



Midwestern Governors Association

July 2, 2010

The Honorable Steven Chu
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

The Honorable Lisa Jackson
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

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Dear Secretary Chu and Administrator Jackson:

The Midwestern Governors Association (MGA) applauds the establishment of the Interagency Carbon Capture and Storage Task Force to support the deployment of 5 to 10 of carbon capture and storage (CCS) projects in the United States by 2016. Given the amounts of coal and biomass, the Midwest is strategically positioned to deploy CCS projects in the near-term. The region also has some of the greatest storage capacity potential in the nation for both saline and depleted oil and gas formations. In addition, there are several proposed projects at various stages of development in the region that can help achieve the President's national CCS deployment goals.

Chair
Ted Strickland
Ohio

Immediate Past Chair
Jennifer Granholm
Michigan

The MGA has similarly laid out a set of goals for the region that include the near-term build out of an inter-jurisdictional carbon dioxide (CO2) pipeline infrastructure and deployment of several advanced coal projects with CCS that use a range of Midwestern coals. The MGA released its Midwestern Energy Security and Climate Stewardship Roadmap: Advisory Group Recommendations (Energy Roadmap), developed through a 2-year stakeholder effort across the Midwest, which identified steps needed to support the MGA's goals for CCS deployment. As part of this effort, Midwestern governors also endorsed a Midwestern Energy Infrastructure Accord (Infrastructure Accord) to address key energy infrastructure needs, including commercially building out CCS.

Chester J. Culver
Iowa

Mitch Daniels
Indiana

Past Chair, 2007
Jim Doyle
Wisconsin

The MGA is appointing a regional CCS Task Force to support the near-term build out of a pipeline infrastructure and support for CCS project deployment. The MGA urges the Interagency Task Force to work with the MGA to identify ways for the state and federal government to work together to leverage resources efficiently and support policies that will accelerate the build-out of CCS projects and related infrastructure in the near-term.

Jay Nixon
Missouri

Mark Parkinson
Kansas

The MGA calls on the Interagency CCS Task Force to support measures in these four areas:

Past Chair, 2006
Tim Pawlenty
Minnesota

Support the build-out of a Midwestern CO2 pipeline infrastructure that supports the near-term deployment of CCS projects in the Midwest:

- Identify ways to partner with the MGA, individual states, and the private sector in order to support the build-out of the inter-jurisdictional CO2 pipeline as called for in the MGA Infrastructure Accord, including:
Develop and support strategies to ensure that the Illinois Basin to Gulf Coast CO2 pipeline for enhanced oil recovery and geologic storage is permitted and constructed in the near-term. The completion of a trunk line and outlet for CO2 will provide critical support and stimulus for CCS project development in the region.

Pat Quinn
Illinois

Past Chair, 2008
M. Michael Rounds
South Dakota

### **CCS Deployment Drivers & Incentives**

- Identify pathways for effective and streamlined distribution of federal incentives and other support that can stimulate near-term deployment of CCS projects.
- Move forward expeditiously to implement existing federal programs, such as the Clean Coal Power Initiative and FutureGen, to facilitate project construction of CCS projects in the near-term.
- Tax credits for carbon storage should be large enough to stimulate many projects, self executing, transferable and able to provide enough certainty to facilitate project finance.

### **Developing the geologic storage industry & CCS technology commercialization**

- The U.S. Department of Energy (DOE) should work with Congress to create a comprehensive program to develop commercialize new CCS technology for both new and existing power plants from research through the full-scale commercial deployment and operations.
- DOE should lead a comprehensive research, demonstration, and commercial deployment program for geologic carbon storage to support the rapid development of that industry. This should include support for improved characterization of geologic storage formations and the preservation of existing data on such formations.

### **Regulatory & Legal Framework**

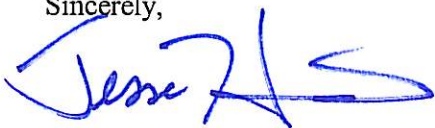
- Promote a stable regulatory environment that recognizes the expertise, experience, and developing policy frameworks at both the state and regional level.
- This includes avoiding pre-emptive, prescriptive development of regulations and policies at the federal level that may impede on-going efforts at the state level to support and accelerate project development or adversely impact projects with existing contracts (e.g., in the case of CO<sub>2</sub> pipeline projects).

In order to achieve regional and national goals for CCS deployment, it will be important to identify areas where states, regions, the federal government and the private sector can partner to effectively leverage resources and stimulate project development. At the state level, efforts must continue to develop the legal and regulatory framework for CCS that creates a stable environment for development of projects while ensuring the safe and effective management of CO<sub>2</sub>. States will also develop financial and other mechanisms that will facilitate development of a commercial CCS industry. The federal government can provide significant leadership on research, demonstration, and deployment of CCS technologies that will lower costs and expand technology options. The federal government can also provide key financial support at a level that enables widespread deployment of CCS in the next 10 years.

States, regions, and the federal government will all play important roles in the development of a robust CCS industry that will strengthen our domestic energy security, promote climate stewardship and increase job creation. In addition to this letter, the MGA submits for the record our Energy Roadmap and Infrastructure Accord, as well as our *Toolkit for Carbon Capture and Storage: Statutory and Regulatory Issues* and *Legal and Regulatory Inventory for Carbon Capture and Storage & Analogues*. The documents are available on the MGA's energy initiatives webpage [www.midwesterngovernors.org/energy.htm](http://www.midwesterngovernors.org/energy.htm).

Thank you for the opportunity to comment on the work of the Interagency CCS Task Force. Feel free to contact me at [jheier@csg.org](mailto:jheier@csg.org) or 202-624-5460 with any questions or for copies of our submitted documents.

Sincerely,



Jesse Heier  
Midwestern Governors Association

cc: Nancy Sutley, Chair, White House Council on Environmental Quality