



## Western Governors' Association Policy Resolution 08-10

### *Advancing Deployment of Near-Zero Emission Coal*

#### **A. BACKGROUND**

1. In the Clean and Diversified Energy for the West policy resolution (06-10), the Western Governors stated that traditional resources such as oil, coal, nuclear, natural gas and hydropower have played and will continue to play a significant role in meeting future energy needs.
2. Western Governors strongly believe there is a need to reduce carbon dioxide emissions from energy use. In the Transitioning the West to Clean Energy and Energy Security policy resolution (07-16), the Western Governors agreed that realizing expeditious large scale sequestration of carbon dioxide requires major research and funding, including:
  - Adequate federal funding for the identification and mitigation of any risks and liabilities associated with carbon sequestration;
  - Adequate federal funding to support the identification and development of CO2 pipeline infrastructure necessary to transport CO2 to sequestration areas;
  - Development of regulations that provide for legal consistency in the treatment of CO2, whether it is sequestered through enhanced oil recovery or in designated sequestration storage areas;
  - Development of federal tax credits to be awarded for the capture and sequestration of CO2.
3. The Western Governors also agreed that there must be support for any advanced coal technology that results in near-zero emissions, and that the Congress must support adequate performance-based research and development and must move as quickly as possible to achieve the wide deployment of near-zero emissions technologies as referenced in the Clean and Diversified Energy Report. Further, the Western Governors agreed that multiple pilot projects for a variety of different near-zero emission coal technologies using Western coal should be funded by the Department of Energy. Finally, the Western Governors agreed that there should be additional appropriations for federal tax credits beyond those initially identified in the EPAct of 2005, and that these tax credits should apply to any near-zero emissions coal technology.
4. In June 2007 the Western Governors directed WGA staff to conduct a workshop to examine accelerating the deployment of near-zero emissions coal technology.

5. Achieving necessary and long-term reductions in carbon dioxide emissions depends on the development and deployment of technologies that enable coal to be utilized in a manner that results in as close to zero emissions of carbon dioxide as possible
6. Financial incentives should provide clear and predictable market signals on the cost of abating carbon emissions.
7. Long-term carbon sequestration in properly selected geologic formations is one likely effective solution.
8. Carbon sequestration represents the most effective option for reducing to as close to zero emissions as possible emissions of carbon dioxide from coal plants.
9. Deployment of carbon capture and sequestration technologies will entail a significant increase in public and private investment. There must be an ongoing commitment for the completion of sufficient research and monitoring to prove emission reduction technologies and sequestration.

**B. GOVERNORS' POLICY STATEMENT**

1. To create long-term financial incentives for adoption of near-zero emission technologies, the Western Governors urge the states and the federal government to work in concert to design a stable policy environment for reducing carbon dioxide emissions. Any policy addressing carbon dioxide emissions reductions should consider the importance that reasonable energy prices have on the economy, while still supplying the policy framework that provides suitable incentives and market conditions to attain the lowest achievable ambient carbon dioxide emissions. The governors agree that demonstration projects in diverse and strategically chosen settings must be promoted and that the results of each demonstration project must be publicly disseminated and include ongoing monitoring. In particular, the governors agree that demonstration projects that deploy a variety of capture technologies, including post-combustion capture, pre-combustion capture, and oxy-fuel combustion must be conducted. Funding sources for demonstration projects for CCS for the incremental costs of capture and storage must be rapidly identified. We should engage with the existing carbon sequestration partnerships (such as WESTCARB, Big Sky, PCOR and Great Plains) in concert with the states, and complete research and testing on a 5 year- timeline.
2. To create near-term financial incentives for demonstration of emission technologies that come as close to zero emissions as possible, public investment, subsidies, and tax incentives should go to only those projects that make real, meaningful and verifiable commitments to achieve these reductions. The acceleration of research, development and deployment of energy technologies should be incorporated into an overall low-carbon policy framework. Accordingly, public RDD incentives should support only the incremental costs of CCS for those projects that demonstrate specific technologies that include a real, meaningful and verifiable commitment to achieve as close to zero carbon emissions as possible.

3. To ensure a reliable supply of electricity, the governors agree to consider state policies and incentives to maximize the potential for energy efficiency technologies and renewable energy resources to meet energy demand while maintaining a reliable, affordable, abundant and secure energy supply.
4. To increase the number and scale of demonstration projects, the governors agree to consider policies that encourage new projects that include a real, meaningful and verifiable commitment to capture and store their carbon dioxide emissions.
5. To ensure that sequestration is safe and effective, the governors agree to consider coordinating mechanisms to encourage consistency and the use of best practices by state regulatory programs that permit, measure, monitor and verify sequestration projects.

**C. GOVERNORS' MANAGEMENT DIRECTIVE**

1. The Western Governors direct the WGA staff to work with the regional carbon sequestration partnerships to complete testing, monitoring and verification of potential carbon sequestration sites.
2. The Western Governors direct WGA staff to work with the federal government in the design of a stable policy environment for reducing carbon dioxide emissions.
3. The Western Governors direct WGA staff to assemble a report on the practices being used by state regulatory programs that permit, measure, monitor and verify sequestration projects, and to recommend a consistent approach to the application of those practices.

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