

The National Rural Electric  
Cooperative Association

Comments on

Notice of Intent to issue Funding Opportunity Announcement  
No.: DE-FOA-0002738

Bipartisan Infrastructure Law:  
Carbon Capture Demonstration Projects Program (Section 41004(b))

Submitted Electronically to:

The Department of Energy  
National Energy Technology Laboratory

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## **I. Introduction**

The National Rural Electric Cooperative Association (NRECA) appreciates the opportunity to comment on the Department of Energy's (DOE's) Notice of Intent (NOI) to issue a Funding Opportunity Announcement (FOA) for the Bipartisan Infrastructure Law's (BIL's) Carbon Capture Demonstration Projects Program, as authorized under Section 41004(b). Based on our comments that follow, we believe the NOI should be revised to ensure additional opportunities for the scaling up of carbon capture technologies for the power sector while also supporting the Administration's priorities for significant carbon dioxide (CO<sub>2</sub>) emission reductions.

NRECA is the national service organization for America's Electric Cooperatives. The nation's member-owned, not-for-profit electric cooperatives constitute a unique sector of the electric utility industry. Providing reliable, affordable, and responsible electricity remains the shared commitment of NRECA's members. The association represents nearly 900 not-for-profit rural electric utilities that provide electric service to approximately 42 million consumers in 48 states or 13% of the nation's population. The electric cooperatives serve 83% of the nation's counties that collectively covers 56% of the U.S. landmass.

For over 80 years, electric cooperatives have responded to the needs of their communities and adapted to changes in policy in meeting that commitment. We believe policymakers must continue to balance realism with aspiration, recognizing that any energy transition will require additional time and technology and must be inclusive of all energy sources to maintain the reliability and affordability that is the cornerstone of American energy security.

All co-ops share an obligation to serve their members by providing reliable and affordable electric service. This obligation is not without challenges. Electric co-ops serve 92% of the nation's persistent poverty counties, and the sparsely populated and primarily residential communities powered by electric co-ops are often the most expensive, hardest to serve areas of our country. Electric co-ops proudly shoulder the responsibility of bringing electricity to these communities.

Data from the U.S. Energy Information Administration (EIA) show that rural electric cooperatives serve an average of 8 consumers per mile of line and collect annual revenue of approximately \$19,000 per mile of line. In other utility sectors, the averages are 32 customers and \$79,000 in annual revenue per mile of line.<sup>1</sup> Due to those geographically driven differences, 63% of rural electric cooperative members pay higher residential electric rates than customers of neighboring electric utilities. Higher rates impede the economic recovery of rural communities and can even challenge their viability. These facts make it especially important for electric cooperatives to keep their electric rates affordable and avoid any unnecessary rate increases brought about by imprudent regulatory policy.

NRECA's member electric cooperatives include 63 electric generation and transmission cooperatives (G&Ts) that generate and transmit power and 832 distribution cooperatives that distribute electric power to cooperative electric consumers. The G&Ts are owned by the distribution cooperatives they serve. Some distribution cooperatives receive power directly from other generation sources within the electric utility sector. Overall, the cooperative distributed electric generation fuel mix includes 19% from renewable generation and over 32% from natural gas fired generation, which is now the dominant fuel source for the cooperative distributed electric generation. Importantly, all but three of NRECA's member cooperatives are "small entities" under the Regulatory Flexibility Act, 5 U.S.C. §§ 601-12, as amended by the Small Business Regulatory Enforcement Fairness Act.

## **II. Funding Opportunity Announcement Timelines**

We appreciate DOE's recognition of the 45Q commence construction deadline as well as the urgency of selecting and funding eligible capture projects in establishing timelines under the FOA. However, NRECA has concerns that the 60-day closing timeline after the FOA is issued is not commensurate with the scale and complexity of the projects being proposed. These projects are likely among the most costly and complex projects that DOE has recently undertaken. As an

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<sup>1</sup> Information taken from U.S. Department of Energy, Energy Information Administration EIA Form 861; Platts UDI Directory of Electric Power Producers and Distributors, 2017.

example, the utility PacifiCorp had a multi-year request for expression of interest and request for proposal period for carbon capture technology at select units within their generation fleet.

NRECA would recommend that DOE provide 90 days at a minimum after the FOA is announced for application submissions, with 120 days preferred. Allowing additional time for supporting documents to be compiled and for applications to be drafted would likely improve the quality of the proposals being submitted. This in turn will facilitate DOE's work in responsibly evaluating these projects and reducing risks of incomplete or insufficient information in the applications.

### **III. Standard and Accelerated Timelines Application Criteria**

NRECA would recommend that Phase 1 applications only be required to identify possible financial partners and financing schedules for the projects. Particularly on a 60-day response period for the FOA, such a short timeframe is likely insufficient to develop detailed financial plans and commitments from potential financial partners.

Additionally, NRECA would recommend that Class VI permit applications should not be required to be submitted for the Accelerated Timeline. Instead, projects should be able to reference any partner CarbonSAFE Phase 3 projects which will conclude permit applications by September 30, 2023, which is well within the necessary timeframe to complete Phase 1 activities under the Accelerated Timeline.

### **IV. 95% Unit-Wide Capture Efficiency Requirements**

NRECA has serious concerns with the proposed 95% CO<sub>2</sub> capture requirement for the FOA and would recommend the elimination of that requirement. A 95% CO<sub>2</sub> capture rate is an admirable goal and may be used as an aspirational target when down selecting projects. However, a 95% CO<sub>2</sub> capture requirement would insert an unnecessary obstacle to the success of the demonstration program.

The Infrastructure Investment and Jobs Act (IIJA), including Section 41004(b)'s Carbon Capture Demonstration Projects Program, does not include any requirement that carbon capture demonstration projects meet a 95% CO<sub>2</sub> capture requirement. Instead, the program was drafted broadly to ensure that funding would be provided for six carbon capture demonstration projects, including two at coal electric generation facilities and two at natural gas electric generation facilities, without the risk of these projects not being funded because of unnecessarily stringent eligibility criteria.

Nor has Congress ever included a requirement that a project meet a set CO<sub>2</sub> capture rate (let alone 95%) to qualify for the 45Q carbon sequestration tax credit, which has been an important source of financing for carbon capture projects and which many FOA applicants and projects are expected to utilize. Nevertheless, the dollar per ton credit provided by the 45Q tax credit incentivizes the greatest level of capture possible for carbon capture projects with the goal of offsetting and ultimately reducing project costs.

A 95% CO<sub>2</sub> capture rate requirement has only recently been issued in FOAs targeting lower technology readiness levels (TRLs) on next generation technologies, which has been appropriate as those new and innovative technologies are being developed. However, DOE has never required 95% capture for the technologies that have currently spent a decade or more achieving TRL 6 or higher. Changing the requirements after more than a decade of technology development, particularly at the most critical step from TRL 6-7 to TRL 8, is akin to moving the goal posts after the ball is in the air. Additionally, the four revisions of the NETL Bituminous Baseline reports used to compare developing technologies to a common baseline have never used a 95% capture rate as a metric, further indicating that such a requirement for this demonstration project is inappropriate and unnecessary.

The proposed 95% CO<sub>2</sub> capture rate requirement is also fundamentally contradictory to the requirement proposed in the NOI that technologies have achieved 90% capture efficiency at TRL 6. If a technology must be scaled up in TRL level while simultaneously increasing the rate of capture, an undue burden is placed on the technology developer to secure financing on a process which has yet to be proven at scale and based on performance which has historically not been

required by DOE and has not yet been demonstrated. Creating a new and arbitrary capture rate at the end of the capture program will likely create many negative unintended consequences.

As capture technology is pushed to achieve higher and higher efficiencies, it gets more expensive and takes more energy to capture additional CO<sub>2</sub>. While some newer technologies may be able to reach this level of capture in pilot testing, making the 95% capture rate a base requirement for a demonstration project will present numerous issues as noted above. The proposed 95% CO<sub>2</sub> capture rate requirement would prevent DOE from considering projects that would still result in extremely high levels of CO<sub>2</sub> reductions, contribute significantly to the Administration's goals of power sector decarbonization, and also support the continued operation of dispatchable synchronous generation units.

Baseload, synchronous generation remains critical in maintaining grid reliability and resilience. This was recently emphasized in joint comments filed on the Environmental Protection Agency's proposed ozone transport rule by a group of independent system operators and regional transmission organizations (ISO/RTOs). The ISO/RTOs noted that "while the Joint ISO/RTOs are seeing certain shifts in their respective generation portfolios, thermal generators continue to provide essential reliability services."<sup>2</sup> The comments also expressed concerns about potential reliability challenges that would result from premature baseload coal power plant retirements:

"The Joint ISO/RTOs are experiencing a trending decline in reserve margin, and believe that the Proposed [Ozone Transport] Rule could substantially accelerate that trend at a time when we are facing the need for increased reserves resulting from extreme weather, high load conditions and generator retirements. Replacement of retiring generation with new facilities presents its own risks. It will take time to obtain the required regulatory approvals to construct new generation and especially any needed transmission facilities to connect that generation to the grid."

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<sup>2</sup> Joint Comments of Electric Reliability Council of Texas, Inc.; Midcontinent Independent System Operator, Inc.; PJM Interconnection, L.L.C.; and Southwest Power Pool, Inc. on U.S. Environmental Protection Agency proposed Federal Implementation Plan Addressing Regional Ozone Transport for the 2015 Ozone National Ambient Air Quality Standard, EPA-HQ-OAR-2021-0668 (June 21, 2022)

The proposed 95% CO<sub>2</sub> capture rate requirement raises serious questions and concerns in the event a system performs at levels even slightly under that extremely high threshold, including whether such a project might be subject to litigation or a liability to return funding for not achieving the requirements of the FOA. DOE should ensure that these issues are addressed to remove any unnecessary barriers or uncertainty for FOA applicants.

Finally, submitted with these comments is the paper entitled “2021 Status of Carbon Capture Utilization and Sequestration for Application to Natural Gas-fired combined Cycle and coal-fired Power Generation.” It should be noted, as this paper does, that there are significant differences between carbon capture application for coal-fired electric generating units (EGUs) versus that for gas-fired combustion turbines. The technology for carbon capture on coal-fired EGUs is further along in its development. The technical differences distinguishing carbon capture application between coal and gas EGUs is detailed in this 2021 CCUS status report, which we incorporate by reference here.

## **V. Steam Methane Reformers**

The clear language and intent of the IIJA’s carbon capture demonstration project is to fund two projects at “natural gas electric generation facilit[ies]”, two projects at “coal electric generation facilit[ies]”, and two projects at “industrial facilit[ies] not purposed for electric generation.”

While the underlying statutory authority for carbon capture projects generally (as amended by the Energy Act of 2020) does include certain steam methane reformers (SMRs) in the definition of “natural gas electric generation facility”, SMRs themselves do not generate electricity and should not be considered as eligible applicants under AOI-2 for CCS Demonstration at a Natural Gas Electric Generation Facility. Instead, NRECA recommends that DOE make SMRs eligible to apply under AOI-3 for CCS Demonstration at an Industrial Facility Not Purposed for Electric Generation.

## **VI. Conclusion**

NRECA appreciates the opportunity to comment on this Notice of Intent to issue the Funding Opportunity Announcement for the carbon capture demonstration projects program and we appreciate DOE's attention to these thoughts provided. We look forward to working with DOE to ensure the success of this critical program for advancing power sector decarbonization efforts while ensuring continued access to reliable, affordable, and low-carbon electricity.



*Final*

2021 STATUS OF CARBON CAPTURE UTILIZATION AND SEQUESTRATION  
FOR APPLICATION TO NATURAL GAS-FIRED COMBINED CYCLE AND COAL-FIRED  
POWER GENERATION

Technical Discussion paper prepared for

American Public Power Association  
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## Executive Summary

Carbon Capture, Utilization, and Storage (CCUS) could play an important role in the decarbonization of the U.S. power sector. It has the potential to accelerate the rate of carbon emission reductions, lessen the impact on customer costs and help maintain energy grid reliability. It also has the promise of increasing production and lowering carbon emissions from U.S. oil production. While much of the near-term carbon reductions are likely to be achieved from the deployment of no- and low-carbon renewable energy, an “only renewables” strategy comes with challenges. Concerns for the rate and cost at which renewable sources can be installed and the impact on the reliability of the energy grid support the continued need for reliable fossil power. While CCUS has run into challenges of its own, many of the operational issues of early projects have been resolved. Lessons learned from initial applications as well as the arrival of new technologies show much promise. The path for CCUS thus far shows many similarities to how the U.S. power sector was able to overcome initial operational and financial challenges for controlling emissions of sulfur dioxide, nitrogen oxides and mercury. Work continues to lower CCUS costs to a target range that makes it economically feasible. Ample sequestration capacity has been identified and work is underway to determine the best ways to develop it cost effectively. It is clear that CCUS could enable fossil power to continue an important role in providing electricity in North America while limiting emissions of carbon dioxide (CO<sub>2</sub>).

This paper summarizes CCUS projects representing various stages of technology development and scale underway in North America and identifies further work for CCUS to contribute to a low-carbon energy grid. CCUS initially was focused on coal-fired CO<sub>2</sub> emissions. Over the last decade, other work has pursued potential application to natural gas-fired combined cycle (NGCC) generating assets. Twelve CCUS projects located in North America are either operating, operable but on hold, or the subject of detailed engineering (Front-End Engineering and Design, or FEED) studies. Operating issues encountered by some of the first projects – augmented by research aimed to reduce cost and improve reliability – could potentially lead to full-scale CCUS demonstrations.

### Key North American Projects

Four categories of CO<sub>2</sub> capture technology are under development. These are: (1) absorption processes (typically employing an amine solvent), (2) adsorption utilizing a solid substrate, (3) membranes for CO<sub>2</sub> separation, and (4) cryogenic separation. Most large-scale CCUS projects in North America – four addressing NGCC and eight coal-fired generators – employ absorption processes and utilize second-generation solvents that can lower operating and capital cost relative to earlier versions.

Four NGCC projects (Golden Spread’s Mustang, Panda Power’s Sherman, Elk Hills, and Mississippi Power’s Daniel Unit 4) are developing process designs. Three of these projects

(Golden Spread, Panda Power, and Elk Hills) are near CO<sub>2</sub> pipelines or fields that may accommodate geologic sequestration.

Of the eight pulverized coal projects, two are either operating (Boundary Dam 3) or operational and “on-hold” (Petra Nova). Design studies are in progress at five other domestic U.S. generating stations (Minnkota Power Cooperative’s Milton R. Young, Basin Electric’s Dry Fork, Nebraska Public Power District’s Gerald Gentleman, Enchant Energy’s San Juan, and Prairie State). The predominant control technology is amine-based absorption, applying “lessons learned” from Boundary Dam Unit 3 and Petra Nova. Most pulverized coal sites benefit by proximity to oil fields or pipeline transport for CO<sub>2</sub> storage.

The U.S. Department of Energy (DOE) is funding approximately 75 evolving processes in the four previously defined categories to achieve a target CO<sub>2</sub> cost of \$30 per metric ton (hereafter designated as tonne). The outcome of this program employing bench-scale, pilot plant, and large-scale projects could be additional CCUS options with lower cost and improved reliability.

### **CCUS Value Chain: Pipelines, Storage**

In addition to capturing CO<sub>2</sub> from power plant emissions, successful CCUS requires a complete “value-chain” of activities. The creation of a functioning and economical value chain is equally important to CO<sub>2</sub> capture for CCUS to be a viable option. This includes both pipelines to transport CO<sub>2</sub> and storage facilities.

- **Pipelines**

CO<sub>2</sub> pipeline infrastructure at present totals 5,500 miles and is located mostly within U.S. oil-producing states and Canadian provinces. Some stakeholders are estimating the need for pipeline inventory to increase four to more than 10-fold for it to be able to significantly contribute to large reductions in emitted CO<sub>2</sub>.

CO<sub>2</sub> pipelines are regulated by the Department of Transportation (DOT) under the Pipeline Hazardous Material and Safety Administration (PHMSA). CO<sub>2</sub> pipelines operate at significantly higher operating pressure than for natural gas transport – a minimum of 1070 pounds per square inch gauge (or psig) is required for injection for sequestration, with pressure up to 2,200 psig for some applications – than natural gas pipelines. However, experience demonstrates CO<sub>2</sub> pipelines are safe. There has not been a single human fatality or serious injury reported in the U.S. from transporting or storing CO<sub>2</sub>. The cost to build CO<sub>2</sub> pipelines is highly variable and depends on length, routing, and need for contaminant removal. A “hub” pipeline arrangement that aggregates CO<sub>2</sub> from multiple sources for distribution to multiple sequestration or EOR sites could lower cost for financing, construction, and permitting.

- **Storage**

Enhanced Oil Recovery (EOR) is routinely used by the petroleum industry and has proven to be a reliable means to sequester CO<sub>2</sub>. The estimated CO<sub>2</sub> storage capacity in

North America using EOR is sufficient to avoid releasing significant CO<sub>2</sub> emissions. The DOE projects 186 billion tonnes to 232 billion tonnes of capacity while the petroleum industry estimates 247 billion tonnes to 479 billion tonnes. CO<sub>2</sub> injection wells for EOR are designed as EPA Class II wells which provide for safe CO<sub>2</sub> injection. Revenue for CO<sub>2</sub> to increase oil production (combined with Internal Revenue Section 45Q tax credits) can offset the cost of CCUS.

Geologic sequestration is estimated to offer far more CO<sub>2</sub> storage capacity than EOR in North America, from 2,618 billion tonnes to 21,987 billion tonnes. Deep saline reservoirs offer the largest capacity and are the most prominent but not the only option. Unlike EOR, there is no revenue to offset cost. DOE estimates storage costs vary from \$1/tonne to \$18/tonne. Injection must use EPA Class VI wells and address actions beyond well construction and operation.

## **Cost Evaluation**

A key metric to gauge CCUS economic viability is the cost to avoid a tonne of CO<sub>2</sub>. Preliminary results for most U.S. coal-fired projects predict cost at or below DOE's reference study cost of \$55/tonne and potentially approaching the target of \$30/tonne. The latter could be reached by "nth-of-a-kind" full-scale demonstration projects that benefit from design and operating experience. The avoided cost per tonne is sensitive to capital cost, equipment lifetime and capacity factor (e.g., how many hours per year and duty). Internal Revenue Service Section 45Q tax credits – available for either EOR or storage of CO<sub>2</sub> – assert an important role on the incurred cost.

The eleven projects operating and planned will identify process improvements to lower cost and improve reliability. Advanced capture technologies and pipeline "hub" concepts have the potential to further lower cost. Success in these endeavors – requiring resources and a workable development timetable – can enable CCUS to provide reliable CO<sub>2</sub> capture and safe byproduct storage.



# 1 Summary

## 1.1 Introduction

Carbon Capture, Utilization, and Storage (CCUS) is receiving considerable interest in proposed plans to decarbonize the U.S. power sector. CCUS has evolved in the last decade as a means to avoid CO<sub>2</sub> emissions from both coal- and natural gas-fired generating assets for both new and retrofit application.

This paper summarizes results from large-scale operation, engineering studies, and pilot plant work supporting CCUS application with electric generating units in North America. Significant work has been completed on applications in the commercial and industrial sector, such as at natural gas processing and ethanol plants. Certain aspects of this work should benefit utility application. However, current work in North America is the focus of this report, given the near-term interest in large-scale application to natural gas fired combined cycle (NGCC) generators and retrofit to coal-fired units.

## 1.2 Large-Scale Projects

A total of 12 relevant projects in North America are either operating, operable but on hold, or the subject of detailed Front-End Engineering and Design (FEED) studies. Numerous laboratory-scale and pilot plant investigations also are progressing to pursue advanced concepts or aid in “scale-up” activities. Four of the 12 projects address NGCC application while the other eight focus on pulverized coal applications. The CO<sub>2</sub> capture technologies evaluated at large-scale to date – almost all absorption processes using amine-based solvents – are also evaluated for applicability to commercial (e.g., non-utility power generation) applications, such as natural gas processing and ethanol production.

Almost all projects are integrated systems that not only address CO<sub>2</sub> capture but also evaluate CO<sub>2</sub> transport and disposition via either Enhanced Oil Recovery (EOR) or onshore (geologic) sequestration. Some projects have favorable scaling and location advantages. They employ a capture process readily scaled from a pilot plant or large-scale process, and are located adjacent to an existing CO<sub>2</sub> pipeline, oil field, or a deep saline formation. Other projects address more risk in terms of scale-up and geologic storage of CO<sub>2</sub>.

