ments involved in the TCACC. "We feel very strongly that our air quality will definitely be infringed upon negatively," Travis County Commissioner Ron Davis said. "We don't want to be in non-attainment."

The motions were filed with the TCEQ July 17. That same day, the groups sent a letter to Gov. Rick Perry (R), requesting that he ask White to leave her post when her term ends Aug. 31. The groups requested that Perry appoint a new commissioner that would take action on a greenhouse gas policy for Texas within 60 days and would be responsive to public concerns about air quality issues, including granting a reconsideration of the Oak Grove permit.

On July 18, White announced her plans to vacate the post upon expiration of her term, but the TCEQ said it knew of her pending departure prior to any calls for her ouster by environmentalists. "Whether pressure from environmental advocates hastened her departure is beside the point. Now we must focus on finding the best person for what will be a very challenging job," said Tom "Smitty" Smith of Public Citizen. "The state needs to drastically reduce air pollution in the Dallas-Fort Worth and Houston areas ... deal with the growing threat of mercury ... [and] draft a plan — and quickly — to deal with global warming."

PSEG decides to keep Hudson 2

PSEG Power said today it will install $700-750 million in emissions controls on its Hudson power plant unit 2 near New York City to go in operation in 2010.

Regulators had given PSEG until the end of 2007 to decide whether it would install controls or shut the unit down in 2008.

The controls consist of SCR for NO_x, a flue-gas desulfurization unit for SO_2, a baghouse for PM and carbon injection for mercury on the 608MW unit 2.

PSEG signed a January 2002 consent decree with New Jersey and federal regulators to install emissions controls at its Mercer and Hudson plants in New Jersey, but PSEG amended the decree last fall because changes in energy and capacity markets and cost escalation in pollution control equipment were making the company assess whether it would be more prudent to close down Hudson 2 rather than add the controls.

"The energy and capacity landscape is very different today than it was in 2002 when the consent decree was put in place," PSEG President and Chief Operating Officer William Levis said. "Projects which looked questionable at best five years ago now make sense. This is a clear sign that PJM's new rules for capacity under the reliability pricing model are working. Companies can make disciplined investment to ensure system reliability and protect the environment."

The 991MW Hudson plant began burning low-sulfur coal end of 2006, which was a blend of domestic low-sulfur coal and 20 pct Indonesian coal. The plant shifted to 100 pct Adaro Indonesian coal in May.

The scrubber will give the plant additional flexibility, said company spokesman Skip Sindoni. He declined to elaborate on what coal the plant could switch to with the scrubber. "It becomes a business decision," he said.

The 2002 consent decree settled allegations PSEG improperly upgraded the two plants without applying for the necessary permits and installing controls. PSEG agreed to pay $7.75 million in civil fines and $3.25 million for New Jersey to reduce PM from diesel engines.

Texas tax credit for sequestration

Texas Gov. Rick Perry (R) has signed a bill that will give enhanced oil recovery operators a tax credit if they use man-made CO_2.

Texas House Bill 3732 (HB 3732) will reduce severance tax on enhanced oil recovery (EOR) production by 75 pct if the operator uses anthropogenic CO_2. In EOR, engineers flood oil wells with CO_2 to extract extra oil that would otherwise be unrecoverable. The state already gives oil producers that use EOR 50 pct off the severance tax; this bill would increase that credit by 25 pct. The credit brings the severance tax down to just 1.15 pct of the revenue from oil extracted with anthropogenic CO_2.

EOR is used extensively in the Permian Basin area of west Texas, but the CO_2 used there typically comes from naturally occurring ground deposits. Only two companies currently use or plan to use CO_2 from anthropogenic sources. PetroSource Energy gets CO_2 for EOR from gas processing plants in the Permian Basin. The company also has plans to sell emissions reduction credits from its activities. Denbury Resources has plans to collect CO_2 from refineries and other industrial sources along the Texas Gulf Coast and transport it to the Permian Basin for EOR. The Permian Basin has its own CO_2 pipeline infrastructure, which makes it an obvious place for sequestration activities. EOR is also practiced in other parts of the US. Nationwide there are about 3,500 miles of CO_2 pipeline that cost about $3 billion to build, according to a presentation by Steve Melzer of Melzer Consulting at a sequestration conference in Houston last week.

In order to be eligible for the reduced severance tax, a company must be certified by the Texas Railroad Commission. A company must show that its EOR program will sequester at least 99 pct of the CO_2 for at least 1,000 years and include monitoring and verification measures. If a company is certified by the commission and follows the rules and procedures, it is exempted from future liability, said Darrick Eugene, general counsel for the Texas Carbon Capture and Storage Association.

Texas is one of the few states in the US to have already developed a framework for liability in conjunction with carbon sequestration. In addition to its policy on EOR, Texas said that it will assume ownership of any CO_2 sequestered underground by the FutureGen IGCC. Texas contains two of the four sites currently under consideration for the FutureGen project.