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July 14, 2008

Dear Congressman:

I am writing to express the support of the Pew Center on Global Climate Change for H.R. 6258, the Carbon Capture and Storage Early Deployment Act, sponsored by Rep. Boucher, and co-sponsored by Reps. Barton and Upton, among others.

The Pew Center believes that accelerating deployment of carbon capture and storage (CCS), as this bill would do, in combination with the establishment of a greenhouse gas (GHG) cap-and-trade system and other measures, would be America's best option for reducing its GHG emissions while enhancing its prosperity.

The bill would establish a trust fund for the research, development, and deployment of commercial-scale carbon dioxide capture and storage for fossil fuel-fired power plants. The trust fund approach to developing CCS is one that the Pew Center fundamentally supports, and outlined in two recent white papers, *A Trust Fund Approach to Accelerating Deployment of CCS*¹, and *A Program to Accelerate the Deployment of CCS*². A few recommended improvements to the bill are discussed below.

Emissions from coal-fueled electric power plants are a major source of GHG emissions in the United States and in a number of other countries, particularly China and India. Emissions from the use of coal to produce electricity make up roughly one-third of all U.S. GHG emissions, and emissions from coal-fueled power plants in China and India—respectively 82 percent and 67 percent of their total emissions—are rising rapidly.

The hope is that through deployment of CCS, emissions from coal use could be significantly captured, allowing continued use of this resource while preserving our environment. CCS separates the carbon dioxide out of the exhaust stream created by the combustion or gasification of fossil fuels, compresses the carbon dioxide to pressures suitable to pipeline transport, and injects the gas into deep geologic formations where it can be stored for centuries to millennia.

Although components of the CCS suite of technologies have been used in a variety of applications, the entire suite has not been deployed at any coal-fueled power plant to date. Deployment has not proceeded due to the significant costs of installing and operating CCS technologies, the lack of a cap-and-trade program that puts a price on GHG emissions, uncertainty regarding the actual cost of CCS at a commercial scale, and the need to reach

¹ http://www.pewclimate.org/white_papers/coal_initiative/trust_fund

² http://www.pewclimate.org/white_papers/coal_initiative/ccs_demo

agreement among stakeholders on an appropriate regulatory system for carbon storage, including siting and determination of liability.

The Pew Center has recommended that a CCS commercial-scale demonstration program at the \$10 - \$30 billion level be initiated at the earliest possible date. H.R. 6258 would begin raising funds six months after enactment, and would generate between \$10 billion and \$20 billion over ten years. While a full \$30 billion would be much more preferable, the range that this bill would make available to the trust fund is compatible with what we believe is necessary to evaluate whether CCS is viable on a large commercial scale.

We also believe that a CCS trust fund must be able to reliably raise and dispense monies without being subject to the appropriations process in order to provide the funding certainty firms require when financing large power plants. H.R. 6258 would raise funds by assessing wire charges per kilowatt hour on electricity delivered to retail customers that is generated by coal (at \$0.00043/kWh), natural gas (at \$0.00022/kWh), and oil (at \$0.00032/kWh), making for a steady revenue stream. We think it is fair to charge utilities more based on the carbon intensity of their fuels, and though it will be a challenge to determine the fuel source of every kWh generated, the electricity-generating industry is already working on solutions. Assuming utilities can pass through 100% of their costs, separate analyses by Rep. Boucher's office and the Pew Center estimate a range of increase to the average household's energy bills of \$4-\$12 a year. We think this is a small sum—at most \$1 a month per household—to invest in revolutionary technology that could both protect our climate and create American jobs and wealth when sold overseas.

We believe it makes sense—as provided for in H.R. 6258—to sunset the program because the initial commercial-scale projects sponsored by the trust fund will prove the viability of CCS technology, lower the cost of CCS by moving the technology along its learning curve, and provide the much needed actual cost and performance data necessary for the market to direct investment in CCS projects. We would, however, strongly prefer a much earlier sunset than the 15 years proposed by the bill, as well as the inclusion of language to shift directly into a cap-and-trade program. The CCS trust fund can only provide a head start and must end upon enactment and implementation of a mandatory, economy-wide cap-and-trade system for GHGs.

Furthermore, we support the scope and scale of the programs which would be eligible for funding under H.R. 6258. CCS demonstration projects should be large-scale, conducted in a variety of geologic formations using a variety of types of coal and fossil fuels, and be suitable for either new plants or the retrofitting of older ones. The program contemplated by H.R. 6258 follows these principles.

While we strongly support the general approach of this legislation, there are a few revisions we would recommend. First, we would recommend that the board of the Carbon Storage Research Corporation established by the bill be expanded to include technology experts from the public, academia, other industries—such as the petroleum industry—and independent power producers. Second, we would recommend choosing the demonstration projects to be funded through a competitive performance-based process. Finally, we would recommend

making clear that upon the establishment of a GHG cap-and-trade program, support for this investment would come from the GHG allowance value generated under the cap-and-trade program.

The United States needs a national coal policy that can meet our energy demands at a reasonable cost, while not endangering our climate with CO₂ emissions. The Pew Center's ultimate goal is the establishment of a mandatory cap-and-trade program to put a price on CO₂ and other GHG emissions, but such a market-based price signal will need to be paired with federal support for the key technologies which will reduce worldwide contribution to global climate change, achieve emissions reductions at lower cost, and reinforce America's position as the global leader in technological innovation. The first country to demonstrate CCS on a commercial scale will reap the benefits of selling and sharing this revolutionary technology to the world, an achievement which could not only add jobs and dollars to our economy, but protect global prosperity by reducing the catastrophic risks of climate change.

For these reasons, I encourage you to support H.R. 6258, the Carbon Capture and Storage Early Deployment Act.

Sincerely,

A handwritten signature in black ink, appearing to read "Eileen Claussen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Eileen Claussen
President