### 1.2.1 Natural Gas/Combined Cycle Application

The four NGCC projects that employ CO<sub>2</sub> capture by absorption<sup>1</sup> with amine solvents were scheduled to report detailed engineering to DOE by late 2021.

- The Panda Sherman study evaluates a process employing a generic mono-ethanolamine (MEA) solvent applicable to a 740.6 MW (gross) Siemens “Flex Plant” generator. The disposition of CO<sub>2</sub> by either EOR or sequestration in an adjacent saline formation is possible with minimal pipeline construction.
- The Golden Spread Mustang station 430 MW (gross) unit with GE turbines will test a second-generation solvent (piperazine). It is being developed jointly by Honeywell and the University of Texas at Austin. This solvent – combined with the “flash-stripping” process improvement – is intended to reduce auxiliary energy demand and lower capital cost.
- The Mississippi Power Plant Daniel Unit 4 is a 525 MW (gross) unit that also will test a second-generation reagent. The reagent developed by Linde-BASF will be evaluated in concert with improved process design.
- The Elk Hills project builds upon prior work, advancing Fluor’s Econamine process by employing a second-generation solvent and refined process design. Notably, Elk Hills is distinguished by location. It is located within the existing Elk Hills oil field, with CO<sub>2</sub> use for EOR requiring construction of minimal pipeline infrastructure. A report prepared for the California Energy Commission cited Elk Hills as “...one of the most suitable locations for the extraction of hydrocarbons and the sequestration of CO<sub>2</sub> in North America.”<sup>2</sup>

For most of these projects, estimates of capital cost, operating cost, and the cost to avoid a tonne of CO<sub>2</sub> were to be reported to the DOE by the end of 2021. The sole publicly available costs for CCUS application to NGCC available currently are from a 2019 study conducted by DOE’s National Energy Technology Laboratory (DOE/NETL) addressing a hypothetical 646 MW (net) unit.<sup>3</sup> This DOE/NETL study reports the cost to include the 2017-vintage solvent (the Shell Cansolv, hereafter referred to as Cansolv) process in a “greenfield” NGCC units with GE 7FA gas turbines. These cost results are discussed with those for coal-fired duty subsequently in this summary section.

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<sup>1</sup> As subsequently addressed, absorption is the uptake of CO<sub>2</sub> into the bulk phase of another material. Absorption processes are featured in the present test plans, but alternative categories are anticipated to be equally competitive.

<sup>2</sup> Appendix F, URS Report on CO<sub>2</sub> Sequestration for California Energy Commission. 2010

<sup>3</sup> Cost and Performance Baseline for Fossil Energy Plants - Volume 1: Bituminous Coal and Natural Gas to Electricity, NETL-PUB-22638, September 24, 2019. Hereafter DOE/NETL 2019 Cost and Performance study. This analysis is presently being updated with results scheduled for a 3Q 2021 release.

### 1.2.2 Coal-Fired Application

Parallel work is underway to demonstrate CCUS for coal-fired duty, mostly exploring absorption processes. One alternative process (membrane) is being evaluated at one large-scale project, with additional alternatives explored at pilot scale.

Eight coal-fired projects are either operating, operable but on hold, or the subject of detailed FEED studies.

One project is operating while operations at a second plant have been suspended:

- SaskPower's 111 MW (net) Boundary Dam Unit 3 test of the Shell CanSolv process has operated since 2014. This "first-of-a-kind" application identified and resolved many operating issues during its first three years. Boundary Dam Unit 3 continues to operate. The CO<sub>2</sub> is transported approximately 45 miles for EOR or to a nearby site for geologic sequestration.
- NRG Petra Nova's 240 MW (net) test of the Mitsubishi Heavy Industries (MHI) Advanced Kansai Mitsubishi Carbon Recovery Process (KM-CDR) was suspended in 2020. The unit resolved numerous operating challenges (most with the cogeneration facility) during the first three years and transported CO<sub>2</sub> to the West Ranch oil field for EOR. However, the 2020 uncertainty in oil markets prompted Petra Nova owners to suspend operation due to unfavorable return on EOR investment.<sup>4</sup> Future operating plans are not publicly available.

The other six sites are conducting FEED or equivalent engineering studies. Five are evaluating absorption processes that are like those evaluated for NGCC units and the sixth is evaluating a membrane separation process:

- Minnkota Power Cooperative's 477 MW (gross) lignite-fired Milton R. Young Station. It is evaluating retrofit of the Fluor Econoamine FG process (also slated for large-scale testing at Elk Hills) for coal-fired duty. CO<sub>2</sub> captured will be directed to a saline reservoir essentially below the station footprint.
- Enchant Energy's San Juan Generating Station Units 1 and 4 (914 MW gross). The project is refining the MHI KM-CDR design of the absorption process used at Petra Nova. CO<sub>2</sub> captured will either be sequestered in the San Juan Basin formation (being characterized in partnership with New Mexico Institute of Mining and Technology as part of the DOE CarbonSAFE Phase III program), utilized for EOR in nearby oil fields, or transported via a 20-mile pipeline to Kinder Morgan's Cortez pipeline for EOR in the Permian Basin.
- Prairie State Generating Station 816 MW (gross) Unit 2 is evaluating a third application of the MHI KM-CDR process. CO<sub>2</sub> sequestration in Illinois is the subject of a companion study.<sup>5</sup>

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<sup>4</sup> See: <https://www.energyandpolicy.org/petra-nova/>.

<sup>5</sup> Whittaker, S., *Illinois Storage Corridor*, DOE NETL Carbon Capture Front End Engineering Design Studies and Carbon Safe 2020 Integrated Review Webinar, August 17-19, 2020.

- Public Power District's Gerald Gentleman Station's 300 MW (net) module in Nebraska will evaluate an absorption solvent developed by Ion Clean Energy at pilot-scale. Byproduct CO<sub>2</sub> from the Gerald Gentleman Station will be used for EOR at a nearby location.
- Basin Electric Dry Fork 385 MW (net) station is evaluating MTR's Polaris membrane<sup>6</sup> technology through a FEED study.
- SaskPower completed a FEED study exploring application of the KM CDR process at the Shand Station, utilizing CO<sub>2</sub> for EOR at both the Weyburn and Midale fields that are utilized by the Boundary Dam 3 project.

The available cost information and the effect of externalities such as Section 45Q tax credits are addressed subsequently.

### 1.3 Evolving Technologies

There are numerous technologies for CO<sub>2</sub> capture. In addition to absorption and membrane processes introduced, adsorption and cryogenic processes also could offer attractive features.

As noted, MTR's Polaris membrane option presents a viable alternative. The demand for heat energy to liberate CO<sub>2</sub> by absorption processes can be used to generate auxiliary power to overcome the membrane pressure resistance. Advanced membrane designs can improve performance in maintaining CO<sub>2</sub> removal effectiveness with lower gas pressure drop. Other than MTR membrane technology is being developed by Air Liquide, the Gas Technology Institute (GTI), and in academia (the Ohio State University and the University at Buffalo, for example).

Adsorption (as opposed to absorption) and cryogenic processes also are being researched on several pilot plants. Any one of these options could provide a competitive post-combustion process for either NGCC or coal-fired duty.

The Allam-Fetvedt cycle being developed by Net Power for natural gas or renewable gas is a long-term concept that also offers potential to provide cost-effective fossil fuel power with integrated CO<sub>2</sub> capture. This concept, which has been described as a specialized Brayton cycle, employs high-temperature, high-pressure CO<sub>2</sub> as the working medium for expansion in a turbine. The process fires oxygen with natural gas, eliminating nitrogen and the need for CO<sub>2</sub> post-combustion separation. There are technical challenges with this concept, including those related to exotic materials-of-construction as required to survive the high temperature and pressure that provide high inherent thermal efficiency. Claimed efficiency is approximately 40 percent for coal-fired application<sup>7</sup> and approaching 60 percent for natural gas fired application.<sup>8</sup> Significant

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<sup>6</sup> Membranes employ inherent differences in molecular permeation rates through porous material to separate compounds with difference molecular weights.

<sup>7</sup> Goff, A. et. al., Allam Cycle Zero Emission of Coal Power, Pre-FEED Final Report. Available at: <https://netl.doe.gov/coal/tpg/coalfirst/DirectSupercriticalCO2>.

<sup>8</sup> See: <https://energypost.eu/allam-cycle-carbon-capture-gas-plants-11-more-efficient-all-co2-captured/>.

private capital is being directed to developing this concept in addition to DOE funds. Two units cumulatively totaling 560 MW are slated for test operation by 2025.<sup>9</sup>

## 1.4 CO<sub>2</sub> Pipeline Infrastructure

U.S. pipelines have transported CO<sub>2</sub> since 1972, almost exclusively for EOR. The inaugural CO<sub>2</sub> pipeline service was in West Texas. There are approximately 5,500 miles of CO<sub>2</sub> pipelines presently in operation, with estimates of capacity to serve future CCUS needs ranging from a four-fold<sup>10</sup> to more than ten-fold<sup>11</sup> increase.

The major regions in the U.S. that host CO<sub>2</sub> pipelines typically are oil-producing basins of the Northern Rockies, Permian Basin, Mid-Continent, and the Gulf Coast.

In addition to CO<sub>2</sub> pipelines, the U.S. has even greater experience with successfully operating large pipelines for gaseous and liquids material transport. There are more than 535,000 miles of pipelines for transporting natural gas and hazardous liquids. While there are many similarities between pipelines carrying CO<sub>2</sub> and other materials, the biggest difference is operating pressure. CO<sub>2</sub> pipelines typically operate at higher pressures than natural gas and hazardous liquids pipelines. At a minimum, CO<sub>2</sub> pipeline pressure must be elevated to 1,070 pounds per square inch gauge (psig) for CO<sub>2</sub> to penetrate 1 kilometer (km) below the surface, the depth needed for effective sequestration. The minimum pressure transforms CO<sub>2</sub> into a supercritical fluid, exhibiting the characteristics of both a gas and liquid. Some CO<sub>2</sub> pipelines operate at pressures up to 2,200 psig,<sup>12</sup> requiring a secure pipeline structure including thicker walls.

The cost for CO<sub>2</sub> pipelines varies depending on a number of factors, including the pipeline diameter size, required operating pressure, site location, and length. The key metric is cost per inch-mile, where “inch” refers to the diameter of the pipeline and “mile” to the length of the pipeline in miles. Another key cost variable is determined by land ownership and the required compensation for right-of-way. Typically, the least-cost-per-mile pipelines are built in rural areas, transgress land of low-to-modest economic value, and are of extensive length to derive economies of scale. In contrast, the highest-cost-per-mile pipelines typically are relatively short and are built in commercial or residential areas with intermediate to high population density. For

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<sup>9</sup> 8 Rivers Unveils 560 MW of Allam Cycle Gas-Fired Projects for Colorado, Illinois, Power Magazine, April 15, 2021. Available at: <https://www.powermag.com/8-rivers-unveils-560-mw-of-allam-cycle-gas-fired-projects-for-colorado-illinois/>.

<sup>10</sup> U.S. Department of Energy, National Energy Technology Laboratory. (2015). *A Review of the CO<sub>2</sub> Pipeline Infrastructure in the U.S.*, DOE/NETL-2014/1681. Hereafter DOE/NETL 2015 Pipeline Infrastructure Study.

<sup>11</sup> Net –Zero America: Potential Pathways, Infrastructure, and Impacts. Available at: <https://environmenthalfcentury.princeton.edu/research/2020/big-affordable-effort-needed-america-reach-net-zero-emissions-2050-princeton-study>. Hereafter Princeton Net-Zero America study. Graphic 219.

<sup>12</sup> Meeting the Dual Challenge: A Roadmap to At-Scale Deployment of Carbon Capture, Use, and Storage, 2019, National Petroleum Council. Available at: <https://dualchallenge.npc.org/>. Hereafter NPC 2019\_Report. See Chapter 6, Table 6-1.

example, of six recently completed pipelines the cost per inch-mile varied by a factor of 2 ½. The 12.5-mile Seminole pipeline incurred a cost of \$80,000 per inch-mile (or \$0.48 M per mile), while the 9.1-mile Webster pipeline required almost \$200,000 per inch-mile (or \$3.2 M per mile).<sup>13</sup>

Byproduct CO<sub>2</sub> must be cleaned of contaminants that prompt corrosion or change fluid properties in a manner to increase pumping costs. All pipeline operators have standards defining CO<sub>2</sub> purity, limiting content of water, hydrogen sulfide, oxygen, and miscellaneous hydrocarbons such as glycol. Because of their high operating pressure, CO<sub>2</sub> pipelines are regulated by the Department of Transportation (DOT) under the Pipeline Hazardous Material and Safety Administration (PHMSA).

Finally, the concept of pipeline “hubs” – where geographically clustered CO<sub>2</sub> sources share pipelines with storage or EOR sites – is receiving interest. In contrast to “point-to-point” transport, hubs aggregate CO<sub>2</sub> from various sources to exploit economies of scale, reducing cost and complexity. One working example in North America is the Alberta Carbon Trunk Line. In the U.S., three hubs have been proposed. They are:

- The 1,200-mile Navigator Ventures hub, which is proposed to operate through several Midwestern states;
- The Summit Carbon hub, which is proposed to aggregate CO<sub>2</sub> from Midwestern ethanol plants; and
- A hub proposed by Exxon Mobil to aggregate CO<sub>2</sub> from facilities in the Houston Ship channel.

Such hubs are equally applicable to both EOR and saline reservoir sequestration applications.

## 1.5 Enhanced Oil Recovery (EOR)

EOR – defined as the injection of CO<sub>2</sub> at supercritical conditions within reservoirs to displace oil – is broadly practiced in North America. Six of the twelve CCUS projects cite EOR as the primary CO<sub>2</sub> fate. That EOR fields can safely retain CO<sub>2</sub> is not in question. Natural gas and oil have been entrapped in such formations for millions of years. Further, EOR provides the collateral benefit of lowering life-cycle emission of CO<sub>2</sub> for oil extraction by 40 percent to 63 percent.<sup>14</sup> The CO<sub>2</sub> storage capability alone is sufficient to accommodate numerous CCUS application. Estimates by DOE/NETL range from 186 billion tonnes to 232 billion tonnes.<sup>15</sup>

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<sup>13</sup> Ibid.

<sup>14</sup> International Energy Agency, “Storing CO<sub>2</sub> through Enhanced Oil Recovery, combining EOR with CO<sub>2</sub> storage (EOR+) for profit,” 2015. Hereafter IEA 2015 CO<sub>2</sub> EOR and Storage. Available at: [https://webstore.iea.org/insights-series-2015-storing-CO<sub>2</sub>-through-enhanced-oil-recovery](https://webstore.iea.org/insights-series-2015-storing-CO2-through-enhanced-oil-recovery).

<sup>15</sup> NETL Carbon Storage Atlas; Fifth Edition, DOE Office of Fossil Energy, August 2015. Hereafter 2015 DOE/NETL Storage Atlas. Available at: <https://www.netl.doe.gov/coal/carbon-storage/strategic-program-support/natcarb-atlas>.



EOR presents both advantages and disadvantages compared with saline reservoir sequestration. On the plus side, the cost and access to deploy EOR can be less challenging for the source than to sequester CO<sub>2</sub> in a new saline reservoir assuming the existing oil field is already well characterized. Further, EOR injection well design is required to abide by EPA's Underground Injection Control (UIC) Class II well designation requirements, which are less complex than Class VI designs required for geologic sequestration. On the minus side, EOR "sinks" for CO<sub>2</sub> are not uniformly distributed throughout the U.S. They are concentrated in oil-producing regions (e.g., the Permian Basin in Texas). Also, each field features unique geologic characteristics, and some may not be amenable to EOR. And, if Section 45Q tax credits (discussed in Section 9) are used, meeting the requirement to certify CO<sub>2</sub> sequestration could be challenging for some oil field operators.

There are more than 150 EOR sites in operation internationally,<sup>16</sup> with potential opportunities within the Permian Basin described by DOE as "too numerous to count".<sup>17</sup> Prominent examples include the Denver Unit in the West Texas Permian Basin, Bell Creek Field in the Powder River Basin of Montana, and the Northern Niagara Pinnacle Reef Trend in the Michigan Basin.

Historically, EOR fields are designed and operated to *maximize oil produced* with the amount of CO<sub>2</sub> contained incidental to operation. EOR strategy could evolve to maximize CO<sub>2</sub> sequestered while still prompting a significant increase in oil production. The International Energy Agency (IEA) has termed such a strategy as *Maximum EOR* and estimates this approach can contain 0.9 tonnes of CO<sub>2</sub> per barrel while increasing oil production by 13 percent.<sup>18</sup>

As previously discussed for pipelines, EOR economics are enhanced with hub transport, aggregating CO<sub>2</sub> from several sources for use within a region. The previously cited ExxonMobil hub to aggregate CO<sub>2</sub> from the Houston Ship channel is one such example.

Seven CCUS projects plan to or already employ EOR, such as the Weyburn and Midale oil field in Saskatchewan that utilizes CO<sub>2</sub> from Boundary Dam Unit 3. As previously noted, the West Ranch oil field was the primary repository for CO<sub>2</sub> captured from Petra Nova during operation until 2020. Elk Hills in Kern County, CA, plans to deploy EOR from the NGCC unit within the oil field "footprint" to extend oil production at an 111-year-old field. Other examples include San Juan Generating Station Units 1 and 4, for which the 70 EOR applications in the Permian Basin are a primary disposition of CO<sub>2</sub>.

EOR cost can be partially deferred by externalities such as the Section 45Q program.

## 1.6 Sequestration

Geologic storage or sequestration of CO<sub>2</sub> is defined as the high-pressure injection into underground rock formations that – due to their inherent geologic properties – trap CO<sub>2</sub> and

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<sup>16</sup> National Petroleum Council 2019 Report. See Chapter 8, Page 4.

<sup>17</sup> Balch, R., CUSP: The Carbon Utilization and Storage Partnership of the Western U.S., NETL Workshop on Representing Carbon Capture and Utilization, October 2018.

<sup>18</sup> IEA 2015 CO<sub>2</sub> EOR and Storage.

prevent migration to the surface. The estimated capacity of CO<sub>2</sub> storage via sequestration varies widely and exceeds that for EOR, from a low of 2,618 billion tonnes to a high of 21,978 billion tonnes of CO<sub>2</sub>.<sup>19</sup>

Sequestration presents both advantages and disadvantages compared with EOR. On the plus side, the geologic “sinks” for CO<sub>2</sub> are distributed across the U.S. In addition to saline reservoirs, potential sinks include unmineable coal seams and depleted natural gas and oil reservoirs. On the minus side, initiating a sequestration field requires detailed characterization of the site, modeling of the CO<sub>2</sub> plume, and rigorous analysis of injection well design. These and other requirements are established by EPA’s Class VI UIC regulations to protect underground sources of drinking water and can limit the CO<sub>2</sub> volume stored.

The optimal sequestration site will exhibit high porosity and interconnected pathways to disperse CO<sub>2</sub>, a feature offered by 75 percent of formations. Most common are subsurface rock formations with pores filled with saline and featuring caprock or otherwise impermeable seals that prevent CO<sub>2</sub> migration to the surface. The ideal formation also features alternating layers of low and high permeability rock. That allows the high-pressure saline and injected CO<sub>2</sub> to expand while still being contained under the impermeable caprock layers.

Several organizations have estimated sequestration cost, considering various attributes of the site, the design of injection wells, and mass of CO<sub>2</sub> injected.<sup>20</sup> NETL developed a model that for conditions relevant to U.S. application suggests the cost for sequestration using a saline reservoir (exclusive of pipeline capital and operating costs) ranges from \$8/tonne to \$13/tonne (2013 basis).<sup>21</sup> In 2019, preliminary cost estimates were as low as \$3/tonne of CO<sub>2</sub> for storage sites in the southeastern U.S. that feature excellent geologic conditions.<sup>22</sup> Storage cost is primarily affected by the depth of the formation, volume of CO<sub>2</sub> to be stored, number of injection wells required, purity of the CO<sub>2</sub> stream, existing land uses, and ease of deploying surface and subsurface CO<sub>2</sub> monitoring programs.

CO<sub>2</sub> has been successfully sequestered internationally since the mid-1990s. For example, the earliest efforts in Norway (the Sleipner and Snohvit projects) complemented by additional work provides a basis for North American activities. In Canada, notable projects in North America are Aquistore and Quest. In the U.S., projects in Illinois (Decatur) and at Alabama Power’s Barry Station (Citronelle) are being evaluated or are complete.

Perhaps the most important near-term sequestration studies are companion projects to the CO<sub>2</sub> capture projects. Enchant Energy’s plans are to direct CO<sub>2</sub> from San Juan Units 1 and 4 to the nearby San Juan Basin for saline storage or EOR. In Mississippi, Kemper County is being evaluated as a site for CO<sub>2</sub> disposition for three potential CCUS projects: two NGCC units at

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<sup>19</sup> DOE/NETL 2015 Storage Atlas.

