

Texas and CCS

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Finding the ways that work

Why Texas? Why not?

Financial:

- Over 480 million tons of carbon dioxide has been captured, transported, injected, and stored in connection with the enhanced recovery of oil (EOR) in Texas.
- EOR is currently responsible for over 15% of current production in Texas.
- 3-5 billion barrels of additional Texas oil is available across the state to be recovered using CO₂ for EOR.

Regulatory

- Federal Climate Legislation

Texas CCS Policy

2007

- HB 3732 (Rep. Hardcastle)
 - Reduces severance tax for anthropogenic CO₂ used in EOR
 - Requires that operator show by substantial evidence or reasonable expectation that 99% of the CO₂ will remain sequestered for 1000 years
 - Existing EOR project can provide additional verification to receive tax credit

2009

- HB 469 (Rep. King, Sen. Seliger)
 - Goal – creation of state incentives for anthropogenic CCS projects
 - Directs comptroller to issue franchise tax credits of the lesser of 10% of total capital costs or \$100 million/project
 - First 3 projects after 9-1-2013
 - Credits issued once operational
 - Modifies definition of “advance clean energy project (new and existing facilities) to capture and sequester **at least 50% CO₂**”
 - Establishes new sales tax exemption for tangible personal property used in connection with sequestration IF installed to capture, transport or inject CO₂
 - Extends reduced severance tax for CO₂ used in EOR from 7 to 30 years.

HB 1796 (Rep. Chisum, Sen. Watson)

- Required Land Commissioner to contract with UTBEG to conduct a study of state-owned offshore land to ID potential CO2 repository sites.
- TCEQ must develop standards and rules for offshore seq. that comply with USEPA
- School Land Board (SLB) will make final determination of suitable storage locations
- At closure, SLB gains title to properties, but producer retains liability for acts or omissions in construction or operation of CO2 repository
- New Technology Implementation Grant Program
 - Administered by TCEQ
 - Implement new technologies to reduce emission from facilities and other stationary sources.
 - Must capture at least 50% CO2 emissions
 - At least 50% cost match by applicant

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SB 1387 (Sen Seliger, Rep. Crownover)

- Clarifies roles of the Texas Railroad Commission (TRRC) and Texas Commission on Environmental Quality (TCEQ)
- TRRC – authority to regulate sequestration in oil and gas fields and bring formation directly above or below oil and gas fields and directs TRRC to develop rules
- Authorizes a study to advise the Legislature on who should regulate other CO2 storage activities and how they can coordinate

- TCEQ must certify that underground fresh water supplies will not be injured by the permitted activity before a permit is issued
- Texas General Land Office (GLO) in conjunction with the TCEQ, the RCT, and the BEG to develop recommendations for managing geologic storage of CO₂ on state-owned lands
- Creation of stewardship trust fund to pay for limited long-term issues such as infrastructure and maintenance

Participants

- Policy Makers
- Regulatory Agencies
- Industry
- National Groups
 - IOGCC, GWPC
- NGOs



Other States

State	Legislation Pending	Legislation Passed	Regulatory Activity	Other Activity
Alaska				X
Arkansas				X
California		X	X	
Colorado		X		
Connecticut		X		
Idaho		X		
Illinois		X		
Indiana	X			
Kansas	X	X	X	
Kentucky	X	X		
Louisiana		X		
Michigan	X			
Minnesota				X
Mississippi		X		
Missouri		X		
Montana		X	X	X
New Mexico				X
New York	X			
North Dakota		X	X	
Ohio				X
Oklahoma	X	X	X	
Oregon	X			
Pennsylvania	X	X	X	
South Dakota		X		
Texas	X	X	X	
Utah	X	X	X	
Washington		X	X	
West Virginia	X	X	X	
Wisconsin		X		
Wyoming		X		

Lessons to Learn

- Incentivize
- Protect
- Regulate

Lesson 2

Lesson 1

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fkjh f];fl;j L:qrst ovao

K d;lkj f;a;lkjr tuu l;j

Laml ogna;l quauent