



United States Energy Association Webinar on Carbon Capture, Utilization, and Storage

April 14, 2021

Kenneth J. Nemeth, Secretary and Executive Director
Southern States Energy Board

John Kerry – Institute of International Finance’s 2021 Washington Policy Summit

“The solution is going to come from the private sector, and what government needs to do is create the framework within which the private sector can do what it does best, which is allocate capital and innovate and begin to take the framework that’s been created.

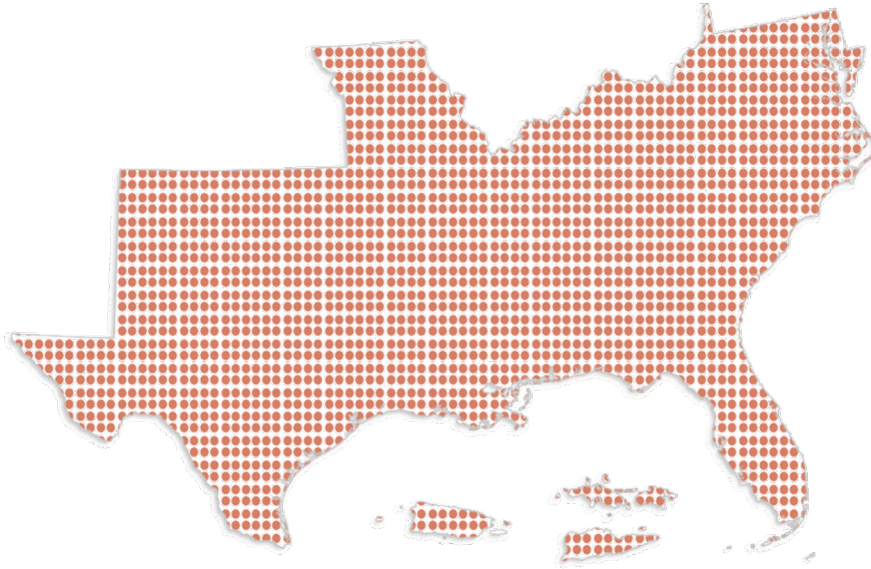
...We need to go after this as if we’re really at war.”



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Source: The Hill, <https://thehill.com/policy/energy-environment/545125-kerry-no-government-is-going-to-solve-climate-change>

“Through innovations in energy and environmental policies, programs and technologies, the Southern States Energy Board enhances economic development and the quality of life in the South.” ~ SSEB Mission Statement



- Interstate Compact Organization, created by state law and consented to by Congress (PL 87-563, PL 92-440)
- 16 U.S. States and Two Territories
- Each jurisdiction represented by the governor, a legislator from the House and Senate, and a governor's alternate
- Federal Representative appointed by U.S. President
- Secretary, who serves as Executive Director

2020-2021 Executive Committee



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Secretary
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Carbon Management Program

