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Bipartisan Support Grows for Carbon Capture Utilizing PABs.

Bipartisan support is growing on Capitol Hill and beyond to accelerate carbon capture deployment on power plants and industrial sources like steel and cement plants. The first week of April saw bipartisan bills in both the Senate and House to help unleash private capital to scale up more carbon capture projects to promote energy independence and reduce emissions.Government Shutdown Continues Into Weekend

The Carbon Capture Improvement Act, introduced by Senators Rob Portman (R-OH) and Michael Bennet (D-CO), would authorize states to use private activity bonds to help finance carbon capture equipment. A companion bill was introduced in the House by Representatives Carlos Curbelo (R-FL) and Marc Veasey (D-TX).

Private activity bonds are widely used to develop U.S. infrastructure, such as airports and water and sewer projects. The bonds reduce the costs of financing because interest payments to bondholders are exempt from federal tax and the bonds typically have longer repayment terms than bank debt. The legislation would promote higher rates of carbon capture by requiring projects to capture and inject at least 65 percent of carbon dioxide (CO2) to be eligible for 100 percent financing, with lesser capture amounts eligible for financing on a pro-rated basis.

Support for these bills comes from lawmakers from both parties representing different regions of the country who all share a common interest in increasing the production of domestic energy resources and reducing carbon emissions.

This broad consensus is reflected in the makeup of a coalition convened by the Center for Climate and Energy Solutions and the Great Plains Institute. The National Enhanced Oil Recovery Initiative (NEORI) brings together coal, oil and gas, electric power, ethanol, chemical and energy technology companies, labor unions, and national environmental organizations dedicated to expanding deployment of carbon capture as an energy, economic, and environmental solution.

Coalition members share a common goal of improved financing policies to accelerate carbon capture deployment. These policies include providing access to private activity bonds and strengthening and extending the Section 45Q tax credit for carbon dioxide sequestration.

Section 45Q incentivizes capturing CO2 from power and industrial sources for use in enhanced oil recovery (CO2-EOR), a decades-old process that produces domestic oil from existing fields, while safely and permanently storing billions of tons of CO2. Together, these incentives could help create conditions like those that enabled wind and solar energy to speed deployment, grow U.S. energy sector jobs, cut energy costs, and reduce emissions.

The Western Governors Association and governors from both parties in Arkansas, Montana, and Wyoming have publicly called for federal incentives for carbon capture technology. This growing support comes on top of fresh examples of successful carbon capture deployment in the U.S.

- In January, NRG began operating the first U.S. retrofit of a coal-fired power plant and the largest of its kind in the world. The Petra Nova project, which came in on time and under budget, will capture 90 percent of the CO2 from a 240 MW slipstream from the existing WA Parish plant near Houston, Texas. The approximately 1.6 million tons of CO2 it will capture annually is used for carbon dioxide enhanced oil recovery at an existing oil field nearby and stored underground.
- In April, the Archer Daniels Midland ethanol plant in Decatur, Illinois, became the world's first commercial-scale biofuels facility with carbon capture technology. The Illinois Industrial Carbon Capture and Storage project will capture and store more than 1 million tons of CO2 in Mount Simon Sandstone.

Over a dozen commercial-scale carbon capture, use and storage projects are operating in the U.S., including at natural gas processing facilities, fertilizer plants, and ethanol plants. But many more are needed. Looking ahead, there is a significant opportunity in 2017 for policymakers to build on the growing momentum and bipartisan interest in supporting carbon capture technology as a key strategy to increase American energy independence and reduce carbon emissions.

BREAKING ENERGY

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