

## State legislature passes new law for FutureGen

by Weatherfor-Democrat

A bill that would grant the Texas Railroad Commission title to carbon dioxide captured by the FutureGen project passed at the end of the Texas Legislature's special session this week.

Supporters of House Bill 149 say it gives Texas a major leg up against the other six states competing for the FutureGen bid. FutureGen is a \$1 billion public-private venture to design, build and operate the world's first near-zero-emissions, fossil-fueled power plant.

The FutureGen Industrial Alliance, a consortium of nine private companies with interests in the energy industry, along with the U.S. Department of Energy, are funding the venture and will decide whether or not FutureGen should be built in Texas.

The prototype 275-megawatt energy facility was designed to gasify a variety of coals in order to produce electricity and hydrogen. The project also includes plans to capture and store carbon dioxide (CO<sub>2</sub>). Chuck McDonald, a spokesman for FutureGen Texas, explained the importance of capturing CO<sub>2</sub>.

"The guts of the FutureGen program is you're going to be capturing a million tons of CO<sub>2</sub> a year and storing it in deep underground formations that have to be more than a mile deep under the surface," he said.

In a news release, Texas Railroad Commissioner Michael Williams, who chairs the FutureGen Texas Advisory Board, said the carbon dioxide would be permanently stored in deep underground formations and called the process a key objective of the FutureGen project.

McDonald touted the environmental benefit of such a process. "That's the whole point of the process to capture the CO<sub>2</sub>," he said. "It's CO<sub>2</sub> emissions that are the driver in global warming, so they want to prove that you can take the CO<sub>2</sub> and just put it under ground and just leave it there."

But he also explained a future plan which would generate revenue for the state by selling the gas to energy companies interested in its value as an enhancing utility in oil and gas recovery operations. "This program requires that they store [the carbon dioxide] for four years and monitor and verify it and that's where the [U.S. Department of Energy] is going to be spending all this money to prove that, in fact, the carbon dioxide is pretty much staying down in the ground," McDonald said. "The long-term thinking is, we keep it from going into the atmosphere, and we also use it to help our oil and gas industries."

McDonald agreed the process presents a dual benefit. House Bill 149 specifically states, "The [Texas Railroad Commission] shall deposit any proceeds from the sale of carbon dioxide under this section to the credit of the general revenue fund."

McDonald said FutureGen Texas pushed the Legislature hard to get the bill passed while they were in special session.

"If we could go ahead and pass legislation that relieves the concern of the Alliance then we would have a substantial advantage over the competition," he explained.

Ohio, Kentucky, North Dakota, West Virginia, Illinois and Wyoming are all currently vying, along with Texas, for the FutureGen project. But state-assumed liability for the storage of an estimated million tons of carbon dioxide per year could be a significant enough risk to prevent competitor states from beating Texas to the punch.

"The question of liability is, they've never done this, so people don't know if could something bad could happen and, if so, who would be responsible for it," McDonald admitted.

In 2003, the production of a special report called "Carbon Dioxide Capture and Storage" was authorized by the Intergovernmental Panel on Climate Change. The report was produced as a guide for policy makers dealing with the issue of carbon dioxide.

Though risks associated with pipeline transport of carbon dioxide were found to be relatively low and comparable to those associated with the transport of natural gas, the report stated, "a sudden and large release of CO<sub>2</sub> would pose immediate dangers to human life and health, if there were exposure to concentrations of CO<sub>2</sub> greater than 7 to 10 percent-by-volume in air."

McDonald said Texas has a comfort level when dealing with carbon dioxide that other states do not due to years of the gas's safe implementation in oil and gas recovery operations.

He added Texas was first to assume the liability associated with CO<sub>2</sub> because it has the Texas Railroad Commission, a regulatory agency that deals with carbon dioxide as part of its everyday business, and other

states do not.

“It’s like everything else, it’s got to be done properly when you’re going to do an injection that’s why the state regulates it,” McDonald said. “In Texas, it’s sort of an outgrowth of the oil and gas industry.”

Kathy Walt, a spokesperson for the Governor’s Office, said the gas has been sequestered for years in West Texas and it’s never been an issue. “And so the Legislature, I think, felt comfortable with going ahead and providing this insurance to the Alliance,” she added.

McDonald said CO2 injections done to enhance oil recovery average 20 to 30 million tons a year, compared to one million tons associated with FutureGen.

“We have been doing CO2 injections in this state for the last 30 years and there’s never been an incident of any kind,” he added.

McDonald said other states are afraid of storing the carbon dioxide. “People want to know if all of this came out at once, in one big place, potentially... that’s a very remote possibility, but there are some people who haven’t been dealing with this stuff who have that concern that it could cause harm,” he said.

Texas submitted two site proposals to the Alliance. The “Heart of the Brazos” site, in Jewett, was noted as offering an ample supply of lignite in a release from the Governor’s Office.

The same release described the other site proposal, in Odessa, Texas, as showcasing “Texas” energy expertise, particularly in the long-term storage and transportation of CO2, in the practice of CO2-based enhanced oil recovery and in the commercial use of hydrogen and other FutureGen co-products.

Walt wouldn’t go so far as to say the recent legislation was any indication the Alliance was leaning toward Odessa, but she admitted the issue was of importance.

“I talked with an alliance representative recently and they think by maybe June there might be a short list, maybe later this summer, and the decision next year,” she added.

To view House Bill 149, visit [www.capitol.state.tx.us](http://www.capitol.state.tx.us) on the World Wide Web.

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