

# CCS Financing Schemes: An Update from the United States

IEA Webinar

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# Outline of Discussion

- Federal Government Support
  - Energy Policy
  - Demonstration Projects
  - Fiscal Policy
  - Tax Policy
  - Treatment under cap-and-trade
- State Government Support
  - Tax Policy
  - Other Mechanisms
- The Special Case of CO<sub>2</sub>-EOR

# Federal Government Support

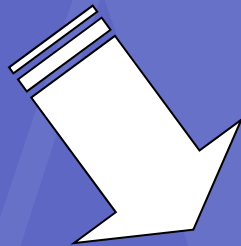
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  - Treatment under cap-and-trade

# Federal: Energy Policy

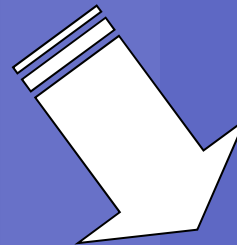
- Will forthcoming legislation provide a governmental role for long-term stewardship in a post-closure period?

# Federal: Demonstration Projects v. 1.0

FutureGen



Restructured FutureGen



Return of FutureGen

# Federal: Demonstration Projects v. 2.0

Additional demonstration project efforts likely

Multiple plants, multiple sites, large-scale

# Federal: Fiscal Policy

- Federal Government Support
  - Pre-2009 programs
  - Stimulus (\$3.4B)
  - FY09 appropriations (\$876M) + directed spending
  - FY10 appropriations (forthcoming)
- Also critically important but not discussed here
  - Basic R&D
  - Regional Sequestration Partnerships
  - CCS training (\$20M)
  - Reservoir characterizations (\$50M)
  - USGS data collection/preservation programs

## Federal: Fiscal Policy – What's On the Books, Available Today, or Soon to be Available?

- Qualified Energy Conservation Bonds (\$2.4B)
- Federal Loan Guarantees (\$20B through FY10)
- Clean Coal Power Initiative, Round 3 (\$600-800M)
- New Competitive Solicitation for Industrial Solicitation (\$1.52B)
- USDA Rural Development Electric Program

# Kudos for IEA

“The Committee believes that the Department has failed to recognize and stress the importance of restoring a sustained and balanced commitment to fossil energy research and development. The Committee feels that the Department has failed to fully recognize the significance of the Carbon Sequestration Program as evidenced in recent findings of a panel of scientific experts from [IEA]. The IEA validated that the Department’s Regional Sequestration Partnerships and their large-scale CO<sub>2</sub> tests are the world’s most ambitious. The Committee has provided additional funding to sustain technology development and to send a clear message that the Congress is serious about making a long-term investment in fossil energy.”

Senate approps report, 2009

# Federal: Tax Policy

- Federal Government Support
- § 45Q sequestration tax credit
- § 48A qualifying advanced coal project credit
- § 48B qualifying gasification project credit

# Federal: Treatment under Cap-and-Trade

- Unclear – major bills not introduced yet this session; real debates have not yet begun
- Everything is in play
  - Bonus allowances/reverse auctions
  - Off budget mechanisms
  - Green banks/energy “OPIC”

# State Government Support

- State Government Support
  - Tax Policy
  - Other Mechanisms

# States: Tax Policy

- Severance tax relief
- Efforts to enact “capture” incentives

# States: Other Mechanisms

- Illinois' legislation
- Other

# The Special Case of CO<sub>2</sub>-EOR

- The Special Case of CO<sub>2</sub>-EOR
  - CO<sub>2</sub>-EOR deals are in the queue
  - The economics of CO<sub>2</sub>

For more information

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