



## CLIMATE: House energy bill shifts to carbon storage tax credits, drops industry-supported \$1B fund

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Electric utilities that use carbon capture and sequestration technologies would be eligible for more than \$1 billion in tax credits under House energy legislation approved last night.

H.R. 6899 dedicates 10 years of tax incentives for power companies that can demonstrate either of two types of "clean coal" technologies. Eligible projects include advanced coal electricity plants that capture and sequester at least 65 percent of a facility's carbon dioxide emissions or a coal gasification plant that can capture and sequester at least 75 percent of CO<sub>2</sub> emissions.

House Speaker Nancy Pelosi (D-Calif.) opted to include the tax incentives rather than a bipartisan sequestration bill supported by the coal industry and labor groups that would have set up a \$1 billion fund also aimed at promoting the deployment of carbon storage projects. That legislation, sponsored by Reps. Rick Boucher (D-Va.), Nick Rahall (D-W.Va.), John Murtha (D-Pa.), Fred Upton (R-Mich.), Ed Whitfield (R-Ky.) and Joe Barton (R-Texas), suggested setting a fee on coal, natural gas and oil power companies who could automatically pass those costs on to retail customers.

Pelosi originally planned to include Boucher's bill, but she pulled back due to concerns about funding the measure (E&E Daily, Sept. 11).

"It's a CBO thing, something to do with the goddamn money," Murtha said. "That's why you need hearings. When you rush something like this, it makes it very difficult to get something through. I knew we'd run into a problem, and we always do."

Pelosi also disagreed with plans to let the Electric Power Research Institute, a nonprofit arm of the utility industry, run the program, Murtha said.

Other cosponsors of the original carbon storage legislation welcomed the tax credits that Pelosi added but still said they wanted more. "It's nice to have that, but we need the full provision," Boucher said. "We're working with leadership to see it's brought up early next year."

Whitfield said he still had not been told why the legislation he cosponsored was not in the new energy bill. Asked about the tax credits, he replied, "It's not bad, but there's so many other bad provisions in this energy bill, and we know the Senate is not going to take it up anyway, so it's an exercise in futility."

Also in the House energy bill: authorization of \$1.5 million for a National Academy of Sciences study of the tax code to identify provisions that affect greenhouse gas emissions.

Enviro groups oppose CCS language, entire measure

Several environmental groups came out yesterday in opposition to the Democrats' energy bill, saying it fell short in dealing both with energy security and climate change concerns.

With regards to the carbon sequestration language, Natural Resources Defense Council science fellow George Peridas said his group would rather see Congress set up a cap-and-trade bill that includes a dedicated funding stream for the research, development and deployment of the new technologies.

"It doesn't go far enough in making sure that [carbon capture and storage] contributes to decreasing CO2 emissions," Peridas said of both the Boucher bill and the more than \$1 billion in tax credits. "It's only a beginning, but the only real way to get at the needed measures is through some kind of revenue handling or redistribution as part of a climate bill. This is just not enough."

The electric utility industry and labor groups have been pushing lawmakers to propose a carbon storage technology fund since early this year, including the National Mining Association, the United Mine Workers of America and several of the nation's largest utilities, such as American Electric Power, Duke Energy Corp., Progress Energy, Dominion and Southern Co.

Officials at NMA and the Edison Electric Institute did not comment on the new sequestration language added to the Democrats' energy bill. Boucher, Upton and Michael Morris, the chairman and chief executive of AEP Corp., are scheduled to discuss their legislation tomorrow during a panel hosted by the United States Energy Association.

The Senate Finance Committee has also floated legislation proposing tax credits for the electric utility industry. Last week, Sens. Max Baucus (D-Mont.) and Charles Grassley (R-Iowa) introduced a bill that would provide \$2.5 billion in tax incentives for carbon capture and sequestration demonstration projects, with \$2 billion of that for coal electricity projects and \$500 million for coal gasification (E&ENews PM, Sept. 11).

Baucus and Grassley also would set up a carbon dioxide capture credit, refund certain coal excise taxes on exported coal, fund the black lung disability trust fund and require a similar greenhouse gas emissions study of the IRS tax code.