December 22, 2008

Via Electronic Mail and Hand Delivery

Docket ID No.: EPA-HQ-OW-2008-0390

Water Docket
Environmental Protection Agency
Docket Center (EPPA/DC)
EPA West Room 3334
1301 Constitution Avenue, N.W.
Washington, DC 20460

Re: Comments on the United States Environmental Protection Agency's Proposed Rule: Federal Requirements Under the Underground Injection Control (UIC) Program for Carbon Dioxide (CO_2) Geologic Sequestration (GS) Wells

Dear Sir or Madam:

The Carbon Capture and Storage Alliance ("CCS Alliance" or "Alliance") is pleased to submit its comments on the United States Environmental Protection Agency's ("EPA" or "Agency") Proposed Rule: *Federal Requirements Under the Underground Injection Control (UIC) Program for Carbon Dioxide (CO_2) Geologic Sequestration (GS) Wells,* which was released on July 25, 2008 for review and comment by the public.[1]

The CCS Alliance is a coalition of entities, spanning a number of economic sectors, that share a common interest in removing impediments to investment in and development of carbon capture and storage ("CCS"), as well as mitigating the potential risks associated with the deployment of this technology.[2] Its purpose is to promote development of policy by the states

[1] Federal Requirements Under the Underground Injection Control (UIC) Program for Carbon Dioxide (CO2) Geological Sequestration (GS) Wells, 73 Fed. Reg. 43503 (proposed July 25, 2008) ("Proposed Rule").

[2] MidAmerican Energy Holdings Company, National Mining Association, National Rural Electric Cooperative Association, NRG Energy, Inc., PacifiCorp and Zurich North America.

and the federal government to appropriately address risks and potential liabilities, thereby enabling the further development and increased deployment of CCS. The CCS Alliance believes these technologies can be developed while protecting underground sources of drinking water, significantly reducing global and U.S. greenhouse gas ("GHG") emissions, and enhancing U.S. energy security.

A plethora of regulations affect the delivery of power using coal. We suggest that the Agency consider other regulations addressing the environment, human health and safety, and electricity cost and reliability, when drafting and implementing these regulations. The Alliance urges the Agency to consider the support of integrated energy, climate, and environmental policy as time progresses.

A central mission of the Alliance is to help ensure that the burden of regulations related to CCS, such as those proposed by EPA, and legislative proposals promote the mobilization of capital for use in CCS projects that have well managed risk profiles and help ensure that existing barriers to CCS created by laws and regulations are minimized, consistent with environmental, health, and safety objectives.

If promulgated as currently proposed, the Proposed Rule will have a significant and direct impact on the interests of the members of the CCS Alliance and their customers. The CCS Alliance believes the Proposed Rule is helpful in many ways, but also that it can be improved in a manner that will both promote good risk management and reduce barriers to CCS deployment.

I. INTRODUCTION

If atmospheric emissions of CO_2 are to be controlled, CCS is the only tool now on the horizon that may be capable of addressing in a major way and within a mid-term timeframe, the very large quantities of CO_2 emissions from fossil-fuel using facilities in the United States.

However, CCS still requires the definition of a stable and rational legal and regulatory regime before it can be widely deployed. EPA has clear regulatory authority over the injection of wastes and other substances into below-surface wells through the UIC program. The UIC program was created by Congress under the Safe Drinking Water Act ("SDWA") over 30 years ago, without consideration of potential interaction with policies to address climate change, for the protection of underground sources of drinking water ("USDW"). The Agency now proposes to use this framework to regulate below-ground CO_2 injection activities, an application not contemplated at the time SDWA was drafted. Rules for geologic sequestration ("GS") of CO_2 are timely and would be needed even if CCS is not deployed as quickly as many predict. While many projects are under development, many observers are operating under the assumption that it will be a decade or more before there can be wide deployment of CCS.[3] The future of CCS is and will be at a critical juncture for some years. The CCS Alliance seeks, through its comments, to help ensure that these regulatory activities promote well designed and implemented CCS projects with sound risk management practices, and do not preclude the responsible, cost effective commercial-scale sequestration of CO_2.

II. IMPORTANCE OF PROMOTING CCS TECHNOLOGIES

EPA agrees, given the United States' abundant coal resources and its reliance on coal for power generation, that "CCS could be a key mitigation technology for achieving domestic emissions reductions." As the following diagram demonstrates, coal is indispensable to meeting the country's electricity demands, regardless of region:

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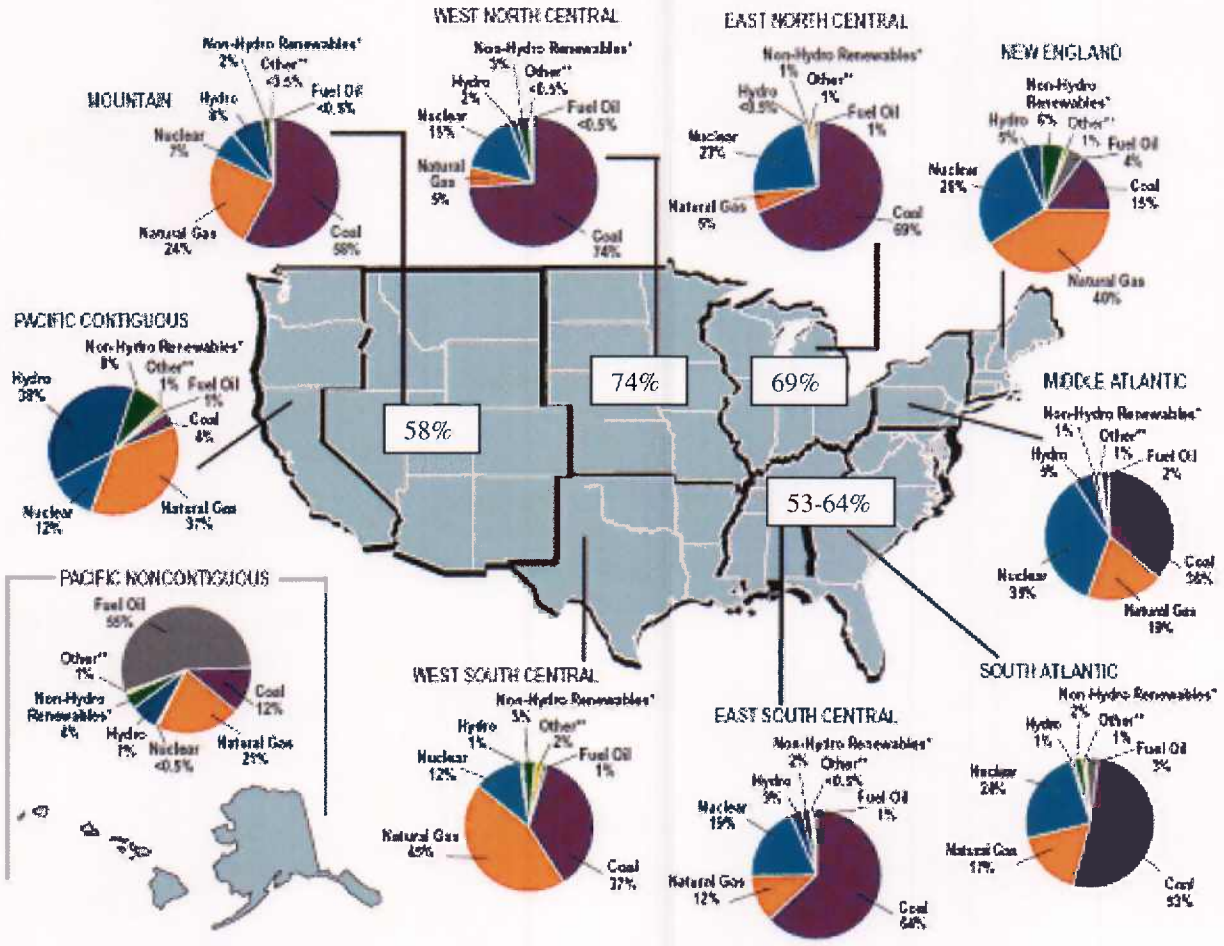
[3] See, *e.g.*, "EPRI Summer Seminar and Energy Technology Assessment Center (ETAC) Studies," presentation of Hank Courtright, Senior Vice President, Electric Power Research Institute, October 22, 2008.

Differing Electricity Mix by Region (EEI), 2008[4]



As the only significant technology to reduce atmospheric CO_2 emissions from coal, CCS is indispensable to reducing GHG emissions while meeting energy demand and achieving energy security. It is true, as EPA notes, that underground storage of CO_2 is "only one of a portfolio of options," including efficiency improvements, and the use of alternative and renewable energy sources. However, these other tools are not a substitute for baseload power generation, which comes primarily from fossil fuels. All GHG emission reduction options will need to be pursued

[4] Edison Electric Institute, *Different Regions of the Country Rely on Different Fuel Mixes* (April 2008), http://www.eei.com

to meet proposed emission reduction targets. The CCS Alliance urges that EPA, and those concerned with the Proposed Rule, consider the importance of CCS in the context of climate risk mitigation.

The U.S. population is expected to grow by 60 million by 2030. During that time, electricity demand is projected to increase by approximately 30 percent.[5] Without rapid deployment of technologies that have begun to show promise, such as CCS, it will not be possible to meet the GHG emission reduction goals being discussed by IPCC and others now for attainment by mid-century. While the thrust of this rulemaking is to protect and preserve USDWs, such environmental objectives should neither be viewed in isolation nor divorced from other environmental and policy considerations – including energy security, economic stability and trade considerations. A rational, comprehensive approach to the management of CO_2 emissions from GHG-emitting facilities must be undertaken if we are to simultaneously preserve economic stability, ensure returns on invested capital, enhance U.S. energy security, and mitigate the predicted effects of climate change.

III. SUMMARY OF SUGGESTED PRINCIPLES FOR A CCS POLICY STRUCTURE

The CCS Alliance supports a CCS policy structure with the following elements. While we recognize that some of these elements are beyond the purview of a UIC rule, we provide them for consideration.

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[5] Energy Information Administration, *Annual Energy Outlook 2008* (June 2008), http://www.eia.doe.gov/oiaf/aeo/electricity.html; U.S. Census Bureau, *Projections of the Population by Age and Sex for the United States: 2010 to 2050* (Aug. 2008), http://www.census.gov/population/www/projections/files/nation/summary/np2008-t12.xls.