<sup>20</sup> *FE/NETL CO<sub>2</sub> Saline Storage Cost Model: Model Description and Baseline Results*, July 18, 2014. DOE/NETL-2014/1659

<sup>21</sup> Rubin 2015. See Table 13

<sup>22</sup> Esposito, R.A., Kuuskraa, V.A., Rossman, C.G., and Corser, M.C. 2019. Reconsidering CCS in the U.S. fossil-fuel fired electricity industry under section 45Q tax credits. *Greenhouse Gas Science & Technology*, 0:1–14 (2019); DOI: 10.1002/ghg.1925



Plant Ratcliffe and Plant Daniel and a third at coal-fired Plant Miller. The permit application and Class VI well injector designs are complete for this site. Also notable is the Wyoming CarbonSAFE Storage Complex, which is planned to offer both EOR and sequestration in Campbell County, WY, for CO<sub>2</sub> disposition from the Dry Fork Station. Project Tundra will likewise use favorable geology at the capture site to sequester CO<sub>2</sub> 5,000 feet below the project sites near Center, North Dakota, for use at the Milton R. Young Generating Station project.

Finally, the “hub” pipeline strategy is being explored to extract economies of scale by developing regional CO<sub>2</sub> sequestration sites. Several states – most notably Illinois with the Illinois Storage Corridor – are completing in advance of CO<sub>2</sub> capture projects the environmental analyses and permits for pipeline construction. By completing the requisite background work, these efforts will enable rapidly initiating construction. Other notable efforts are the Integrated Midcontinent Stacked Carbon Storage (Kansas, Nebraska) and the Carbon Utilization and Storage Partnership. The latter is considering plans to aggregate CO<sub>2</sub> from sites in 13 different states. Challenges remain to implement the hub concept, but the benefits can be significant.

In summary, adequate CO<sub>2</sub> storage exists to support CCUS application in North America. On-going work aims to define the means to develop sites.

## 1.7 Cost Evaluation

Any discussion of CCUS cost starts with identifying the relevant metric(s). The most widely used cost metric is that to avoid a metric ton (tonne) of CO<sub>2</sub>. This is determined by aggregating all direct and indirect costs of CO<sub>2</sub> capture and storage normalized by the net CO<sub>2</sub> avoided.<sup>23</sup> This widely cited metric is the basis for cost reimbursement schemes such as Section 45Q credits. However, the cost to avoid a tonne of CO<sub>2</sub> is influenced by numerous factors, such as unit capacity factor and capital requirement. Consequently, this metric – without presentation of capital requirement, facility lifetime, and capacity factor – provides an incomplete cost description.

Figure 1-1 presents reported capital cost (\$/kW) and avoided cost per tonne (\$/tonne) for the large-scale projects and studies. The results are presented in order of increasing net generating capacity, thus accounting for auxiliary power consumed by CCUS. Two additional variables that affect cost are reported, including the planned lifetime of the facility (which determines annual capital recovery cost) and the operating capacity factor.

The CO<sub>2</sub> removal (percent basis) is not reported but is 90 percent for all units except at the Dry Fork Station. Unless noted, costs in Figure 1-1 represent CO<sub>2</sub> produced at the fence line and does not consider transportation and storage, or any credits for tax treatment.

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<sup>23</sup> For example, in regard to CCUS, CO<sub>2</sub> emissions generated by the power (MWh) consumed by CO<sub>2</sub> capture and storage equipment are not accounted for in the CO<sub>2</sub> removed, while cost associated with removal are.

## 1.7.1 NGCC

The four NGCC projects described in Section 3 – Golden Spread, Panda Sherman, Elk Hills, and the Daniel Unit 4 – were scheduled to deliver revised cost estimates to the DOE in late 2021. The sole NGCC cost presently available is the DOE/NETL 2018 study presently undergoing update.<sup>24</sup> Figure 1-1 shows the 2017-vintage Cansolv process requires \$1,600/kW for a site comprised of two F-Class gas turbines and HRSGs configured in a 2 x 2 x 1 arrangement and avoids CO<sub>2</sub> for \$80/tonne based on an 85 percent capacity factor and 30-year plant lifetime.

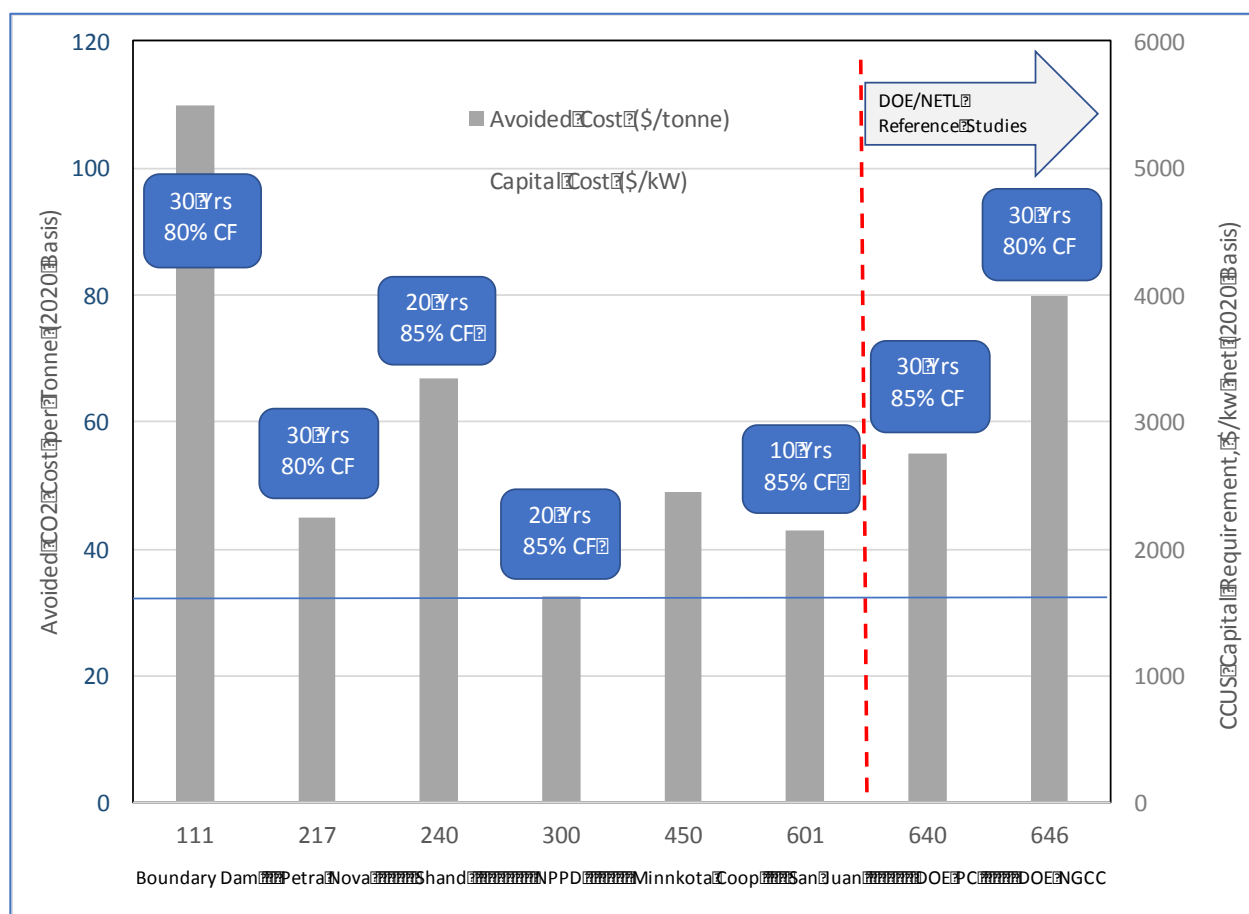


Figure 1-1. Capital Cost, Avoided CO<sub>2</sub> Cost per Facility Lifetime, Capacity Factor

## 1.7.2 Pulverized Coal

Figure 1-1 reports SaskPower Boundary Dam Unit 3 incurred the highest capital requirement of \$5,405/kW and cost per tonne of CO<sub>2</sub> avoided (\$110), a consequence of first-of-a-kind application and small capacity (111 MW net). NRG Petra Nova represents a 60 percent reduction in capital (\$2,500/kW) for a similar absorption process, initiating three years after Boundary Dam (2016) and applied to twice the generating capacity. The implied cost to avoid a tonne of CO<sub>2</sub> of \$67/tonne represents about a one-third reduction from Boundary Dam Unit 3. The SaskPower Shand proposed CCUS design projects 65 percent lower capital requirement

<sup>24</sup> DOE/NETL 2019 Cost and Performance Study.

(\$2,121/kW) and similarly lower avoided CO<sub>2</sub> cost compared with Boundary Dam Unit 3. The avoided CO<sub>2</sub> cost at Shand of \$45/tonne is calculated for a 30-year facility lifetime and 85 percent capacity factor.

Subsequent projects are not based on extensive experience and cost could be uncertain. The NPPD/Gerald Gentleman cost of \$1,420/kW and \$32.50/tonne to avoid CO<sub>2</sub> is preliminary – cited as a “Class 3” AACE cost estimate.<sup>25</sup> A capital recovery period of 20 years is employed in the analysis and an 85 percent capacity factor. A more detailed FEED study developed to a “Class 2” AACE basis will be available in late 2021. The process design for this unit is based on a 12 MW net pilot plant, introducing risk in terms of scaling operations and cost.

The Minnkota Power Cooperative Milton R. Young project will extend experience with the Fluor Econamine process, as derived from the 10 MW Wilhelmshaven pilot plant.<sup>26</sup> The scale-up to this 450 MW net site will also benefit from experience from the Petra Nova 240 MW large-scale test. Although Petra Nova employed a different CO<sub>2</sub> solvent, numerous scale-up lessons can be applied to this project. A preliminary capital cost has not been released, although an avoided cost estimate of \$49/tonne is predicted.

A FEED study addressing the Enchant Energy San Juan Generating Station will be completed by the end of 2021. This study will utilize the version of the MHI KM-CDR solvent that was tested and refined with Petra Nova experience. A predecessor cost study for application of a general amine-based system at this site estimated capital cost of \$2,150/kW. The cost to avoid CO<sub>2</sub> was \$42/tonne based on an 85 percent capacity factor and an implied lifetime of 10 years.<sup>27</sup>

NETL’s most recently published evaluation (2019) estimated CCUS capital for a 2017-vintage Cansolv process of \$2,454/kW and \$55/tonne to avoid CO<sub>2</sub>, based on an 85 percent CF and 30-year plant lifetime for a 650 MW net.<sup>28</sup> Opportunities to lower this cost are sought through process refinements, advanced solvents, and alternative capture processes.

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<sup>25</sup> The Association for the Advancement of Cost Engineering (AACE) International defines five classes of cost estimate accuracy. A Class 3 estimate addresses projects developed to a maturity level (e.g., percentage of complete definition) of 30-40 percent, and with 80 percent confidence projects cost over a range of 50 percent (-20 percent low to + 30 percent high). A Class 2 estimate addresses projects developed to a maturity level of 30 percent to 75 percent, with an 80 percent confidence to project costs to within 25 percent (-15 percent to +15 percent). Available at: [https://web.aacei.org/docs/default-source/toc/toc\\_18r-97.pdf](https://web.aacei.org/docs/default-source/toc/toc_18r-97.pdf).

<sup>26</sup> Reddy, S. et. al., Fluor’s Econamine FG PlusSM completes test program at Uniper’s Wilhelmshaven coal power plant, *Energy Procedia* 114 (2017) 5816-5825.

<sup>27</sup> Enchant Energy San Juan Generating Station – Units 1 & 4: CO<sub>2</sub> Capture Pre-Feasibility Study, Final Report, Sargent & Lundy, Project No. 13891-001, July 8, 2019. Although process lifetime is not described, the reported capital recovery factor of 0.1243 with a 4 percent interest rate implies a 10-year lifetime.

<sup>28</sup> Cost and Performance Baseline for Fossil Energy Plants Volume 1: Bituminous Coal and Natural Gas to Electricity, NETL-PUB-22638, September 24, 2019. Hereafter NETL Bituminous and NGCC 2019 Reference Study.

## 1.8 Financial Incentives

A description of potential CCUS credits and impact on cost are relevant to this discussion.

### 1.8.1 Description of Credits

Several means are available to partially defray CCUS costs. The Elk Hills project defrays cost through three mechanisms: Section 45Q tax credits, the California Low Carbon Fuel Credit (LCFC), and the California Cap-and-Trade program.

Section 45Q tax incentives are intended for power stations and industrial facilities based on the performance of CCUS equipment. Tax credits are awarded to the owner of the power station or qualifying CCUS process but can be transferred to parties involved in related project actions. To qualify, construction must initiate prior to January 1, 2026, and the credit can be claimed for up to 12 years.<sup>29</sup>

Section 45Q tax credits start at \$28/tonne for geologic sequestration and \$17/tonne for EOR in the initial year of 2018. These credits increase to \$50/tonne and \$35/tonne respectively in 2026 with the value beyond that period adjusted for inflation. Several changes are required to assure broad support of CCUS, such as extending the qualifying threshold for construction through 2035 and that credits can be claimed for 20 years.<sup>30</sup>

Tax credits are potentially available from a separate provision, Section 48A. These credits were initially intended for integrated gasification/combined cycle projects. One observer opines that qualifying criteria must be revised before CCUS-equipped units can access these funds.<sup>31</sup> The Section 48A tax credit could provide a 400 MW generating unit up to \$130 million (undiscounted) for installing CO<sub>2</sub> capture. For a regulated electric company, subject to traditional cost-of-service accounting and recognizing the benefits over the life of the asset, the present value (over 30 years) is \$57 million. That is complementary to the 45Q incentives.<sup>32</sup> However, because the credit is not transferable nor available as a direct payment tax credit, it provides no incentive to owners with little to no tax liability.

Some projects may be able to access the California Low Carbon Fuel Standard (LCFS) credit. The LCFS is intended to reduce the carbon intensity of transportation fuels used in California, structured to achieve a reduction of 20 percent by 2030 from a 2010 baseline. The California Air

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<sup>29</sup> Esposito, R.A., Electrical Utility Perspectives on CO<sub>2</sub> Geologic Storage and 45Q Tax Credits, A&WMA Mega Virtual Symposium, November 17-18, 2020. Esposito 2020.

<sup>30</sup> See: <https://www.carbonfreetechnology.org/Documents/CFTI%20Carbon%20Capture%20Summary%20Paper.pdf>.

<sup>31</sup> *Building to Net Zero: A U.S. Policy Blueprint for Gigatons-Scale CO<sub>2</sub> Transport and Storage Infrastructure*, prepared by the Energy Futures Initiative, June 30, 2021. Available at: <https://energyfuturesinitiative.org/efi-reports>. See page 53.

<sup>32</sup> Esposito, R. et. al., Improving the Business Case for CCS in the Electric Generation Industry, 15th International Conference on Greenhouse Gas Control Technologies, GHGT-15 15<sup>th</sup> 18<sup>th</sup> March 2021 Abu Dhabi, UAE. Hereafter Esposito 2021.

Resources Board (CARB) has established protocols for calculating the LCFS credits based on the performance of the CCUS project, and the carbon intensity of the fuel being processed or refined. The carbon metric of merit is the well-to-wheel grams of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) per megajoule of energy expended (as gigajoules, MJ) and calculated per CARB-designated methodologies.<sup>33</sup> These carbon intensity credits – after surrendering 8 percent to 16.4 percent to establish a “buffer” – can be sold in the LCFS market.

California-based projects such as Elk Hills also can sell CO<sub>2</sub> credits into the California Cap-and-Trade program to augment revenue from LCFS and Section 45Q CO<sub>2</sub> credits. This program assigns “CO<sub>2</sub> equivalent” credits to 80 percent of sources in California, and each year lowers the allocation while increasing the market floor price to prompt a steady market.

### 1.8.2 Impact on Cost

The availability of Section 45Q tax credits can significantly reduce the ultimate cost incurred for CCUS. However, the structure of support – a credit awarded only after CO<sub>2</sub> capture, transport, and storage facilities are operating and CO<sub>2</sub> storage documented – requires the owner first to raise the necessary capital. For NGCC, an example greenfield 400 MW gross (~330 MW net) generating unit would require a capital cost of approximately \$500 M to \$510 M (\$1,550/kW) for CCUS, exclusive of transport and sequestration costs.<sup>34</sup> An average annual value of Section 45Q credits of \$40M translates into a net present value of \$340 M, offsetting 66 percent of the \$510 M capital charge required. This offset can be increased to 90 percent of the required capital (\$460 M of \$510 M) by extending the credits for an additional eight years.

For pulverized coal, an example retrofit 400 MW (~330 MW net) generating unit would require a capital cost of approximately \$1.2 B to \$1.3 B (\$2,500/kW) in capital, exclusive of transport and sequestration costs. An average annual value of Section 45Q credits of \$130 M translates into a net present value of \$1.1 B, offsetting 85 percent of the \$1.3 B capital charge. This offset can be increased to 100 percent of the required capital by utilizing the same Section 45Q structure by extending credits for an additional six years.

The value of the offsets will vary with each unit, site, and operating conditions. Among the variables are capacity factor, operating lifetime, and CO<sub>2</sub> capture. The impact on cost to avoid a tonne of CO<sub>2</sub> also depends on the financing and tax liability characteristic of each site.

## 1.9 Conclusions

Collectively, the nine planned large-scale projects – four addressing NGCC and five coal-firing – will provide valuable experience in CCUS. These research activities and large pilot plant investigations such as that planned at Dallman will improve CCUS reliability and identify lower capital and operating cost.

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<sup>33</sup> The well-to-wheel reduction in carbon intensity is calculated per the CA-GREET and GTAP models.

<sup>34</sup> Esposito 2020.

Capital and operating cost estimates presently available are limited, but nine detailed (FEED) studies were to be completed by the end of 2021.

That the bulk of these projects address CO<sub>2</sub> absorption with amine-derived solvents is not an endorsement of that category to the exclusion of others. Rather, this observation reflects several factors, including the suitability of absorption processes to CO<sub>2</sub> concentration typical of combustion products and electric power industry experience with absorber towers. These projects pursue an orderly development. For example, the Enchant Energy San Juan and Prairie State projects will build upon the refinement to the MHI second-generation KM CDR solvent while Elk Hills will leverage prior NGCC experience with the Fluor Econamine process. The test at the Minnkota Power Cooperative Milton R. Young Station will further extend Econamine experience to large-scale coal-firing.

Alternatives to absorption-based processes (membranes, adsorption, and cryogenic capture categories) could provide processes at lower cost. Additional research and large-scale testing are necessary to evolve these technologies.

Transport of CO<sub>2</sub> via pipeline can be accommodated, but it will require a major expansion of capacity requiring a significant financial investment. The cost for transport can be reduced by evolving to a common-carrier or “hub” concept, enabling several sources and CO<sub>2</sub> sinks to share common cost. EOR and saline reservoir sequestration offer means for disposition of CO<sub>2</sub>, although each faces challenges. The most-significant challenges may be non-technical, concerning access, right-of-way, and public perception of the importance for terrestrial sequestration.

The present CCUS projects can be considered analogous to early flue gas desulfurization (FGD) installations from which evolved 21<sup>st</sup> century state-of-the-art designs. Numerous early wet FGD installations encountered performance and reliability issues but served as the basis for process improvement. Examples include Commonwealth Edison 175 MW Will County Unit 1 (1972), Kansas City Power and Light 820 MW La Cygne (1972), Arizona Public Service Cholla 115 MW Unit 1 (1973), and Southern California Edison 170 MW Mohave Unit 1 (1974).<sup>35</sup> These processes employed first-of-a-kind concepts that long-since have been abandoned, such as turbulent contactors with “ping pong balls” and packed towers with plastic “eggcrate” packing to improve mass transfer. These early installations were challenged to achieve 90 percent SO<sub>2</sub> removal and operated with less than acceptable reliability. However, research at the Tennessee Valley Authority’s (TVA’s) Shawnee Test Facility and the Electric Power Research Institute’s (EPRI’s) Arapahoe Test Facility and High Sulfur Test Center addressed these issues. The single, open spray tower for wet FGD evolved from this experience. The design evolution continued into the 21<sup>st</sup> century. By 2005, Babcock Power noted that a single spray tower would be adequate to process 800 MW to 1000 MW of generation, down from three absorption towers needed

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<sup>35</sup> A History of Flue Gas Desulfurization Systems Since 1850, Journal of the Air Pollution Control Association, 27:10, 948-961, DOI: 10.1080/00022470.1977.10470518 Available at: <https://doi.org/10.1080/00022470.1977.10470518>.

previously.<sup>36</sup> Similar evolutions in FGD included dual alkali and semi-dry processes that provided alternatives and maintained competitive pressure on conventional wet FGD.

