sands upgrading operation. The Scotford plant, along with Shell's three other processing plants at the Athabasca Oil Sands Project, processes approximately 255,000 barrels of oil per day. The injection of CO_2 is projected to begin in 2015.

5. Aker and Kvaerner Complete Amine CCS Plant

- Aker Clean Carbon and Kvaerner have completed construction of a new amine scrubber CCS plant at the Mongstad Technology Centre in Norway. The plant, which is a commercial-scale project, is now ready for testing of Aker's amine technology, which has been successfully demonstrated at other pilot-scale projects. The plant will capture 78,000 tons of CO_2 per year. Following initial performance testing, Aker will supervise the operation and full test program for 14 months.