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POLITICS

Will Funding For Clean Coal Fuel Compromise On A Climate Bill?

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A divided Senate is struggling to put together a cap-and-trade climate-change bill. One reason why the effort remains alive despite numerous obstacles is "clean coal."

Also known as carbon capture and sequestration (CCS), the process traps and stores the emissions from coal-fired power plants.

One Senate bill includes at least \$10 billion in federal funding for CCS over the next decade. That would be on top of the \$4 billion already being spent on it by the Energy Department.

The bill would also give away as much as \$200 billion in carbon allowances to the coal-fired power plants should a cap-and-trade program be enacted.

Green groups had previously mocked clean coal as a "myth." Even fans say CCS is years from being perfected.

But it's very popular with the energy industry and lawmakers from coal-reliant states. Green groups back it too despite their earlier criticism.

But Senate Majority Leader Harry Reid, D-Nev., said Tuesday that action on the bill will have to wait until early 2010.

Federal Commitment

Getting this coalition together will be key to any energy bill. And they've been blunt about what needs to be done.

"(T)aking the technology from the laboratory bench to commercial-scale demonstration plants simply will not occur without a significant federal commitment of resources," Govs. Bill Ritter, D-Colo., John Huntsman, R-Utah, and Dave Freudenthal, D-Wyo., said in a letter to President Obama in February.

Sen. Jay Rockefeller, D-W.Va., recently warned that any climate bill would have to invest in new coal technologies to protect his state's industry.

What is CCS? The process literally captures the carbon as it is emitted and uses pressure to turn it into liquid. The problem is what you do with carbon after that.

Some existing CCS projects pump it into the ground where it can be used to recover oil from previously dry wells. This process replaces one carbon emitter with another.

Other processes seek to store it underground indefinitely, but that faces the expense of creating the infrastructure to do it.

Finally there is the issue of efficiency. It takes energy to do this, and thus far CCS hasn't shown that it can be profitable, says Pat Michaels, a senior fellow at the free-market Cato Institute.

"It has never been demonstrated on a commercial scale," Michaels said. "I think it is pretty long odds that it ever will be successful."

He adds: "How much energy does it take to do this? No one knows. And no one will know until there is an actual, working commercial-scale operation."

There are currently no energy facilities with CCS in the U.S. right now. Environmental activists say widespread use of CCS is unlikely to happen without regulations to require it.

Yet with so much of the country's energy coming from coal, finding a way to limit emissions from coal has pushed lawmakers from all sides into embracing it, along with the Obama administration.

Peter Molinaro, vice president for state and government affairs at Dow Chemical, says the economics just don't make CCS technology worthwhile right now. If a carbon-based cap-and-trade system is put in place without CCS funding, power plants may have to search for other

options.

"What might happen," Molinaro said, "is that a lot of the coal-fired power plants will fuel-switch to natural gas. That will be bad for manufacturers because there aren't many fuel-switching opportunities" for them.

Coal Burns Eternal?

Former Environmental Protection Agency head Christie Todd Whitman says it is hard to conceive of any energy policy that does not use coal for the foreseeable future. And that makes CCS investments worthwhile.

"There is still a lot of work to be done to make it viable, but really coal will always be part of our energy mix," Whitman said. "It is better than 50% now. We are not going to find something to replace that, no matter how much we deal with renewables and conservation and nuclear and others."

Energy Secretary Steve Chu said in a prepared statement last month that CCS could be affordable and widespread in eight to 10 years, though it will require a scientific breakthrough.

"Of course, no one can predict how or exactly when scientific breakthroughs happen," Chu said in his Oct. 12 statement.

A bill passed out of the Senate Environment and Public Works Committee sponsored by Sens. Barbara Boxer, D-Calif., and John Kerry, D-Mass., includes \$10 billion for research into clean coal.

Dow's Molinaro says that to make the switch to using CCS will require a lot more than Kerry-Boxer's \$10 billion. To sweeten the deal, the coal-using industry lobbied for — and got — about \$200 billion in carbon-emitting allowances under a cap-and-trade program.

That spending helped get big business on board with cap-and-trade. The Chamber of Commerce sent a letter to Boxer early this month saying it wanted to forge a compromise bill. It cited a recent proposal by Kerry and Sen. Lindsey Graham, R-S.C., as a model that could "make us the 'Saudi Arabia of clean coal.'"

The American Coalition for Clean Coal Electricity, a group of mainly energy companies, has praised the Kerry-Boxer bill without endorsing it, saying it seeks a more favorable regulatory system for clean coal.

For coal fans, an entire industry may be at stake, says Salo Zelermyer, former senior counsel at the Department of Energy.

"If the technology does not work," he said, "then you are talking about much more of a shift to natural gas."

Eat Or Be Eaten

Big businesses believe those regulations may come at some point, so they'd rather the government give them the help now.

"If you're not at the table, you're on the menu," said George Peridas, a scientist at the Natural Resources Defense Council.

It's a touchy issue for green groups that have long favored clean renewable energy over fossil fuels, especially heavy-emission coal.

Earlier this year, a green coalition mounted a humorous ad campaign on D.C. buses and subways featuring aliens, mermaids and Bigfoot. The ads said clean coal was a myth just like those figures.

Yet these same groups have endorsed — and fought for — the Kerry-Boxer bill, which includes billions for CCS.

NRDC's Peridas explained that they object mainly to how CCS is promoted as a solution to the emission issue. "We don't like the term 'clean coal,'" he said. "The industry and lobby groups have tried to use the term to cloud the issues associated with coal."

Nevertheless, green groups support CCS as a way to reduce coal emissions. For that reason they support the provisions in the Kerry-Boxer bill.

CCS is not economical now, Peridas says, so it has to be regulated to make it happen. And to get coal-state lawmakers on board, federal funds are needed. "You'll see very limited deployments (of CCS technology) outside the realm of legislative regulatory mandates," he said.

Cato's Michaels agrees — sort of.

"This is really just an attempt to secure votes that just aren't there for the climate bill," he said.