This same path of innovation and scale-up – with adequate resources for research and an amenable timetable for development – has potential to deliver cost reductions and improvement to reliability for CO<sub>2</sub> capture and safe disposition of byproduct.

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<sup>36</sup> See: <https://www.power-eng.com/news/looking-for-a-good-scrubbing-todayrsquos-fgd-technology/#gref>.

## 2 Introduction

### 2.1 Background

CCUS technology is continuing to advance in North America. Two development projects at coal-fired power stations have operated. Four additional applications to natural gas/combined cycle (NGCC) units and five applications to coal-fired units are planned. Success in generalizing CCUS technology and lowering cost and risk require these planned projects to proceed, supplemented by additional research and development on advanced concepts.

Key to a discussion of CCUS evolution is a definition of the varied scale and scope of testing. Table 2-1 summarizes the various categories of test facilities cited in this paper. Table 2-1 is not the sole interpretation of the varied stages of development but is proposed to enable discussion.

As described in Table 2-1, the first three categories are directed to exploratory studies, with large-scale tests best reflecting the authentic conditions encountered in commercial duty. The fourth, when operated over extended periods (ideally several years) serves as the basis to identify the technical and economic feasibility of an evolving process. Two such projects are either operating or on hold (pending economic conditions) and will be addressed in Section 3. However, there are nine projects presently conducting Front End Engineering Design (FEED) studies that are a first step to a large-scale project. The FEED study is a significant engineering undertaking whereby a system is designed, and a cost developed for a large-scale application. FEED projects are subsequently described for Section 3 for NGCC and Section 4 for coal-fired application.

The large-scale projects are a key step to ultimate commercialization. Ideally, commercialization is achieved when a process successfully operates over a wide range of coals, varied sites, and ambient conditions, as well as having a supplier who can provide a performance guarantee. Differences in fuel composition that determine trace and residual species such as sulfur trioxide ( $\text{SO}_3$ ) and related aerosols, and trace metals may enable successful operation of a specific coal rank but not a second coal rank. Each test program and insight gained from the FEED studies will contribute to achieving this goal.



Table 2-1. Process Testing Categories

Facility	Description
Bench-scale	<ul style="list-style-type: none"> <li>Typically use synthetic gas created to simulate flue gas.</li> <li>Employ laboratory hardware that is flexible. Provides insight to fundamental principles but does not reflect authentic duty.</li> <li>Test duration is typically hours.</li> </ul>
Small Pilot Scale	<ul style="list-style-type: none"> <li>Small size enables rapid parametric testing with authentic flue gas of key variables: mixing, residence time, or surface area per unit gas flow (for membrane-based systems).</li> <li>Gas flow rate equivalent to that processed to deliver 0.25 MW to 5 MW. Lower range is typified by process equipment at National Carbon Capture Center.</li> <li>Test duration can vary from hours to days/weeks depending on test objective.</li> </ul> <p><i>Note: The higher end of the range – from 1MW to 5 MW – recently designated by the NETL as Engineered Scale but in this report treated as small pilot.</i></p>
Large Pilot Scale	<ul style="list-style-type: none"> <li>Processing gas flow equivalent to 5 MW to 25 MW. Offer more authentic conditions in terms of flue gas composition, surface area/volume ratio of reactor vessels.</li> <li>Extended test duration to months and/or years.</li> </ul> <p><i>Note: DOE considers 10 MW a minimum large pilot plant size with an upper limit of 25 MW.</i></p>
Large-Scale System	<ul style="list-style-type: none"> <li>Large-scale systems are at least 100 MW equivalent gas flow.</li> <li>Operate for sustained periods – typically multiple years.</li> <li>Facilities enable varying operating parameters but expose process equipment to authentic operating conditions, including startup/shutdown duty.</li> </ul> <p><i>Note: Both the Boundary Dam Unit 3 and the NRG Petra Nova projects comprise large-scale tests.</i></p>

As of September 2021, there are 12 CCUS projects relevant to application in North America operating, capable of operating but on hold, or the subject of detailed engineering studies (typically referred to as Front End Engineering and Design, or FEED, studies). Figure 2-1 depicts the location of these projects throughout North America. Most have access to existing CO<sub>2</sub> pipelines or sites for either EOR or geologic sequestration. Of these projects, four address NGCC and eight pulverized coal-fired application. In addition, several large pilot plant tests are planned or in progress and numerous laboratory-scale investigations are looking to develop lower cost prospects.

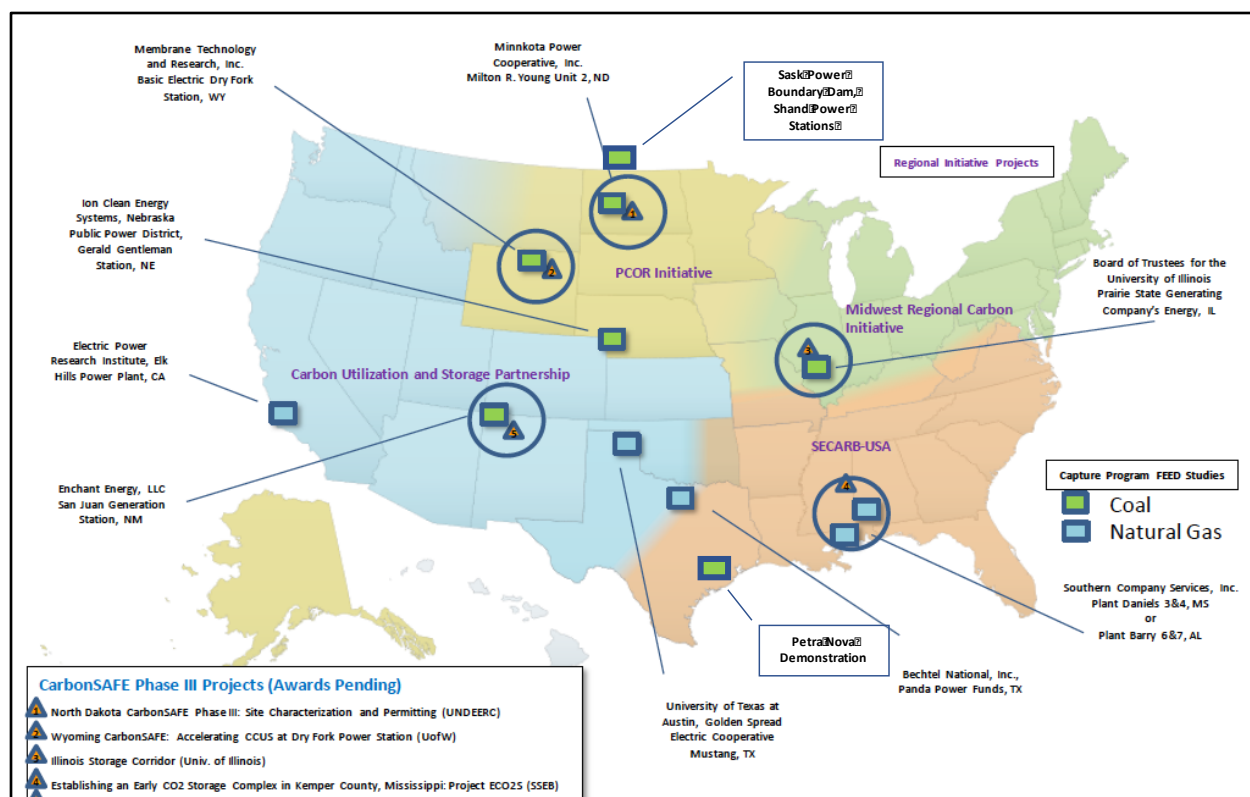


Figure 2-1. Location of CCUS NGCC and Coal-fired Projects in North America

The scope of this paper addresses both existing and planned large- or pilot-scale CO<sub>2</sub> capture projects that employ either absorption, adsorption, or membrane concepts. That the discussion focuses on recent North American projects is not meant to diminish the contribution of international work, but highlights activities with near-term payoff for U.S. application. Also addressed – and equally important – are pipeline construction and transport issues (including common carrier or “hub” concepts) as are CO<sub>2</sub> utilization for EOR and geologic sequestration. The cost basis for these projects is reviewed, including the role of Internal Revenue Service (IRS) tax credits thorough Section 45Q and other provisions. Although applicable only to new generation, the potential of the Allam-Fetvedt cycle as proposed by NET Power is addressed.

## 2.2 Evolution to NGCC Applications

Interest in CCUS application to NGCC has evolved considerably in recent years. There are numerous reasons for this shift, likely led by the anticipated prominent role of NGCC in future generation. It is insightful to compare the difference in process conditions between NGCC and coal-fired applications as a prelude to the discussion of CCUS projects for NGCC (Section 3) and coal-fired duty (Section 4).

Table 2-2 summarizes the key differences in gas composition from NGCC versus pulverized coal-fired applications that would be treated for CO<sub>2</sub> capture. The differences in application are described by four categories of gas characteristics: the concentration of CO<sub>2</sub> and O<sub>2</sub>, trace constituents, gas temperature, and gas volume.

Table 2-2. Comparison of CCUS Process Conditions: NGCC vs. Pulverized Coal

Application	Gas Temp (°F)	CO <sub>2</sub> (%)	H <sub>2</sub> O (%)	SO <sub>2</sub> (ppm)	O <sub>2</sub> (%)	NO <sub>x</sub> (ppm)	Particulate Matter, Residual NH <sub>3</sub>
NGCC	~260-280	~4	8	~0	15	~2-15	PM ~ negligible NH <sub>3</sub> : ~1-2
Pulverized Coal	~135-200	~11-12	15	20-80	4-6	20-50	PM: 0.03 gr/scf NH <sub>3</sub> ~1-2 ppm

Concentration of CO<sub>2</sub> and Oxygen (O<sub>2</sub>). The content of CO<sub>2</sub> in NGCC flue gas is about one-third of that in coal, due primarily to excess O<sub>2</sub> being two to three times higher in NGCC. The lower content of CO<sub>2</sub> has a mixed effect on capture efficiency. The lower gas content reduces the amount of CO<sub>2</sub> to be removed to achieve a target emission rate but reduces the “driving force” for high capture efficiency. The high excess O<sub>2</sub> in NGCC can complicate some processes. For example, the amine-based solvents are susceptible to oxidation and can lose effectiveness.

Trace Constituents. The most significant difference between NGCC and pulverized coal flue gas is the content of trace constituents, either from coal composition or the combustion process. Notable is the difference in sulfur dioxide (SO<sub>2</sub>), which is negligible for NGCC but ranges up to 20-80 ppm for coal-fired, FGD-equipped units. As discussed in Section 4, CO<sub>2</sub> capture processes typically employ a SO<sub>2</sub> “polishing” step that lowered content to below 10 ppm.

Nitrogen oxides (NO<sub>x</sub>) will also vary. NGCC units with selective catalytic reduction (SCR) NO<sub>x</sub> control will contain approximately 5 ppm of NO<sub>x</sub> (@ 15 percent O<sub>2</sub>). Further, the SCR process introduces residual NH<sub>3</sub> that can range up to 2 ppm or higher during load changes. The NO<sub>x</sub> concentration from coal-fired units is much higher as the nitrogen content of the coal is a key source. For most coal-fired units equipped with SCR, flue gas will contain 20 to 40 ppm. Pulverized coal units not equipped with SCR generate up to 100 ppm (@ 3 percent O<sub>2</sub>) of NO<sub>x</sub>.

Gas Temperature. The temperature of gas processed from coal-fired units equipped with FGD is 80-125°F lower than NGCC units. Water injected into wet or semi-dry FGD lowers temperature. This initial temperature can be important in the design and operation of “pre-treatment” steps to further lower temperature and reduce SO<sub>2</sub> as previously described.

Gas Volume Processed. The gas flow processed per generator output (as MW) is typically larger for NGCC than for a coal-fired unit, despite the higher thermal efficiency which NGCC units usually exhibit. Comparing flue gas treated for CCUS from a subcritical pulverized coal versus a F-Class NGCC unit both generating 650 MW net after retrofit shows NGCC gas flow exceeds that from coal by 20 percent on a volume basis.<sup>37</sup> The gas volume to be treated varies with gas turbine design and combined cycle configuration and is largely due to excess O<sub>2</sub> content of 15 percent, compared to 3 percent to 5 percent O<sub>2</sub> typical of pulverized coal.

<sup>37</sup> DOE/NETL 2019 Cost and Performance Study. See comparison of gas flow rate entering CCUS process for Cases B31A/B and Case B11A/B. The relative magnitude will depend on the specifics of the gas turbine and NGCC configuration.

Boundary Dam 3 results identified issues with “amine health” induced by flue gas constituents, and recommended steps to extend solvent use<sup>38</sup> with lower SO<sub>2</sub> content being one factor. Particulate matter content is negligible for NGCC but can be 0.01-0.5 grains/dry scf for coal units. Particulates also are cited as a potential source for solvent degeneration.

### 2.3 Non-Utility (Industrial) Applications

CCUS experience on sources that are not electric generating units can be informative to utility duty. However, there are differences in gas composition – even greater than the differences between NGCC and pulverized coal electric generating units represented in Table 2-1 – that limit the applicability. Most notable is the difference in CO<sub>2</sub> content, which determines the “driving force” for CO<sub>2</sub> transfer from the gas stream to a solvent or solid media and thus cost of capture.

Figure 2-2 presents the CO<sub>2</sub> content of the gas stream (expressed as a concentration or mol basis) from 12 categories of industrial processes to which CCUS has been applied.<sup>39</sup> Figure 2-2 also shows the range of CO<sub>2</sub> content for electric generating units reported in Table 2-1.

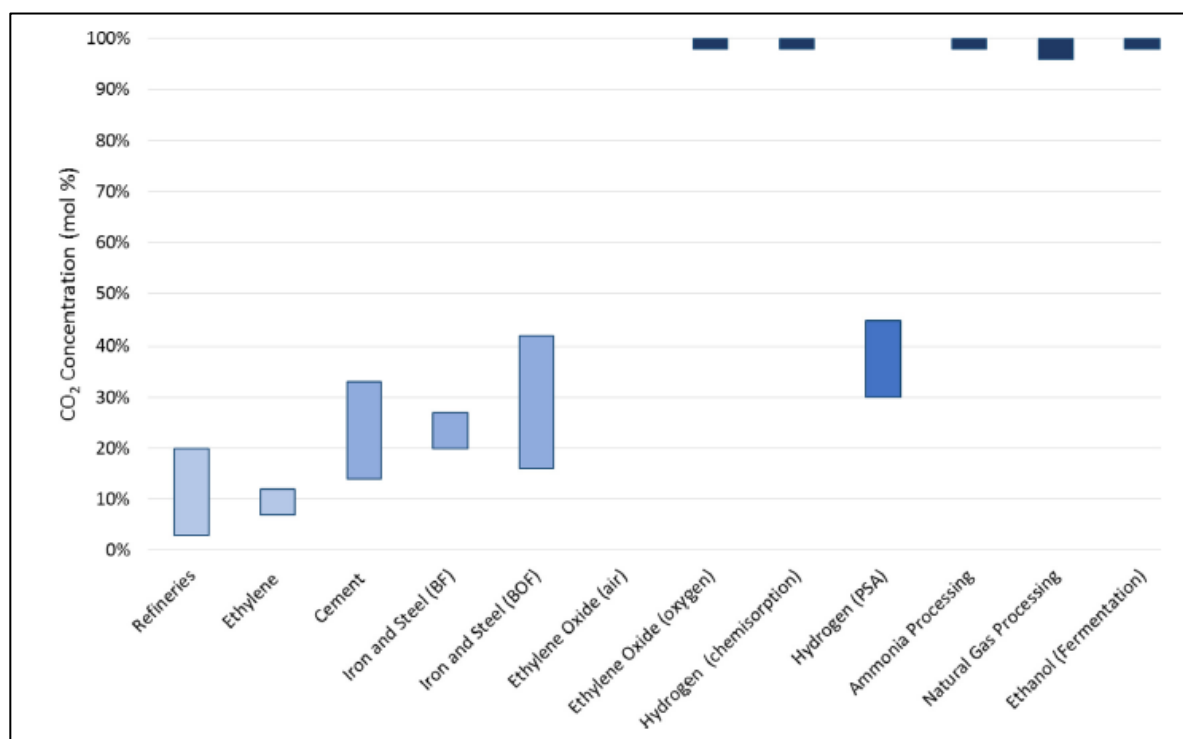


Figure 2-2. CO<sub>2</sub> Concentration (Mol Percent) of Various Industrial Sources

<sup>38</sup> Giannaris, S. et. al., SaskPower’s Boundary Dam Unit 3 Carbon Capture Facility – The Journey to Achieving Reliability, 15th International Conference on Greenhouse Gas Control Technologies, GHGT-15, 15th -25th March 2021, Abu Dhabi, UAE. Hereafter Giannaris et. al. 2021.

<sup>39</sup> Bains, P. et. al., CO<sub>2</sub> Capture from the Industry Sector, Progress in Energy and Combustion Science, 63 (2017) 146172.

Almost all industrial applications feature a CO<sub>2</sub> content exceeding that of electric generating units, some by a factor of up to eight to 10. Further, gas flowrate is typically far less for industrial application, thus simplifying design and contributing to lower cost. Other process features such as the temperature of the gas treated and the presence (or absence) of trace constituents affect performance and cost, too.

In summary, industrial experience can be insightful to utility applications but success at these conditions does not constitute a utility demonstration.

## 2.4 Process Categories

CO<sub>2</sub> flue gas capture processes are typically classified into four categories, as illustrated in Figure 2-3: absorption, adsorption, membranes, and cryogenic.

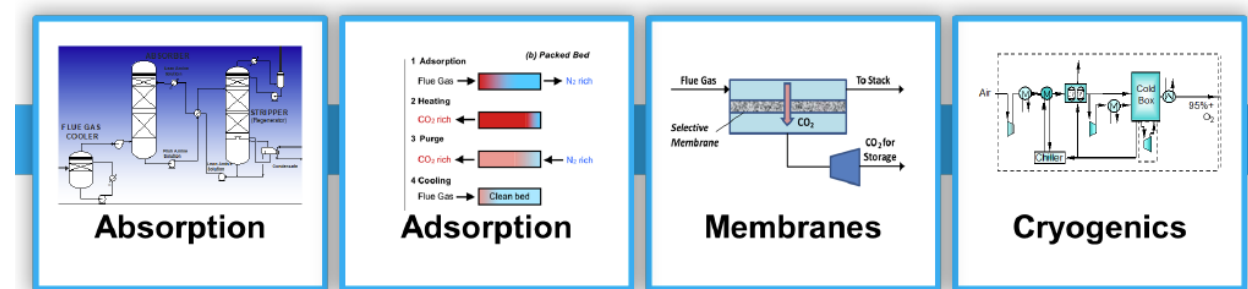


Figure 2-3. Four Categories of Capture Technology

(Source: EPRI Carbon Capture 101 Briefing, 2019)<sup>40</sup>

*Absorption* employs uptake of CO<sub>2</sub> into the bulk phase that forms a chemical or physical bond to a solvent or other carrier material. In contrast, *adsorption* is uptake onto the surface via a physical or chemical binding to a solid sorbent surface. *Membranes* employ variations in molecular permeation rates through porous material to separate compounds with different molecular structure. *Cryogenic* methodologies utilize difference in boiling points of gasses to separate by condensation.

Processes in any of these categories can provide effective CO<sub>2</sub> control over the long term. Each category features advantages and disadvantages in terms of CO<sub>2</sub> removal capability, energy penalty, and impacts on host plant operation. All four categories are equally applicable to natural gas and coal-fired flue gas. The fact that most large-scale operating processes and those subject to a FEED study are absorption and employ amine solvents does not designate this category as the preferred approach. Rather, the predominance of absorption processes employing amine-based solvents is a consequence of several factors. This includes the fact that amine-based solvents are well-suited to CO<sub>2</sub> concentration typical of combustion products as compared with natural gas processing. There also is experience to date with amine-based solvents, which

<sup>40</sup> Espinoza, N., Carbon Capture 101 Briefing, April 2019. Available at: <http://www.curc.net/webfiles/CCS%20101%20Briefing%20Series/Briefing%202/EPRI%20Slides.pdf>. Hereafter Espinoza 2019.

minimizes financing risk. And the familiarity of the electric power industry with absorption towers from FGD experience could also be a contributing factor.