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Legend

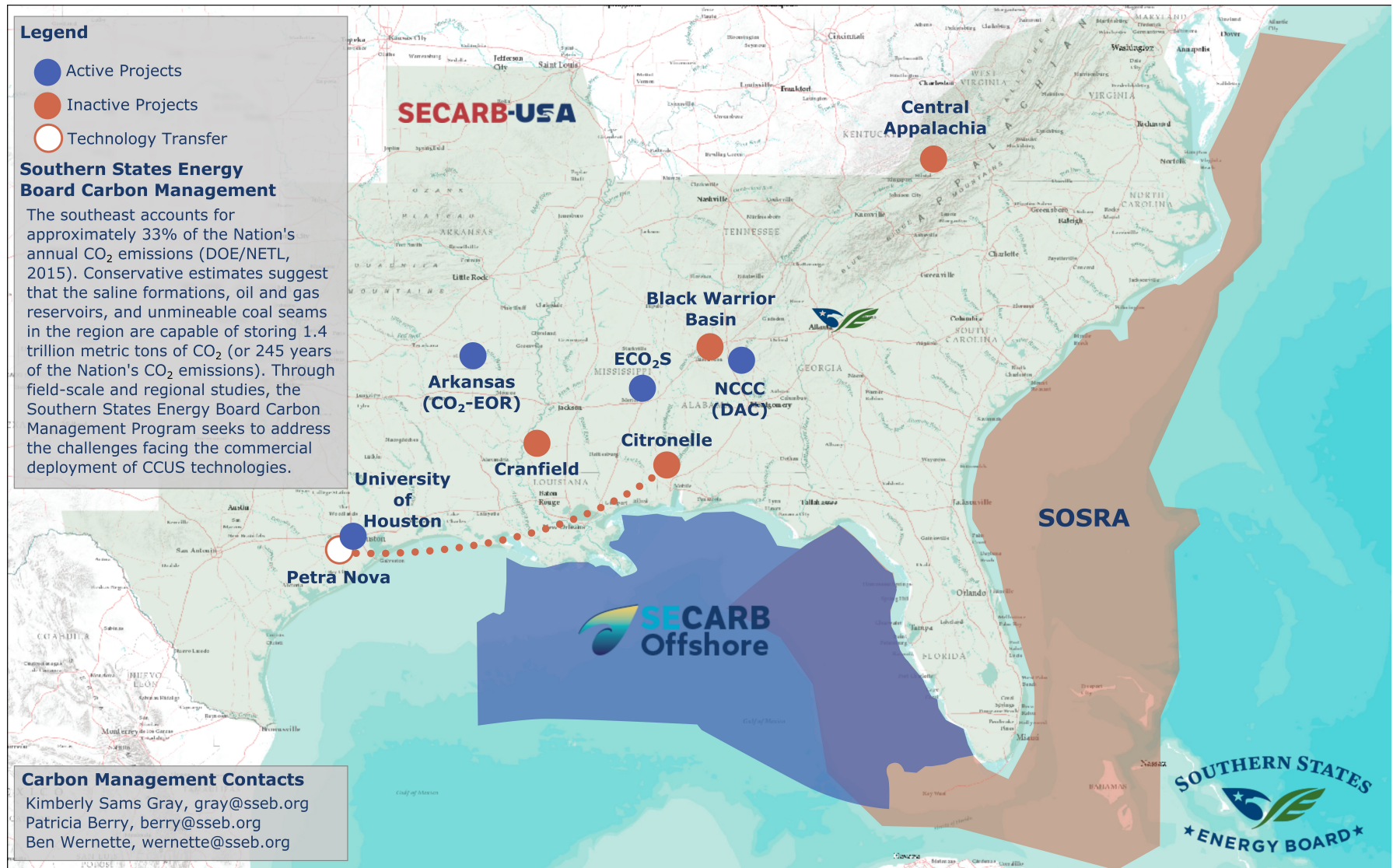
- Active Projects
- Inactive Projects
- Technology Transfer

Southern States Energy Board Carbon Management

The southeast accounts for approximately 33% of the Nation's annual CO₂ emissions (DOE/NETL, 2015). Conservative estimates suggest that the saline formations, oil and gas reservoirs, and unmineable coal seams in the region are capable of storing 1.4 trillion metric tons of CO₂ (or 245 years of the Nation's CO₂ emissions). Through field-scale and regional studies, the Southern States Energy Board Carbon Management Program seeks to address the challenges facing the commercial deployment of CCUS technologies.

