

Contents

- September 18 meeting
- September 20 CAAAC meeting
- Subsequent activity

Discussion topics

- Review of Santa Fe meeting
- Deservet permit
- Stationary source authorities under Clean Air Act

Panel: Coal-to-liquids

- Paul Bollinger, Dept. of Defense/USAF
 - Energy security issue: secure, domestic sources of fuel
 - Fuel conservation measures in place, but demand is still large
 - USAF to require CCS; working with multiple groups
- Liz Martin-Herrera, NRDC
 - Concerns re: subsidies when price of oil is high
 - ▶ Higher emissions from CTL would offset gains elsewhere (e.g., CAFE)
 - Support for low-C fuels, plug-in hybrids

Stan Rhodes, Karen Obenshain: LCIA

- ASTM developing standard for power generation based on lifecycle impacts analysis
- Establish baseline, compare impacts of various generation technologies
- GHG loadings (and tipping point): early reductions more valuable
- "Nutrition label," wind example
- Integrating wind with coal power

Subgroup work

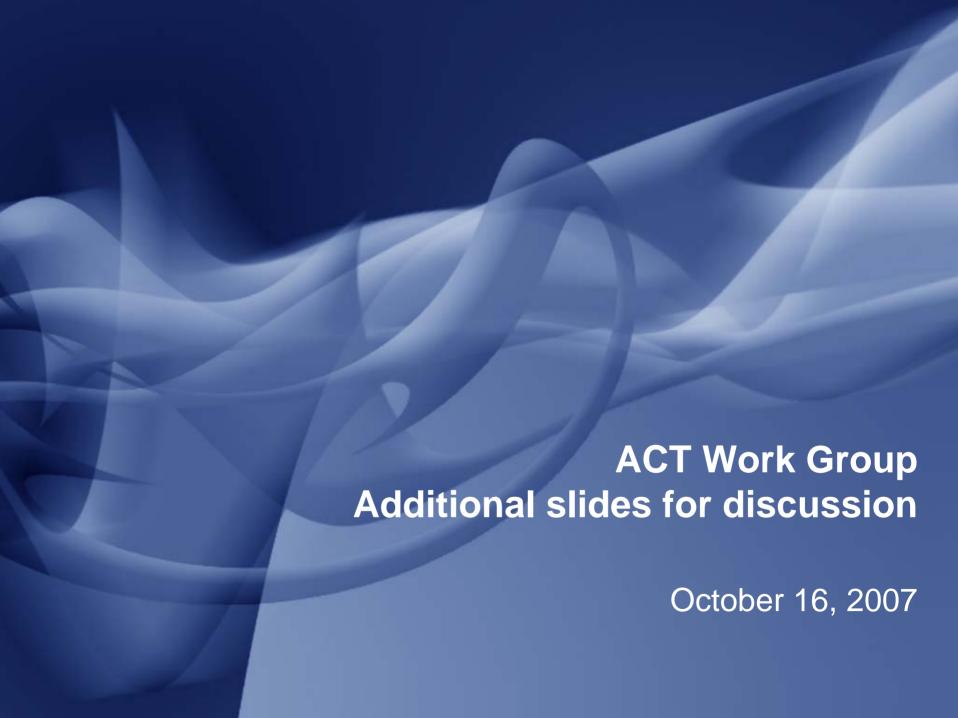
- Initial discussions: CCS and Incentives
- Identified
 - new options
 - concerns with current options
 - Areas on which to move forward
- Process for subgroup activity through October meeting (further development of options – conference calls)

Presentations

- **EPC**
- Alternative approaches (DSM, etc.)
- Further information on PUC role
- ▶ EPRI: deployment of ACTs
- Various experts on CCS subtopics (property, insurance, Schlumberger)
- Incentives for labor expansion
- CAAAC meeting

Recent developments

- ▶ EPA announcement on UIC
- ▶ IOGCC information on sequestration (Sep 25, 2007)
- Carnegie Mellon paper: "Incentives for Near-Term CO2 Geological Sequestration" (Oct. 9, 2007)
- IGCC projects
- Other developments?



Incentives: ACT new items

Investment incentives by private parties

An industry-funded entity that provides support to early commercial applications of ACTs

Production incentives

Off-take agreements with government agencies and creditworthy companies

Government cushions for project failure

Buttressing for private performance insurance (such as performance warrantees)

Other (by government agencies or industry)

- Employment incentives for ACT facilities
- ACT facility workforce development assistance

Incentives: CC/CCS-specific new items (1)

Investment incentives by Fed/S/L government

- Investment tax credits
- Accelerated depreciation and expensing of capital investment
- Tax-exempt bond financing
- Actions by PUCs (rate-basing, assured returns, early cost recovery, allowance of higher returns, dispatch preference)
- Acceleration of environmental permits (e.g., under the Clean Air Act, Clean Water Act)
- Property tax and local tax exemption
- Sales tax waiver for qualifying equipment
- Grants and co-funding

Incentives: CC/CCS-specific new items (2)

Incentives for capture and/or actual sequestration

- Tax credits/payments per ton of CO2 captured or sequestered
- Purchase of or payments per ton of CO2 captured or sequestered
- Actions by PUCs (including rate-basing, assured returns, early cost recovery, allowance of higher returns, dispatch preference for electricity produced with CC or CCS)
- Incentives for landowners who provide pore space

Investment incentives for CCS projects by private parties and/or through a Federal charge

 One or more entities that underwrites several early commercial large-scale CO2 sequestration projects (e.g., through payments per ton of CO2 sequestered)

Incentives: CC/CCS-specific new items (3)

Cushions for failure

Buttressing for private performance insurance (e.g., performance warrantees, limited liability for carbon transportation and long-term storage of CO2)

Other

- Employment incentives
- Workforce development assistance

Standstill agreement

Agreement under which a project with partial CCS could be built and operate under certain conditions regardless of future carbon regulations