Discussion of these categories and specific emerging technologies is presented in Section 5.

## 2.5 The Role of Large-Scale, Long-Term Tests

The electric power industry has a half century of experience identifying candidate control technologies, determining which is the most feasible, and proving these through various stages of bench-scale, pilot-scale, and large-scale projects. This approach was successful in developing the state-of-the-art advanced control technologies for particulate matter, FGD, and NO<sub>x</sub> that evolved from 1970s-era laboratory and pilot-scale studies.<sup>41</sup>

It is important to distinguish between an environmental control technology as either commercial or demonstration status. A control technology is considered commercial when a process or performance guarantee can be offered by a supplier, enabling the owner to enter into a business agreement with confidence. Demonstration-phase projects, almost without exception, require external funding – typically government – so the design includes significant margin to meet reliability or performance targets.

The same approach that evolved into present-day controls for PM, FGD, and NO<sub>x</sub> is being undertaken to develop feasible CO<sub>2</sub> removal processes. Long-term operation of large-scale projects is required to identify aspects of process operation not evident from laboratory or pilot plant testing. For example, second-generation amine-derived solvents for CO<sub>2</sub> absorption feature improved resistance to oxidation by O<sub>2</sub> and dissolved iron, nitrosation by NO<sub>2</sub>, and production of aerosols by fine ash particles and sulfur trioxide.<sup>42</sup> Long-term tests at SaskPower Boundary Dam Unit 3 identified these shortcomings not observed in after previous laboratory tests. This experience was critical to identify issues with and solutions for amine health.<sup>43</sup>

## 2.6 Value Chain

Successful use of CCUS to remove significant CO<sub>2</sub> from the national inventory requires not only reliable and effective capture technology, but the creation of an entire “value chain” of components. The key components in this value chain are CO<sub>2</sub> compression, transport, the disposition in a safe and ideally useful manner, and analytical and monitoring techniques.

First, compression technology is required to elevate CO<sub>2</sub> from atmospheric to high-pressure supercritical conditions, enabling effective transport and terrestrial injection. Second, pipeline

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<sup>41</sup> Flue Gas Desulfurization Systems: Design and Operating Considerations. Volume II, Technical Report. EPA-600/7-78-030b, March 1978. Available at: <https://nepis.epa.gov>.

<sup>42</sup> Accelerating Breakthrough Innovation in Carbon Capture, Utilization, and Storage: Report of the Mission Innovation Carbon Capture, Utilization, and Storage Experts Workshop: Mission Innovation, September 2017. Available at: <https://www.energy.gov/fe/downloads/accelerating-breakthrough-innovation-carbon-capture-utilization-and-storage>.

<sup>43</sup> Giannaris et. al. 2021.

infrastructure alone requires near-term investment for capital and labor estimated at \$30.9 B and an additional \$44.5 B by mid-century.<sup>44</sup> Pipeline design is expected to evolve from point-to-point duty to “common carrier” capabilities, which aggregate numerous sources to an array of storage sites.

Regarding CO<sub>2</sub> storage, EOR is an element of the CCUS value chain that earns revenue for the captured and compressed CO<sub>2</sub> byproduct. However, to fully support this revenue stream, the operation of target oil fields must be understood and optimized to maximize the tonnes of CO<sub>2</sub> stored per additional barrel of oil liberated. The terrestrial sequestration of CO<sub>2</sub> does not earn revenue and requires analysis to identify the best sites to provide for safe, long-term sequestration. Finally, monitoring technologies to account for CO<sub>2</sub> fate are expected to continue evolving.

## 2.7 Report Overview

This report is comprised on nine sections, including the Summary and an Introduction section. *NGCC Applications and Engineering Studies* are described in Section 3, followed by *Coal-Fired Applications and Engineering Studies* in Section 4. *Evolving CO<sub>2</sub> Capture Technologies* is presented in Section 5 while Section 6 discusses *Pipeline Transport*. The disposition of CO<sub>2</sub> is addressed in *Enhanced Oil Recovery (EOR)* (Section 7) followed by *Sequestration* (Section 8). The final Section 9 addresses *Installed Process Costs* which compares available cost data and the potential to offset costs through tax credits.

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<sup>44</sup> Abramson, E. et. al., Transport Infrastructure for Carbon Capture and Storage, Great Plains Institute, June 2020.



### 3 NGCC Applications and Engineering Studies

As of September 2021, four NGCC units are the subject of FEED studies.<sup>45</sup> These are Golden Spread Cooperative Mustang Station (Denver City, TX), Panda Power (Temple, TX), Elk Hills Power Plant (Tupman, CA), and Mississippi Power Plant Daniel (Moss Point, MS). In addition, DOE/NETL completed a conceptual design and cost evaluation of a hypothetical reference.<sup>46</sup> A 2021 update of these results is expected to be available soon.<sup>47</sup>

Table 3-1 summarizes the key features of the four NGCC projects and presents results from the DOE/NETL reference study. Each host site is unique and will provide takeaways that can be applied to future applications. Table 2-1 summarizes for each host site the specific gas turbine, the arrangement of the heat recovery steam generator (HRSG) and steam turbine, gas volume processed, and CO<sub>2</sub> capture technology utilized. Also reported is the target CO<sub>2</sub> removal (as percentage reduction and in some cases annual tonnes), and the fate of CO<sub>2</sub> captured (e.g., EOR or sequestration). Where available, the length of CO<sub>2</sub> pipeline required and results of cost studies available as of September 2021 also are presented.

#### 3.1 Golden Spread Electric Cooperative (GSEC) Mustang Station<sup>48,49</sup>

The GSEC Mustang Station employs two GE 7FA gas turbines, each equipped with a HRSG that supplies a single Alstom steam turbine generator (2 x 2 x 1 arrangement). The GE 7FA turbines employ dry low NO<sub>x</sub> combustion and generate less than 15 ppm (@15 percent O<sub>2</sub>) of both NO<sub>x</sub> and CO. The flue gas flow volume is processed using a second-generation amine solvent and innovative absorption process design developed by the University of Texas at Austin and Honeywell/UOP.<sup>50</sup> This advanced amine solvent is of the class denoted as piperazine (C<sub>4</sub>H<sub>10</sub>N<sub>2</sub>), which features two reactive amine groups per molecule, thus increasing CO<sub>2</sub> absorption capacity.

<sup>45</sup> In October of 2021 the DOE awarded funds for three additional FEED studies that will initiate in 2022. These projects are identified in this section, but additional information is not publicly released.

<sup>46</sup> DOE/NETL 2019 Cost and Performance Study.

<sup>47</sup> Personal communication, Tim Fout of NETL, March 10, 2021.

<sup>48</sup> Rochelle, G., Piperazine Advanced Stripper (PZAS™) Front End Engineering Design (FEED) Study: NGCC at Denver City, TX. DE-FE0031844. U.S. Department of Energy National Energy Technology Laboratory Carbon Capture Front End Engineering Design Studies and CarbonSAFE 2020 Integrated Review Webinar, August-17-19 2020. Hereafter DOE/NETL CCUS August 2020 Review Webinar.

<sup>49</sup> Rochelle, G., CO<sub>2</sub> Capture from Natural Gas Combined Cycles, AWMA Virtual conference, November 17-18, 2020.

<sup>50</sup> UOP: formerly known as Universal Oil Products.



Table 3-1. NGCC CCUS Applications: Comparison of Key Site Features

Station/ Unit	Capacity, MW [gross(g) or net (n)] (Layout)	Flue Gas Volume (Mft <sup>3</sup> /h)	Capture Technology:	CO <sub>2</sub> Removal	CO <sub>2</sub> Fate	Pipeline Access	Site Feature	Cost Results: Reported or Expected
Golden Spread/ Mustang	430(g) (2 x 2 x 1)	90	Honeywell/ UT Austin. Second generation solvent (piperazine)	90% target	EOR	<5 mile to Este pipeline for 128-mile transport to Salt Creek	Several CO <sub>2</sub> pipelines converge; low-cost fuel for aux steam	End-of-Year (EOY) 2021
Panda/ Sherman	614(g)/594(n) (2 x 2 x 1)  741(g)/717(n) (w/duct firing)	144	Generic MEA conventional absorber/ stripper	90% target	- primary: saline fields, - secondary: EOR options	None at present but planned nearby	Nearby saline reservoir and EOR; planned pipeline for both options.	EOY 2021
Elk Hills	550(g) 2 x 2 x 1 (w/duct-firing)	99	Econamine FG <sup>+</sup>	90% target (4,000 tonnes/d)	EOR, storage	Maximum ~ 8 miles within existing field	Existing oil reservoirs documented for EOR, storage	EOY 2021
Daniel 4	525(n) (2 x 2 x 1)	95	Linde-BASF OASE® blue solvent	90% target	Saline storage - Kemper County, MS	Pipeline requirement evaluated for multiple sources	Regional storage site proposed; costs ~\$3- 5/tonne	EOY 2021
DOE/NETL Reference	690(g)/646(n) (2 x 1 x 1)	160	CanSolv	90%	Off-site saline storage	Included in \$3.5 /MWh		Capital: \$1,595/kW CO <sub>2</sub> \$/tonne: \$80-102

The piperazine solvent has been tested at pilot scale since 2010, with results suggesting an increased CO<sub>2</sub> absorption capacity which reduces the size needed for the absorption tower. The process developer also reports piperazine features improved resistance to degradation, oxidation, and requires lower regeneration energy (2.8 GJ/tonne of CO<sub>2</sub> removed).

Captured CO<sub>2</sub> will be used at nearby EOR sites. Figure 3-1 depicts the advantageous conditions at the Denver City, TX site, with several CO<sub>2</sub> pipelines converging near the station. These existing CO<sub>2</sub> pipelines can be accessed with less than 1 mile of new pipeline and have in the past (August of 2020) earned a marketable value of \$15/tonne of CO<sub>2</sub>.

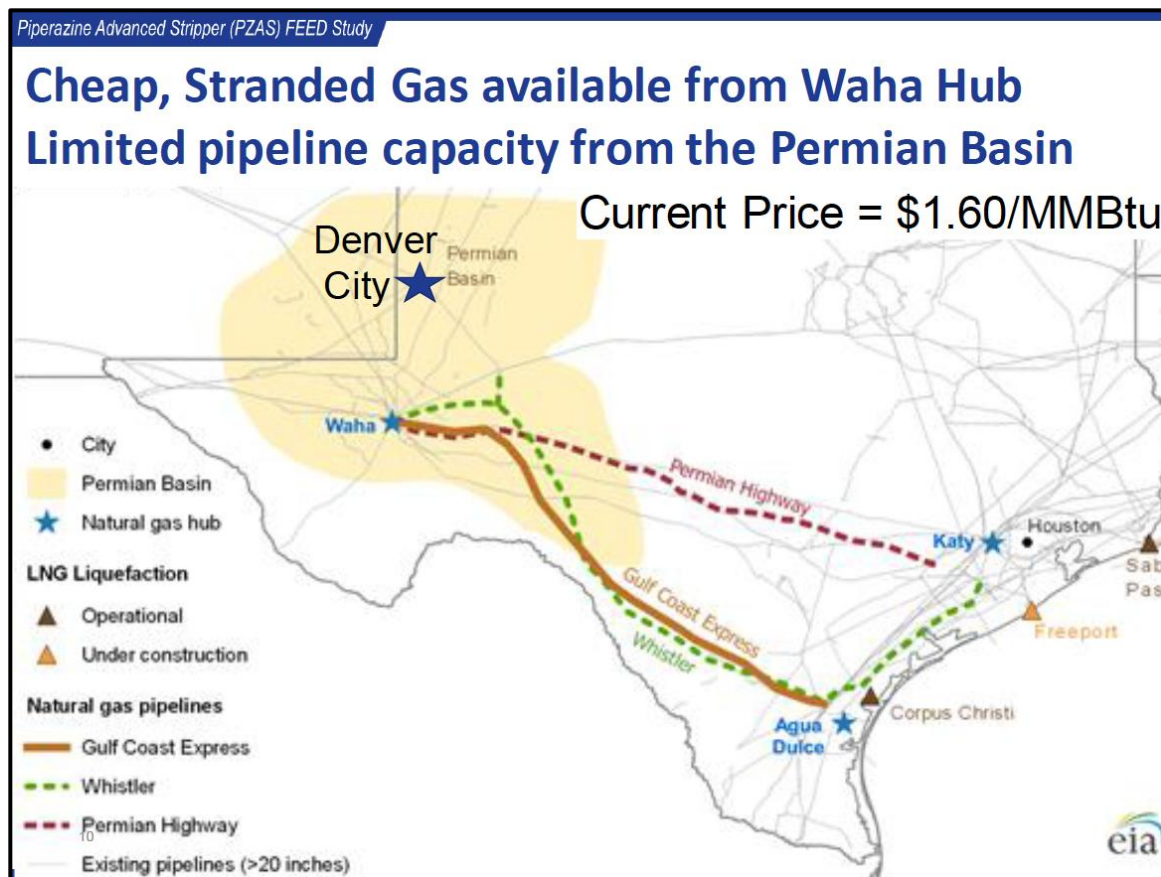


Figure 3-1. CO<sub>2</sub> Pipelines, Permian Basin Access to Mustang Station

A FEED study was to be completed in December 2021.

Summary: Based on pilot plant tests showing minimal heat absorption and resistance to oxidation, this second-generation piperazine sorbent could considerably reduce capital and operating cost. The site maximizes the opportunity for a reliable market for CO<sub>2</sub> for EOR.

### 3.2 Panda Sherman Power Project<sup>51,52</sup>

The Panda Sherman site employs the Siemens “Flex-Plant.” It consists of two Siemens SGT6-5000F gas turbines, two Benson-type HRSGs equipped with duct-firing, and one SST6-5000 steam turbine (2 x 2 x 1 arrangement). The SGT6-5000 gas turbines are equipped with SCR, limiting NO<sub>x</sub> to less than 2 ppm (@ 15 percent O<sub>2</sub>) while CO is limited to 10 ppm (@ 15 percent O<sub>2</sub>).

A design FEED study is evaluating application of a generic MEA process to the gas flow volume as high as 144 M aft<sup>3</sup>/h (at 185°F) with duct burners.

Figure 3-2 presents the proposed plot plan depicting the relative footprint required for process equipment adjacent to the power generation equipment. The figure shows the location of the two absorber vessels with reported dimensions of 44.3 m in height (including absorption beds, water wash, and de-mister sections) and 11.8 m in diameter.

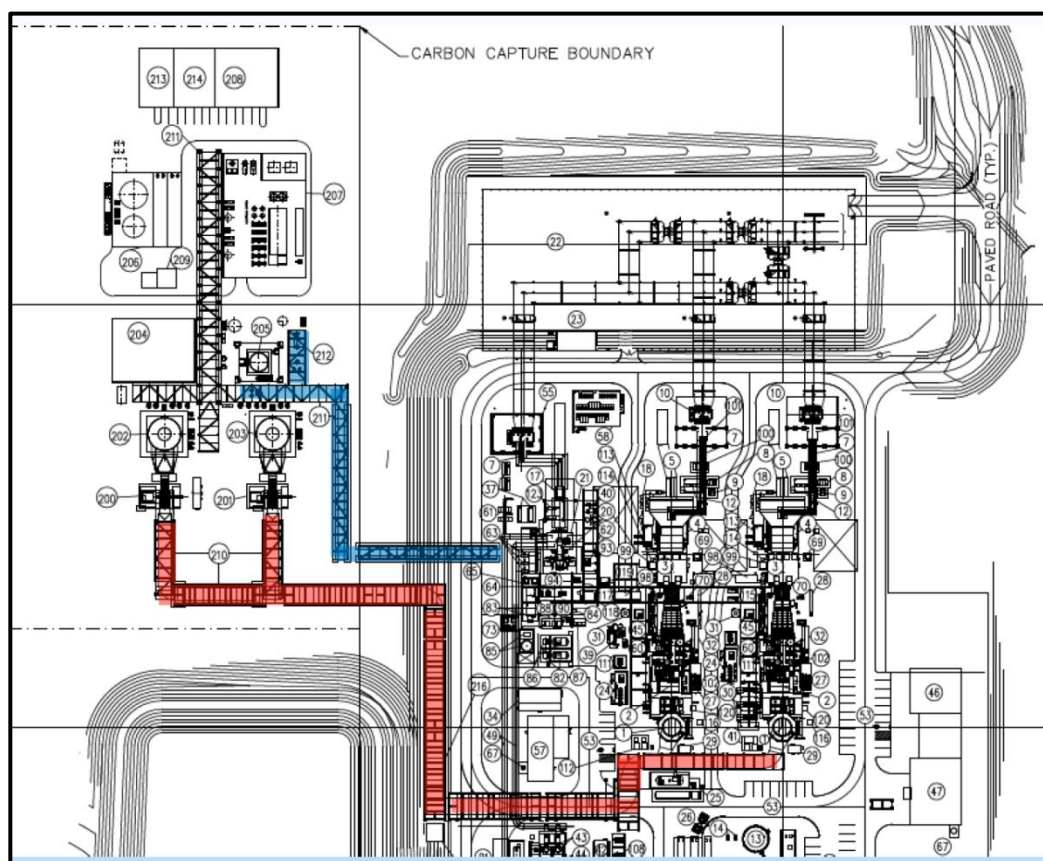


Figure 3-2. Plan Depicting CCUS Footprint: Panda Power

<sup>51</sup> See: <https://www.power-eng.com/emissions/bechtel-siemens-panda-power-funds-dedicate-sherman-power-project-in-texas/#gref>.

<sup>52</sup> Elliot, B., *FEED Study for Carbon Capture Plant Retrofit to a Natural Gas-Fired Combined Cycle Plant*, DE-FE0031848. DOE/NETL CCUS August 2020 Review Webinar.

The captured CO<sub>2</sub> is planned to be sequestered in a nearby saline reservoir, although local oil fields could deploy EOR. CO<sub>2</sub> pipelines are not installed at the site but locally accessible.

Summary: This study will explore how generic CCUS technology, employing a widely used amine sorbent, is applicable to NGCC stations that have good access to sequestration or EOR. A preliminary report was planned for completion in December 2021.

### 3.3 Elk Hills Power Plant<sup>53</sup>

Elk Hills features two GE 7FA gas turbines equipped with a HRSG that supply a single steam turbine generator (2 x 2 x 1 arrangement). The GE 7FA turbine exhaust is processed with SCR and generates less than 5 ppm (@15 percent O<sub>2</sub>) of NO<sub>x</sub> and is equipped with oxidation catalysts for CO and VOC emissions. Both gas turbines are equipped with duct-firing.

Figure 3-3 depicts the CCS process equipment as envisioned to retrofit to the Elk Hills station, projecting the location of the gas absorber, direct contact cooler, and CO<sub>2</sub> stripper.

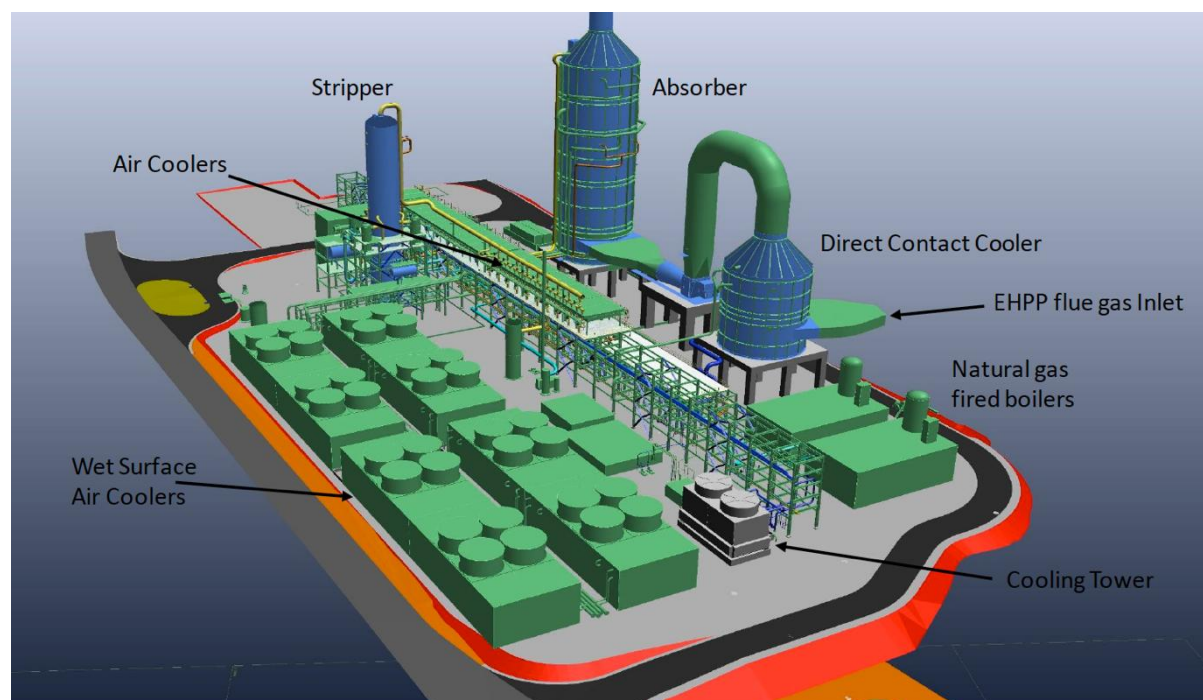


Figure 3-3. Depiction of Process Equipment as Installed: Elk Hills Power Plant

<sup>53</sup> Bhowan, A., Front-End Engineering Design Study for Retrofit Post-Combustion Carbon Capture on a Natural Gas Combined Cycle Power Plant, DE-FE0031842. DOE/NETL CCUS August 2020 Review Webinar. Hereafter Bhowan 2020.