Carbon Management Contacts

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State Laws/Incentives *(Selected)*

Reducing uncertainty/risk/costs

- Pore space and CO₂ ownership: IL, LA, MS, MT, ND, OK, TX, WV, and WY
- Long-term liability: IL, KS, KY, LA, MS, MT, TX, WV, and WY
- Tax incentives: AL, FL, LA, MS, OK, TX, and VA (e.g., severance tax, ad valorem, sales tax, franchise tax), plus a few outside the SSEB region
- Eminent domain: AL, KY, LA, MS, and TN
- CCUS and enhanced oil recovery laws are in place in a number of states that specify state organizational jurisdiction over CO₂ injection wells, pipeline transport of CO₂, and similar issues (ID, IL, LA, MI, MT, and TX)

State Legislation: First Movers in Southeast

Texas – The Advanced Clean Energy Project Grant and Loan Program (2007) and additional laws promoting CCS and EOR (2009)

- Sales tax exemption: equipment purchases for projects that capture at least 50% of their CO₂ emissions
- Franchise tax credit: \$100 million per-project to the first three projects that can achieve a 70% carbon capture rate qualification
- Severance tax exemption: 75%, 30-year exemption for oil recovered using CO₂ captured from anthropogenic, or manmade, emission sources
- Offshore carbon repository program: creates a network of CO₂ pipelines throughout Texas
- Grant program: new emissions-reducing technologies, including clean coal technologies and CCS projects (2009 Appropriations Act)
- Regulatory framework: authorizes Railroad Commission jurisdiction over the injection of CO₂ into wells for oil and gas production



State Legislation: First Movers in Southeast

Louisiana Geologic Sequestration of Carbon Dioxide Act (2009)

- Liability: releases storage operators from any and all liability associated with or related to that storage facility which arises after the issuance of the certificate of completion of injection operations
- Caps on civil liability cases: non-economic damages may not exceed \$1 million
- Eminent domain rights: any carbon storage operator who obtains a state permit or certificate of public convenience and necessity
- Severance tax incentives: oil and gas recovered through EOR

Mississippi Geologic Sequestration of Carbon Dioxide Act (2011)

- Regulatory framework: pore space and CO₂ ownership
- Liability: liability for the owners of the CO₂
- Severance tax incentives: oil and gas recovered through EOR
- Ad valorem tax exemptions: equipment used for EOR





CCUS Commercialization Accelerator Consortium

Public-private consortium of experts established to promote the rapid and transformative deployment of CCUS technologies



Advanced Resources International, Inc.
Baker Hughes
Battelle
Battelle
BP America Inc.
Chevron
Denbury, Inc.
Dow
Enbridge
Energy & Environmental Research Center, University of North Dakota
Enhanced Oil Recovery Institute - University of Wyoming
Environmental Defense Fund
Exxon Mobil
Gaffney Cline and Associates
Hunton Andrews Kurth LLP
Jackson Walker, LLP
Kiewit
McKinsey & Company
Melzer Consulting
Minnkota
NRG Energy, Inc.
Occidental Petroleum
Phillips 66
Proven Project Development Group
Shell
Southern Company Services
The University of Texas at Austin, Bureau of Economic Geology
U.S. Department of Energy
United States Energy Association
University of Illinois, Illinois State Geological Survey
Wood PLC
WSP

Transcending Boundaries



Carbon Management Policies and Technologies

“Provide a regional effort that fosters and sustains an innovative environment for the development of coal policies and technologies.”

- Foster and facilitate communication, education and outreach between DOE, governors and legislative leaders within the SSEB region, state agencies, utilities, regulatory bodies, the private sector and non-profit organizations.
- Support global outreach to promote the adoption of U.S. technologies internationally and provide greater opportunities for U.S. companies in a globally challenging environment.
- Brief state policy-makers and regulators on the historical and current technical aspects of clean energy demonstration programs to gain support and regulatory approval for future commercial deployment and on establishing a public-private consortium of experts to promote the rapid and transformative deployment of CCUS technologies.



CCUS Commercialization Accelerator Consortium

- Public-private consortium of experts established to promote the rapid and transformative deployment of CCUS technologies
 - Establish a Leadership Committee and Public-Private CCUS Commercial Deployment Consortium
 - Develop a CCUS Commercial Deployment Consortium Roadmap
 - Provide CCUS Facility Design Support to Industry
 - Maintain robust Stakeholder Engagement and Workforce
 - Solicit and assemble ongoing feedback from participants on obstacles to CCUS deployment



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