The steam supply for solvent regeneration is provided by a separate package boiler. The Elk Hills location is severely constrained in terms of site access for construction.

A gas flow volume of 1.5 million  $\text{aft}^3/\text{h}$  (5 percent  $\text{CO}_2$  at  $200^\circ\text{F}$ ) will be treated with the Fluor Econamine  $\text{FG}^{+\text{SM}}$  absorption process.<sup>54</sup> This second-generation solvent was developed based on 30 commercial (e.g., mainly non-utility) applications world-wide, including duty from 1991 through 2015 on gas turbine exhaust. Specifically, a 40 MW equivalent slipstream from the Bellingham NGCC station in Massachusetts employed an Econamine process for 85-95 percent  $\text{CO}_2$  removal using a first-generation solvent.<sup>55</sup> Based on this experience, Fluor developed a second-generation solvent and a solvent maintenance program to minimize residual solvent emissions, auxiliary energy demand for regeneration, and solvent “loss” rate. Elk Hills will operate under a mandate to conserve fresh water and employs dry air coolers and wet surface coolers to eliminate or minimize water consumption.

The Elk Hills Power Plant is located within the Elk Hills oil field, offering nearby access to three oil reservoirs for EOR or sequestration. Figure 3-4 presents the location of the oil fields with respect to the power plant, showing an 8-mile pipeline enables delivery to all reservoirs.

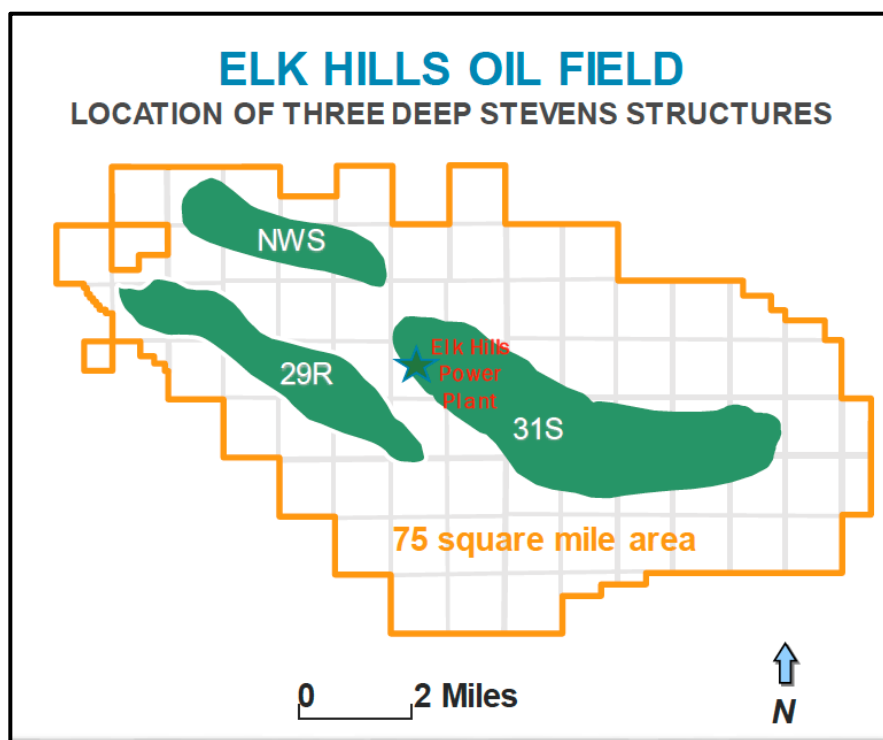


Figure 3-4. Location of Elk Hills Power Plant within the Elk Hills Oil Field

<sup>54</sup> Bhowan, A. et. al., Front End Engineering Design Study for Carbon Capture at a Natural Gas Combined Cycle Power Plant in California, Proceedings of the 15th Greenhouse Gas Control Technologies Conference 15-18 March 2021.

<sup>55</sup> Capture  $\text{CO}_2$  was purified and used within the food preparation industry. Available at: [https://www.energy.gov/sites/prod/files/2017/01/f34/Carbon%20Capture%20Opportunities%20for%20Natural%20Gas%20Fired%20Power%20Systems\\_0.pdf](https://www.energy.gov/sites/prod/files/2017/01/f34/Carbon%20Capture%20Opportunities%20for%20Natural%20Gas%20Fired%20Power%20Systems_0.pdf).



The EOR and sequestration sites are well characterized, and any risk is well understood. The California Energy Commission cited Elk Hills as “...one of the most suitable locations for the extraction of hydrocarbons and the sequestration of CO<sub>2</sub> in North America.”<sup>56</sup>

Summary: Elk Hills is characterized by a confluence of site conditions and oil production economics to support CCUS feasibility. In addition to proximity for EOR and revenue for oil production, the availability of Federal 45Q tax credits, the California Low Carbon Fuel Standard, the California Cap and Trade provision all provide financial support.

### 3.4 Mississippi Power Plant Daniel<sup>57</sup>

Daniel Units 3 and 4 each feature two GE 7FA gas turbines, one Vogt HRSG (triple pressure) and one GE TC2 D11 steam turbine, generating 525 MW net basis (2 x 2 x 1 arrangement).<sup>58</sup> The GE 7FA turbines are each equipped with SCR and generate less than 5 ppm (@15 percent O<sub>2</sub>) of NO<sub>x</sub>. Plant Daniel Unit 4 has been selected as the basis of the current FEED study.

The estimated gas flow volume of 95 million ft<sup>3</sup>/h (at 200°F) is treated with the Linde-BASF amine absorption process, employing the BASF OASE® blue solvent.<sup>59</sup> This second-generation amine solvent was tested from 2009 through 2017 over a range of flue gases featuring different composition and impurities. The OASE blue solvent is reported to exhibit improved CO<sub>2</sub> absorption kinetics, reduced steam consumption, and minimal degradation from excess O<sub>2</sub>. This enabled a lower sorbent circulation rate. The Linde-BASF process arrangement also minimizes water wash-induced solvent losses, and regenerates CO<sub>2</sub> at higher pressures (3.4 bars), thus lowering compression work and CO<sub>2</sub> transport cost.

The results of the design evaluation – to have been available in 4Q 2021 – will define the gas ductwork arrangement, integration with the steam cycle, and utility requirements in terms of auxiliary power, the supply of water (deionized, potable, and process), and instrument air.

A regional strategy for CO<sub>2</sub> sequestration is being evaluated that would aggregate CO<sub>2</sub> from two additional generating stations<sup>60</sup> to a site in Kemper County (MS). A preliminary study identified potentially up to 900 million tonnes of CO<sub>2</sub> could be stored for \$3/tonne to \$5/tonne (excluding transport). The Kemper County site will require a CO<sub>2</sub> pipeline transport distance of 5 miles and Class VI injection wells. Further details of the sequestration options for this site are presented in Section 8.

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<sup>56</sup> Appendix F, URS Report on CO<sub>2</sub> Sequestration for California Energy Commission. 2010

<sup>57</sup> Lunsford, L, *Front End Engineering Design of Linde-BASF Advanced Post-Combustion CO<sub>2</sub> Capture Technology at a Southern Company Natural Gas-Fired Power Plant*, DE-FE0031847. DOE/NETL CCUS August 2020 Review Webinar.

<sup>58</sup> Alabama Power Barry Units 6 and 7 comprise an identical unit design and arrangement to which the results of this evaluation are expected to be equally applicable. See prior footnoted reference for details.

<sup>59</sup> Additional BASF reference.

<sup>60</sup> Plant Ratcliffe (NGCC) and Plant Miller (coal) are candidate CO<sub>2</sub> sources for storage at Kemper County. See Lunsford 2020.

### 3.5 DOE/NETL Reference Case <sup>61</sup>

DOE/NETL evaluated CCUS cost for a “greenfield” unit comprised of two 2017-vintage F-Class gas turbines, two 3-pressure reheat HRSGs, and one 3-pressure reheat, triple admission steam turbine (2 x 2 x 1 arrangement). (DOE/NETL was revising this study, with an anticipated release date of late 2021).<sup>62</sup> The two gas turbines each produce 238 MW gross and the HRSG provides steam for a 263 MW steam turbine. The gas turbines are equipped with SCR NO<sub>x</sub> control limiting emissions to 1.8 ppm (@ 15 percent O<sub>2</sub>) while an oxidation catalyst limits CO to 1 ppm (@ 15 percent O<sub>2</sub>).

The gas flow volume from these units (not equipped with duct burners) is 153 million ft<sup>3</sup>/h (at 23°F) and is processed with a generic amine-based absorption process (Cansolv).

Figure 3-5 reproduces the block flow diagram for this hypothetical CO<sub>2</sub> capture application, which provides the basis for a mass and energy balance to specify process equipment.

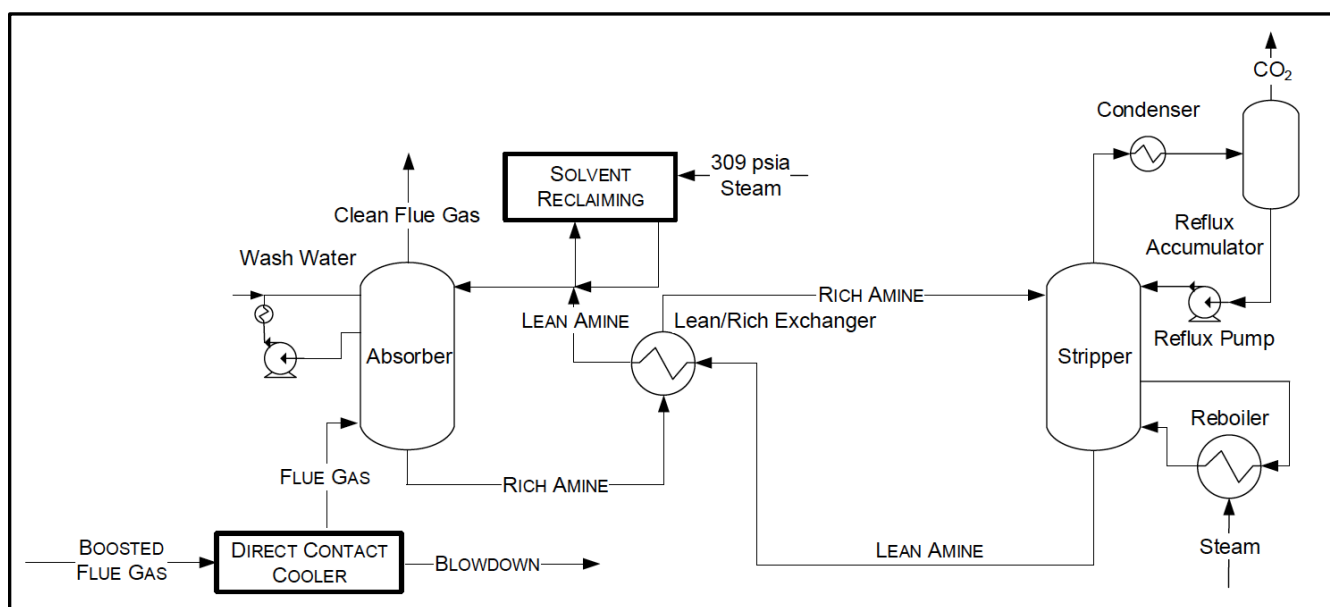


Figure 3-5. Simplified Block Flow Diagram: Cansolv CCUS to 550 MW<sub>(n)</sub> NGCC

The analysis assumes CO<sub>2</sub> is sequestered off-site in a saline reservoir. The cost for pipeline, sequestration site characterization and monitoring, and construction and operation of the Class VI injection wells are assumed to be \$3.5/MWh.

Figures 3-6 and 3-7 present results – as reproduced from the DOE/NETL report – of the capital requirement and levelized cost for this NGCC unit equipped with CCUS.

<sup>61</sup> Cost and Performance Baseline for Fossil Energy Plants Volume 1: Bituminous Coal and Natural Gas to Electricity, NETL-PUB-22638, September 24, 2019. Hereafter NETL Bituminous and NGCC 2019 Reference Study.

<sup>62</sup> Personal communication, Tim Fout of NETL, March 10, 2021; updated September 14, 2021.

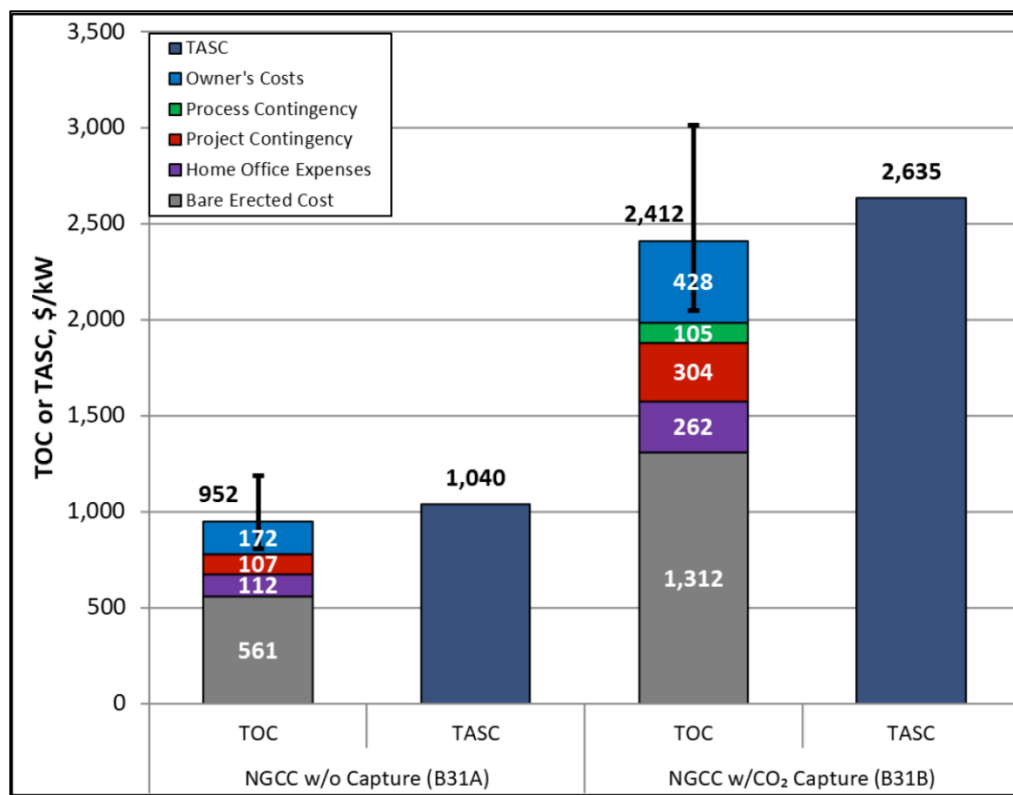


Figure 3-6. Capital Cost for DOE/NETL Reference Study: NGCC Application

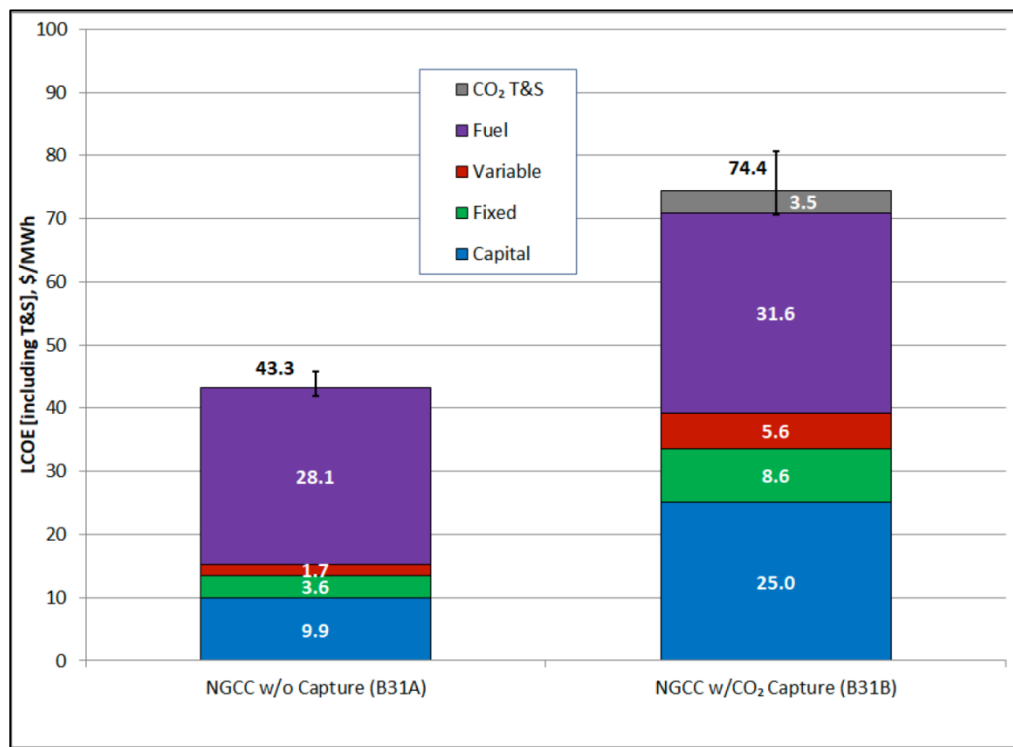


Figure 3-7. Cost Results for DOE/NETL Reference Study: Capital, LCOE



Figure 3-6 reports several cost metrics. The total cost incurred by the owner is shown as the *Total As-Spent Capital* (TASC, depicted on the far right). This includes all costs, including any escalation over the construction period and financing charges. This cost is distinguished from the *Total Overnight Costs* (TOC) reported by DOE, which reflect all costs but reported for “overnight” installation.

Figure 3-7 presents the Levelized Cost of Electricity, based on 85 percent capacity factor and 30-year operating lifetime along with financing charges that reflect typical utility conditions.

Figure 3-6 shows that for a conventional amine-based CCUS process the capital cost incurred by the owner (Total As-Spent Capital) more than doubles the cost for the generating unit, adding approximately \$1,595/kW. Figure 3-7 shows the Levelized Cost of Electricity (LCOE) attributable to CCUS is \$74.4/MWh, exceeding the Baseline Case (\$43.3/MWh without CCUS) by \$31.1/MWh. The largest component of this levelized cost is the additional fuel to support the CCUS process, followed by capital.

DOE/NETL also determined the cost to avoid CO<sub>2</sub> on a \$/tonne basis for the same design and operating conditions adopted to determine the levelized cost of electricity. DOE/NETL report the cost to avoid CO<sub>2</sub> of \$102/tonne, including transportation and storage. If the captured CO<sub>2</sub> can be sold at the plant boundary for EOR and the cost for transport is adopted by the buyer, the avoided cost of \$80/tonne is a “breakeven” market price for process equipment and operation.

### 3.6 Observations: Potential CCUS Application to NGCC

The following observations are offered for NGCC CCUS application, based on the FEED studies for the four planned projects and the DOE/NETL evaluation:

- Each of these NGCC applications – all amine-based absorption – employ either a second-generation solvent or process design with improved energy utilization that can lower both operating and capital cost. The savings will be quantified by completing FEED studies and assessing risks.
- Three sites – Elk Hills, Golden Spread, and Panda – have unique features that maximize CO<sub>2</sub> utilization or sequestration, due to proximity of CO<sub>2</sub> pipelines or an adjacent saline field for sequestration. These conditions lower incurred costs and/or provide EOR revenue that will offset project investment. A FEED study for Elk Hills was scheduled for completion December 2021.
- The hypothetical 550 M unit evaluated by DOE/NETL that is based on CCUS applications employing 2017 generic technology is currently the sole reference case with costs. DOE/NETL results imply CCUS adds approximately 150 percent to the capital cost for NGCC without CCUS. The Levelized Cost of Electricity for the CCUS-equipped unit increases by 70 percent. These costs include pipeline transport and sequestration but do not reflect Section 45Q or similar tax credits. Nor do they reflect other financial considerations, such as a local or state CO<sub>2</sub> carbon market. The potential role of Section 45Q credits are addressed in Section 9.

- DOE has awarded three additional FEED studies to address advanced CCUS application to NGCC units.<sup>63</sup> Calpine Texas CCUS Holdings will explore adopting a modular, second-generation Cansolv CCUS process to Calpine's Deer Park NGCC power station. ION Clean Energy will evaluate CCUS application to Calpine's Delta Energy Center NGCC unit, employing ION's second-generation "ICE-21" solvent. GE Gas Power will explore CCUS application to an existing F-Class NGCC site, employing GE's "Gen 2" technology. Further information describing these recent awards was not available at the time of report release.

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<sup>63</sup> See: <https://www.energy.gov/fecm/articles/funding-opportunity-announcement-2515-carbon-capture-rd-natural-gas-and-industrial>.

## 4 Coal-Fired Applications and Engineering Studies

Section 4 addresses coal-fired large-scale CCUS retrofit projects in North America, either currently operating or on hold, or the subject of FEED or other engineering studies. A total of nine projects or studies are underway in North America.

The operating and on-hold projects are:

- SaskPower Boundary Dam Unit 3 (Estevan, Saskatchewan), which is presently operating.
- NRG Petra Nova project (near Houston, TX), which has placed operation “on hold” since May 1, 2020.<sup>64</sup>

Projects where FEED design studies are underway are:

- Minnkota Power Cooperative Milton R. Young Station (Center, ND),
- Basin Electric Dry Fork Station (Gillette, WY),
- Nebraska Public Power District Gerald Gentleman Station (Sutherland, NE),
- Enchant Energy San Juan Generating Station (Waterflow, NM),
- Prairie State Generating Company Unit 2 (Marissa, IL), and
- SaskPower Shand (Estevan, Saskatchewan).

In addition, NGCC, DOE/NETL issued a conceptual design and cost for a hypothetical reference case similar to NGCC.

Table 4-1 describes for each host site the gas volume processed, CO<sub>2</sub> capture technology utilized and target removal, and the fate of CO<sub>2</sub> captured. Where available, the length of CO<sub>2</sub> pipeline required and the projected CCUS capital cost are cited.

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<sup>64</sup> See: <https://www.nrg.com/about/newsroom/2020/petra-nova-status-update.html#:~:text=Given%20the%20current%20status%20of,online%20when%20economic%20conditions%20improve.>

Table 4-1. Coal-Fired CCUS Applications: Comparison of Key Site Features

Station/ Unit	Capacity, MW [gross(g) or net (n)]	Flue Gas Volume (Maft <sup>3</sup> /h)	Capture Technology	Target CO <sub>2</sub> Removal (%, daily rate)	CO <sub>2</sub> Fate	Pipeline Required	Unique Site Feature	Cost Results: Reported or Pending
SaskPower/ Boundary Dam 3	150(g) 111(n)	25.9	CanSolv amine: SO <sub>2</sub> , CO <sub>2</sub>	90% target. (3,200 tonnes/d)	EOR at Weyburn, Midale fields (70 km) or storage (~1.2 km)	Existing	EOR plus within 1.2 km of saline storage	\$1.2B, 50% for CCUS or ~\$5,405/kW. CO <sub>2</sub> \$/tonne: 110
NRG Petra Nova W.A. Parish Unit 8	240(n)	41.4	Proprietary KM-CDR amine solvent	90% target	EOR in West Ranch, TX oil field	83 miles	Proximity to EOR options	Total \$1B; \$600M for CCS. CO <sub>2</sub> \$/ton: 67
Milton R. Young/ Minnkota Power Co-op	477(g)	79.9	Econamine FG <sup>+</sup>	90% target (11,000 tonnes/d)	Storage in saline reservoir	Negligible	Saline reservoir at station, adjacent coal mine	EOY 2022
Dry Fork/ Basin Electric	422(g) 385(n)	70.7	MTR Polaris membrane	70% target	Saline storage - Campbell County, WY	TBD	Saline reservoir near station	EOY 2021

Station/ Unit	Capacity, MW [gross(g) or net (n)] (Layout)	Flue Gas Volume (Maft <sup>3</sup> /h)	Capture Technology:	Target CO <sub>2</sub> Removal (%, mass if reported)	CO <sub>2</sub> Fate	Pipeline Required	Unique Site Feature	Cost Results: Reported or Pending
Nebraska Public Power District /Gerald Gentleman	CCUS module 300 MWe (total plant 700 MW gross basis)	57.8	Ion Clean Energy solvent	90% (1.9 M tonnes/y)	EOR	Not addressed		Previous: \$1,310/kW. CO <sub>2</sub> \$/tonne: 33
Enchant Energy/San Juan Units 1-4	914 (g) 601 (n)	165.5	MHI amine solvent	90%	Storage, with EOR to Permian Basin alternate	~20 miles	Nearby storage formations, Cortez pipeline to EOR	Preliminary study: \$2,150/kW. CO <sub>2</sub> \$/tonne: ~43
Prairie State Generating Company	816 (g)	123.1	MHI KM- CDR	90%	Off-site saline storage	Cost included in \$10/tonne storage cost	Utilize DOE Illinois Storage Corridor	TBD
SaskPower Shand	305(g) 279 (n)	61	KM CDR Process	90%	EOR at Weyburn, Midale	~12 km pipeline to BD3 required	Utilizes existing Weyburn, Midale sites	\$2,121/kW CO <sub>2</sub> \$/tonne: 45
DOE/NETL Reference	690(g) 646(n)	153	CanSolv	90%	Off-site saline storage	Included in \$10/tonne disposition cost		Capital: \$840.2M, \$1,539/kW CO <sub>2</sub> \$/tonne: 55-70

## 4.1 Boundary Dam<sup>65,66,67</sup>

The Boundary Dam Unit 3 (BDU3) project fires Canadian lignite and has operated since 2014 with an early generation of the CanSolv absorption process. It is budgeted at approximately \$1.2 B (USD), of which \$240 M is provided by the Canadian government. Unit 3 was initially designed to provide 150 MW (gross) but would incur an auxiliary power penalty limiting net power output to 81 MW by adopting early generation process equipment. However, the use of several innovative means to maximize residual heat utilization reduced the penalty, enabling a net power output of 110 MW.

The CanSolv process employs conventional amine reagent and is designed for 90 percent CO<sub>2</sub> removal. Inherent to this process is capability to limit SO<sub>2</sub> to single-digits (ppm basis) and lower particulate matter content, both necessary to retain amine performance. The amine SO<sub>2</sub> removal step elevates total removal to 99 percent, with captured effluent regenerated as sulfuric acid. CO<sub>2</sub> is regenerated from the CO<sub>2</sub> capture train with steam extracted from the low-pressure turbine.

Regenerated CO<sub>2</sub> is compressed to 2,500 psig and transported 70 km by pipeline for EOR at the Weyburn oilfield, where it is injected 1.7 km underground. Any CO<sub>2</sub> not employed at Weyburn is transported 2 km for sequestration in the Deadwood saline aquifer (referred to as Aquistore).

The Boundary Dam Unit 3 project required both retrofit of process equipment and refurbishing power generation components to support 30-year operation. Power generation refurbishment focused upon a replacement of the steam turbine and the electric power generator.

The 90 percent CO<sub>2</sub> removal target – equivalent to removing 3,200 tonnes of CO<sub>2</sub> per day – was attained one year after startup. Figure 4-1 presents a histogram of CO<sub>2</sub> capture plant availability from early 2014 through mid-2020. Figure 4-2 presents the daily CO<sub>2</sub> removal rate from late 2015 through mid-2019 and shows after two years CO<sub>2</sub> removal of 88 percent to 93 percent was attained when planned outages did not limit duty. Figure 4-1 shows achieving CO<sub>2</sub> capture plant availability of 90 percent or 3,200 tonnes per day is attained in three of the six full operating years, although three of the last four were so achieved. It is not known if any of the “shortfalls” in CO<sub>2</sub> plant availability were imposed by process issues, pipeline or EOR/storage limits, or other reasons not related to CCUS operation.

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<sup>65</sup> Srisang, W. et. al., *Maximization of Net Output for Boundary Dam Unit 3 Carbon Dioxide Capture Demonstration Project*, 14th International Conference on Greenhouse Gas Control Technologies, GHGT-14, 21st -25th October 2018, Melbourne, Australia

<sup>66</sup> Coryn, Bruce, *CCS Business Cases*, International CCS Knowledge Center, presented August 16, 2019, Pittsburgh, PA.

<sup>67</sup> Giannaris, S. et. al., *SaskPower’s Boundary Dam Unit 3 Carbon Capture Facility – The Journey to Achieving Reliability*, 15th International Conference on Greenhouse Gas Control Technologies, GHGT-15, 15th -25th March 2021, Abu Dhabi, UAE. Hereafter Giannaris et. al. 2021.

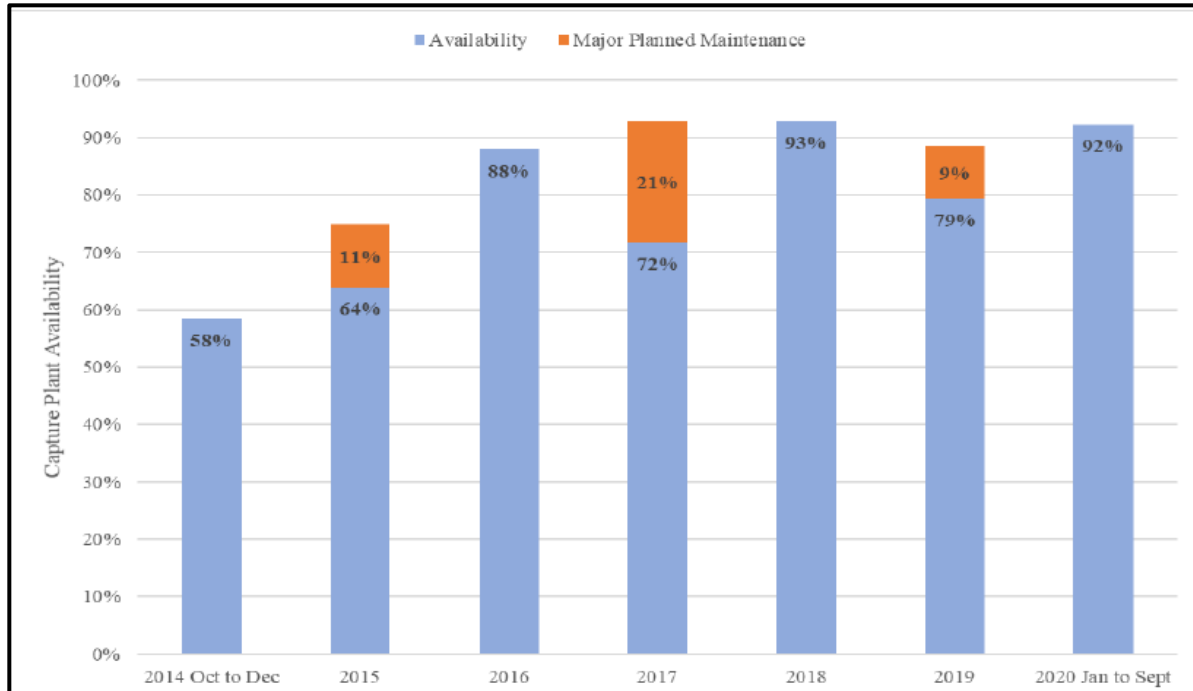


Figure 4-1. Boundary Dam Unit 3 CCS Process Availability: 2014 through Mid-2020

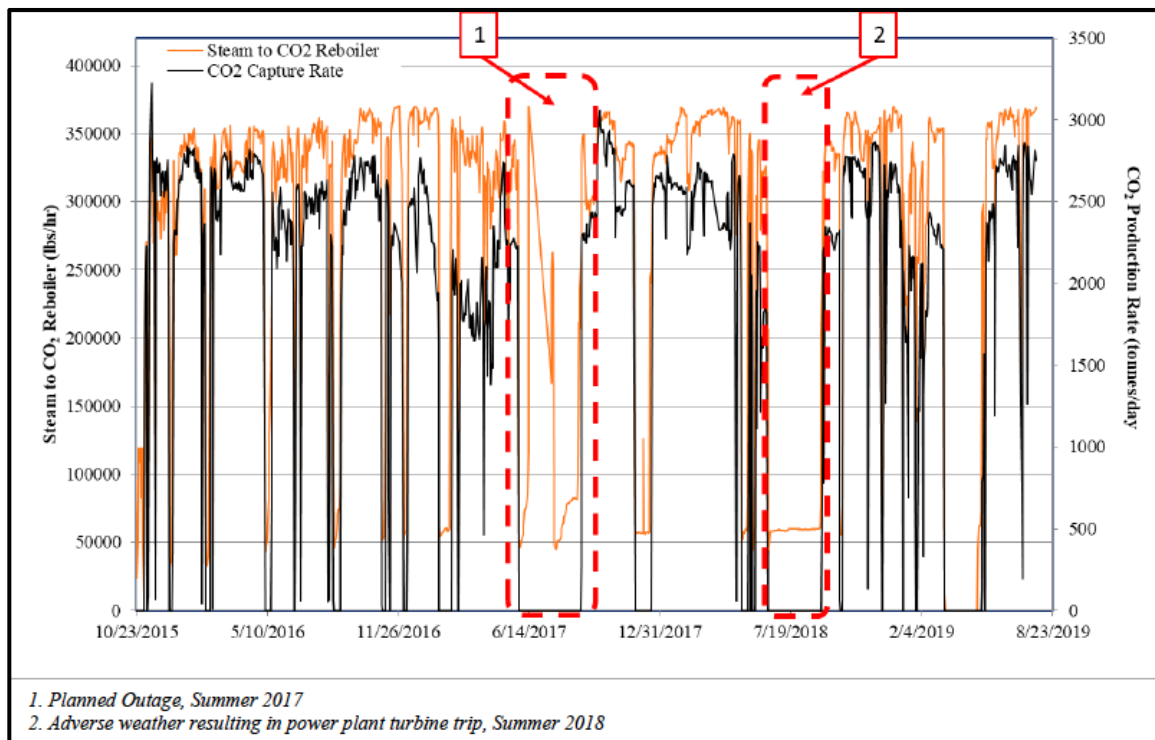


Figure 4-2. Boundary Dam Unit 3 CCS Process CO<sub>2</sub> Daily Removal, Reboiler Demand

SaskPower identified the reliability shortcomings in the first three years and implemented corrective measures. These include resolving compressor issues, compromise of amine

performance due to fly ash contamination, fly ash fouling of de-misters, re-boiler performance, and heat exchanger shortcomings. These issues were corrected in 2015 and 2017 outages.

SaskPower reported capital cost for process equipment for this first-of-a-kind facility, including plant refurbishment, of \$1.2 B (U.S). Of that, \$240 M was contributed by the Canadian government.<sup>68</sup> SaskPower reported 50 percent of the cost is attributable to the CO<sub>2</sub> capture and regeneration process, 30 percent for power plant refurbishment, and 20 percent for other emissions control and other efficiency upgrades.<sup>69</sup> Consequently, \$600 M of capital is associated with the CCUS retrofit, equivalent to \$5,405/kW (net). The levelized cost per tonne of CO<sub>2</sub> avoided, as reported by the CCS Knowledge Center, is \$105/tonne. This is based on a capacity factor of 85 percent, operating lifetime of 30 years, and a credit for CO<sub>2</sub> as EOR.<sup>70</sup>

Summary. Boundary Dam 3 is a first-of-a-kind facility “learning experience” that incurred capital cost atypical of that anticipated for future applications. It identified innovative means to reduce auxiliary power consumption from 42 percent of gross power to 28 percent. Several initial process shortcomings were turned into lessons learned to improve reliability and lower cost. The payoff is manifest in the design for the SaskPower Shand station.

#### 4.2 NRG Petra Nova <sup>71</sup>

The NRG Petra Nova CCS project is- a 240 MW module retrofit to Unit 8 of the Powder River Basin (PRB) fired W.A. Parish Generating Station. It employs state-of-art SCR for NO<sub>x</sub> control, wet FGD for SO<sub>2</sub>, and fabric filters for particulate matter. This test module operated from 2014 to mid-2020, employing the MHI Advanced Kansai Mitsubishi Carbon Recovery Process (KM-CDR) absorption process. KM-CDR is a second-generation solvent, developed by MHI and Kansai Electric Power Company and tested 25 MW pilot scale at Alabama Power’s Barry Station.

The Petra Nova project was budgeted at \$1 B, of which \$190 M was provided by DOE. It was designed for 90 percent CO<sub>2</sub> removal. Typical of all coal-fired CO<sub>2</sub> capture technology, pre-treatment with a flue gas “quencher” to lower gas temperature, SO<sub>2</sub>, and other trace species is required to provide solvent longevity. Flue gas exiting the quencher proceeds to an absorption tower for CO<sub>2</sub> removal, then regeneration in a stripper tower that maximizes utilization of low-grade heat. A small portion of the sorbent is extracted for filtering to remove contaminants and replaced with fresh sorbent.

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<sup>68</sup> See: <https://www.powermag.com/saskpowers-boundary-dam-carbon-capture-project-wins-powers-highest-award/>

<sup>69</sup> Giannaris et. al. 2021.

<sup>70</sup> *The Shand CCS Feasibility Study Public Report*, November 2018, CCS Knowledge Center. Available at See: <https://ccsknowledge.com/initiatives/2nd-generation-ccs---Shand-study>. Hereafter Shand 2018 Feasibility Report.

<sup>71</sup> Final Scientific/Technical Report, W.A. Parish Post-Combustion CO<sub>2</sub> Capture and Sequestration Demonstration Project, DOE Award Number DE-FE0003311, PETRA NOVA PARISH HOLDINGS LLC, March 31, 2020, Report DOE-PNPH-03311. Hereafter Petra Nova 2020 Final Report.



Like Boundary Dam, the optimal source of steam for sorbent regeneration is a separate source. In this case it is a retrofit GE 7FA gas turbine equipped with a HRSG. This unit provides both auxiliary power and steam for CCUS operation, while excess power is sold into the energy grid.

CO<sub>2</sub> upon regeneration is compressed to 1,900 psig and transported 81 miles by pipeline for EOR at the West Ranch site, requiring injection between 5,000 feet to 6,000 feet underground.

Table 4-2 presents a summary of CO<sub>2</sub> (short tons) planned for capture (at 85 percent capacity factor) and short tons actually captured from 2017 through 2019. The table shows that – like Boundary Dam Unit 3 – the CO<sub>2</sub> captured at Petra Nova increased annually. By 2019, 95 percent of the planned capture (based on an 85 percent operating factor) was achieved. The primary reason for the increase in CO<sub>2</sub> removal was the improved process reliability achieved each year. Factors compromising operation (corrosion, compressor, and heat exchanger performance) were identified and resolved.

Table 4-2. Petra Nova CCUS CO<sub>2</sub> Capture Metrics

Year	Planned CO <sub>2</sub> Capture (Short Tons)	Actual CO <sub>2</sub> Capture (Short Tons)	Percent of Planned CO <sub>2</sub> Capture (@85% Operating Factor)
2017	1,635,919	1,180,594	72
2018	1,392,300	1,122,050	81
2019	1,613,300	1,529,174	95

Approximately 60 percent of the \$1 B project investment was directed to capital for the CO<sub>2</sub> capture and cogeneration facilities. The funding includes DOE grants (\$190 M), financing (\$325 M), and sponsor equity (\$300 M). The implied CO<sub>2</sub> capture capital cost of \$600 M translates into approximately \$2,500 /kW.<sup>72</sup> The balance of \$400 M was dedicated to the project's share of the CO<sub>2</sub> pipeline, additional injection wells at the West Ranch oil field, and other up-front and administrative costs. The cost to avoid CO<sub>2</sub> in terms of a \$/ton basis is not generally disclosed in the public domain. However, several observers estimate this cost to be \$60-65/ton.<sup>73</sup>

**Summary.** The Petra Nova project, employing absorption CO<sub>2</sub> capture with a second-generation solvent, exhibited continual improvement in CO<sub>2</sub> capture. By the third year, the project captured 95 percent of the planned value. As observed with Boundary Dam Unit 3, reliability in the initial years caused the operating factor to be less than the 85 percent target. Causes of the shortfall ultimately were identified and rectified. The second-generation amine solvent exhibits better operating characteristics (longevity, corrosion resistance). Lessons from predecessor studies lowered capital charge to an estimated \$2,500/kW.

<sup>72</sup> See: <https://www.powermag.com/capturing-carbon-and-seizing-innovation-petra-nova-is-powers-plant-of-the-year/>.

<sup>73</sup> Technology Readiness and costs for CCS, March 2021, prepared by the CCS Institute. See Figure 16. Available at: <https://www.globalccsinstitute.com/resources/publications-reports-research/technology-readiness-and-costs-of-ccs/>.

### 4.3 Minnkota Power Cooperative/Milton R. Young<sup>74,75</sup>

Minnkota Power Cooperative's Milton R. Young Unit 2 is the host for a FEED study of Fluor's Econamine FG Plus<sup>SM</sup> process. This is the same absorption process evaluated for the Elk Hills unit. This 477 MW lignite-fired unit is equipped with a wet FGD process, an electrostatic precipitator (ESP) for particulate control, and combustion NO<sub>x</sub> controls. This CO<sub>2</sub> capture design for coal flue gas is based on a pilot plant (70 tonnes per day) that operated from 2012 to 2015 at E. On's generating station in Wilhelmshaven, Germany.<sup>76</sup> The Milton R. Young station offers the ability to sequester captured CO<sub>2</sub> below the station footprint, thus eliminating the need for CO<sub>2</sub> pipeline. Figure 4-3 presents a rendering of the generating station and sequestration site. As an alternative to sequestration, the project may make the CO<sub>2</sub> available for purchase by EOR operators in the Williston Basin. This would require construction of approximately 100 miles of CO<sub>2</sub> pipeline. CO<sub>2</sub> sold for EOR would be subject to certain conditions regarding care, custody, and long-term storage of delivered CO<sub>2</sub>.

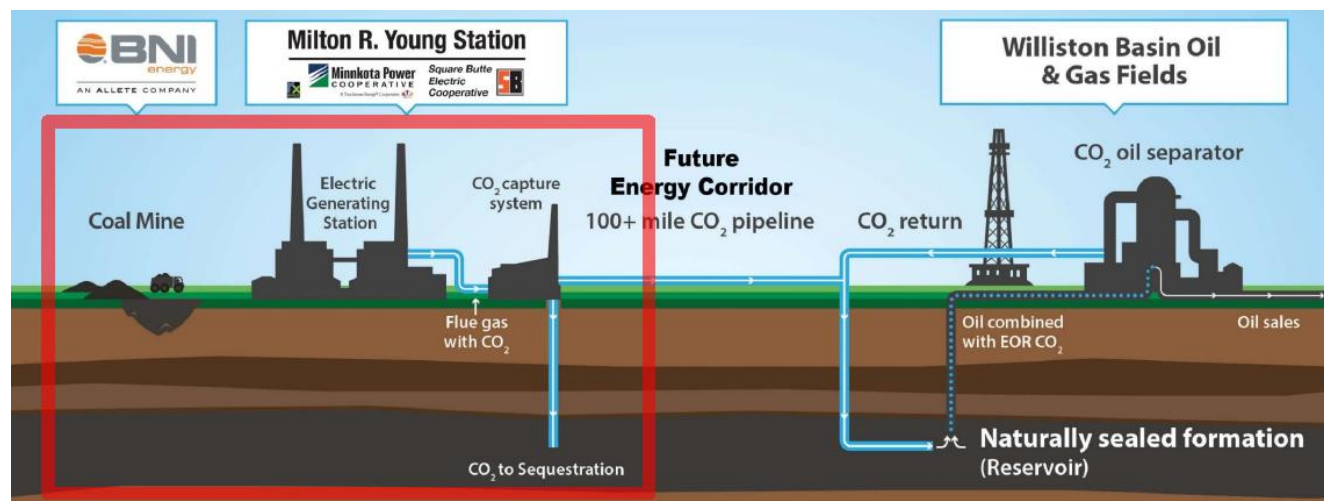


Figure 4-3. Milton R. Young Generating Station: Proximity to Sequestration Site, EOR

The Milton R. Young Unit 2 project represents a significant scale-up in process equipment size, being almost 2.5 times that of Petra Nova. The CO<sub>2</sub> design target of 90 percent and 11,000 tonnes-per-day removal would make this project the largest CCUS project in the world. Fluor's proprietary reagent – a formulation of primary amines evolved from prior testing – is reported to require 30 percent less steam for regeneration compared with conventional MEA.<sup>77</sup> Particularly challenging will be scale-up and construction of large-diameter columns and achieving good flue

<sup>74</sup> Pfau, G., *Front-End Engineering & Design: Project Tundra Carbon Capture System*, Project FE0031845, DOE/NETL CCUS August 2020 Review Webinar. Hereafter Pfau August 2020 Webinar.

<sup>75</sup> Front-End Engineering and Design: Project Tundra Carbon Capture System. Available at: [https://netl.doe.gov/projects/files/FE0031845\\_MPCI\\_EFG%20FEED\\_tech%20sheet.pdf](https://netl.doe.gov/projects/files/FE0031845_MPCI_EFG%20FEED_tech%20sheet.pdf). Hereafter 2020 Tundra FEED Tech Sheet.

<sup>76</sup> Reddy, S. et. al., Fluor's Econamine FG Plus<sup>SM</sup> completes test program at Uniper's Wilhelmshaven coal power plant, *Energy Procedia* 114 (2017) 5816-5825.

<sup>77</sup> Ibid.

gas/liquid sorbent distribution within the packing. Fluor has constructed and fabricated similar-sized gas/liquid contact vessels in remote locations for the petrochemical industry.

Per typical practice, a pre-treatment step is utilized. The Econamine FG Plus<sup>SM</sup> process employs a two-stage direct contact cooler to lower flue gas temperature and introduce sodium hydroxide reagent to further lower SO<sub>2</sub>. It is targeting single-digit in ppm SO<sub>2</sub> content for optimal reagent performance. For some absorption-based projects, solvent loss – and the need for replacement – has been observed and represents a notable cost. Fluor reports to have developed a solvent maintenance program to limit sorbent loss to 0.25 kg per tonne of product CO<sub>2</sub>.<sup>78</sup> The direct contact cooler also recovers condensed water from flue gas, partially offsetting make-up water requirement. The sulfur-containing effluent from the SO<sub>2</sub> polishing step will be managed within the plant's existing coal combustion residual complex.

The optimal use of low-grade heat, auxiliary power, and water will be explored. Means to utilize “intercooling” of solvent and compressor waste heat will be applied to lower steam consumption for regeneration by 10 to 15 percent. Absorber design to lower gas pressure drop will be explored. Auxiliary steam may be provided by a separate natural gas-fired boiler in lieu of extraction from the host unit, offering better flexibility and lower process risk. Process water captured with CO<sub>2</sub> will be used for cooling tower make-up water.

CO<sub>2</sub> will be stored in a saline formation beneath both the generating station and an adjacent lignite mine, eliminating the need for a pipeline. The project team expects that a \$50/tonne Section 45Q tax credit will cover capital requirement, return on capital, and process operating costs. That would provide a return-to-tax-equity yield of almost 10 percent. Similar results would be obtained with EOR, earning market revenue from the sale of CO<sub>2</sub> plus a \$35/tonne Section 45Q credit. The cost to avoid CO<sub>2</sub> emissions is expected to be \$49/tonne.<sup>79</sup>

**Summary.** The planned Milton R. Young CCUS project would be the largest in the world on a coal-fired power plant, employing process advancements and second-generation solvents. The design explores solvents that require less energy, utilization of low-grade heat, a means to retain sorbent longevity and performance, and minimizes water consumption for flue gas pre-treatment and cooling. A key factor favoring the economics at this site is proximity of a saline reservoir for storage – beneath the station – eliminating need for an extended CO<sub>2</sub> pipeline. CO<sub>2</sub> also could be deployed for EOR, albeit requiring a 100-mile pipeline.

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<sup>78</sup> Ibid, page 5.

<sup>79</sup> 2020 Tundra FEED Tech Sheet, page 3.

#### 4.4 Basin Electric Dry Fork Station<sup>80,81</sup>

Basin Electric Dry Fork Unit 1 is the host site for a FEED evaluation of the Membrane Technology and Research (MTR) CO<sub>2</sub> capture process. This 422 MW gross (385 MW net) PRB-fired unit located in Gillette, WY, is equipped with a dry lime fluidized bed FGD process, a fabric filter for particulate control, and combustion controls (low NO<sub>x</sub> burner with overfire air) and SCR for NO<sub>x</sub>. The process design will be based on a 20 tonne-per-day CO<sub>2</sub> removal pilot plant (1 MWe) that treated flue gas from a coal-fired test furnace as well as on preceding work at bench-scale (1 tonne/day) at the National Carbon Capture Center (NCCC).<sup>82</sup> The process design for Dry Fork Unit 1 represents significant scale-up from the most recent pilot plant.

Unit 1 gas flow will be processed with MTR's Polaris membrane CO<sub>2</sub> capture process, featuring low pressure drop and an optional selective recycle sweep module design. The design target of 70 percent CO<sub>2</sub> removal and 5,600 tonnes per day provides the least cost of avoided CO<sub>2</sub>. MTR reports its design is distinguished by membrane composition and the use of incoming combustion air to "sweep" CO<sub>2</sub> from the membrane for recycle into the boiler. MTR states elevating flue gas CO<sub>2</sub> content lowers the cost of CO<sub>2</sub> removal by increasing the driving force for mass transfer.

Figure 4-4 presents a simplified schematic of the MTR capture process. Typical of most CO<sub>2</sub> capture processes, a pre-treatment step is used to lower flue gas temperature for effective membrane capture. MTR reports its next-generation membrane represents a considerable improvement over prior technology. It offers 10 times the ability to separate CO<sub>2</sub> (e.g., the permeance) of conventional membranes, thus lowering surface area and cost.

Figure 4-4 depicts MTR's selective-recycle step that purges exposed membranes and returns separated CO<sub>2</sub> to the boiler, lowering module cost and pressure drop. It shows flue gas entering a primary capture module that generates 55 to 60 percent CO<sub>2</sub> off-gas. Further processing by a second membrane elevates off-gas CO<sub>2</sub> content to greater than 85 percent. This enriched off-gas is treated to remove moisture, purified to 99 percent, and compressed. Higher CO<sub>2</sub> removal (to 90 percent) is possible with additional process steps.

The MTR membrane recovers water from flue gas for use in the plant. The Dry Fork station employs dry cooling. The FEED study will determine optimal uses for recovered water within the plant water management system.

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<sup>80</sup> Freeman, B. et. al., *Commercial-Scale FEED Study for MTR's Membrane CO<sub>2</sub> Capture Process*, Project FE0031846, DOE/NETL CCUS August 2020 Review Webinar.

<sup>81</sup> Commercial-Scale Front-End Engineering Design Study for Membrane Technology and Membrane Carbon Dioxide Capture Process. Available at:

[https://www.netl.doe.gov/projects/files/FE0031846\\_MTR\\_Polaris%20FEED\\_tech%20sheet.pdf](https://www.netl.doe.gov/projects/files/FE0031846_MTR_Polaris%20FEED_tech%20sheet.pdf).

<sup>82</sup> DE-FE0005795.

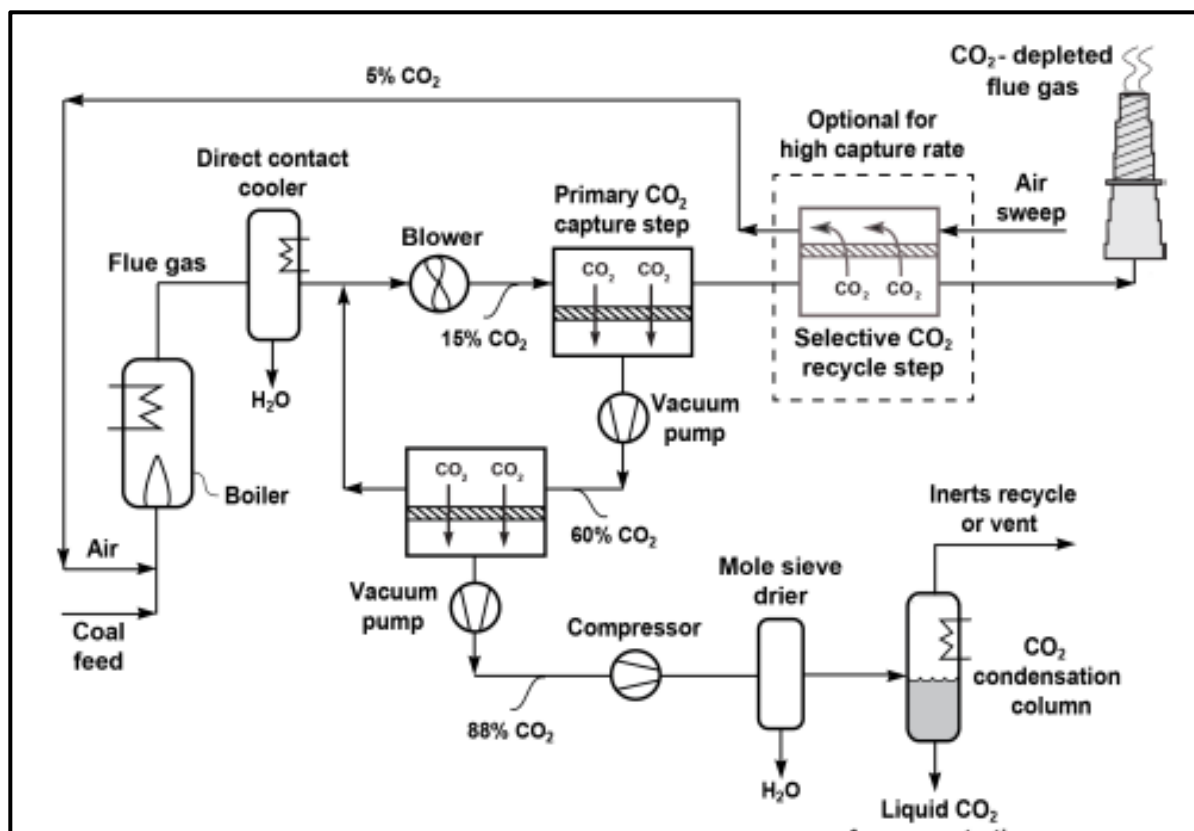


Figure 4-4. Flow Schematic: MTR Gas Separation Membrane

The FEED study results defining cost for retrofit of the MTR process to Dry Fork Unit 1 were to be reported to DOE by late 2021. A predecessor study addressing cost for MTR application to Duke Energy's East Bend Station projected a capital requirement of \$1,044 M for a net unit output of 585 MW, corresponding to a unit capital cost of \$2,130/kW. This predecessor study estimated the cost to avoid CO<sub>2</sub> to range from \$75/tonne to \$89/tonne.<sup>83</sup>

The options of CO<sub>2</sub> disposition will be evaluated in a separate DOE-funded activity (FE-FE0031624), as part of the Wyoming CarbonSAFE project. This work, under the management of the University of Wyoming, will consider terrestrial sequestration in Campbell County, WY, delivering a Class VI permit. Upon completion, the Campbell County site will be able to store 2.2 million tons per year (Mtpy) of CO<sub>2</sub>.

**Summary.** The Dry Fork project employs membrane-based separation, a viable alternative to amine-reagent absorption technology. The design to be demonstrated will remove 70 percent of CO<sub>2</sub> to achieve the least cost capture. Design variants to achieve higher CO<sub>2</sub> capture are feasible. The membrane separation concept captures water from flue gas, benefiting the generating station water balance. Key to this project's success is availability of deep saline storage for modest transport distance.

<sup>83</sup> *Initial Engineering Design of a Post-Combustion CO<sub>2</sub> Capture (PCC) System for Duke Energy's East Bend Station Using Membrane Based Technology*, Final Project Report for work performed by EPRI per DOE Agreement DE-FE0031589, Sept. 2020. Available at: <https://www.osti.gov/servlets/purl/1686164>.



#### 4.5 Nebraska Public Power District/Gerald Gentleman<sup>84,85</sup>

The Nebraska Public Power District Gerald Gentleman Station in Sutherland, NE, is the host for a FEED evaluation of Ion Clean Energy's absorption CO<sub>2</sub> process. This PRB-fired station is comprised of 665 MW Unit 1 and 700 MW Unit 2. Both units are equipped with fabric filters for particulate control and low NO<sub>x</sub> burners. Compliance with SO<sub>2</sub> emissions is achieved with low-sulfur PRB coal in lieu of FGD. The FEED study will evaluate for Unit 2 a proprietary solvent derived from pilot plant work conducted since 2010. The most-recent pilot studies using the Ion Clean solvent were conducted in 2015. One study involved 1,116 hours of operation on a 0.5 MW test rig at the NCCC removing a total of 380 tonnes of CO<sub>2</sub>. The other involved 2,775 hours of operation on a 12 MWe pilot plant at the Statoil Mongstad refinery treating flue gas from a natural gas-fired heat-and-power plant and a refinery. The 12 MWe pilot plant removed a total of 14,820 tonnes of CO<sub>2</sub> from the two sources at Statoil Mongstad.<sup>86</sup>

Figure 4-5 depicts the station layout, the planned CO<sub>2</sub> capture footprint, and a CAD projection of the capture island. A direct contact cooler lowers flue gas temperature and provides additional SO<sub>2</sub> removal to achieve SO<sub>2</sub> to single-digit ppm to extend solvent longevity.

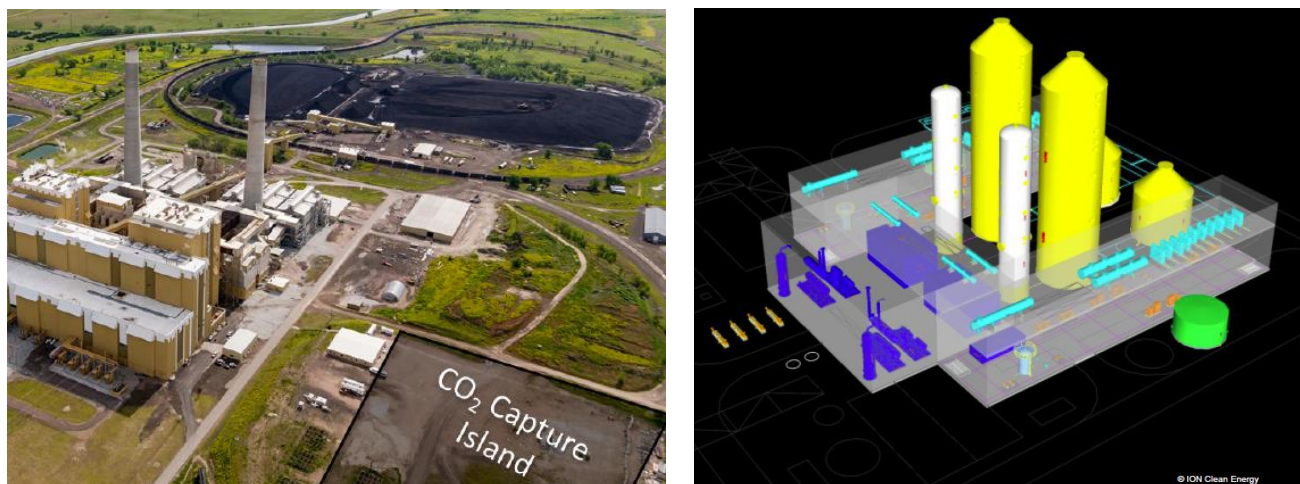


Figure 4-5. Gerald Gentleman Capture Island “Footprint” and CAD Depiction

<sup>84</sup> Awtry, A. et. al., *Design and Costing of ION's CO<sub>2</sub> capture plant retrofitted to a 700 MW coal-fired power plant*, Project FE0031840, DOE/NETL CCUS August 2020 Review Webinar.

<sup>85</sup> *Commercial Carbon Capture Design and Costing: Part Two (C3DC2)*. Available at: [https://www.netl.doe.gov/projects/files/FE0031846\\_MTR\\_Polaris%20FEEDtech%20sheet.pdf](https://www.netl.doe.gov/projects/files/FE0031846_MTR_Polaris%20FEEDtech%20sheet.pdf). Hereafter Awtry DOE/NETL CCUS August 2020 Review.

<sup>86</sup> ION Advanced Solvent CO<sub>2</sub> Capture Pilot Project, Final Scientific/Technical Report, DOE-FE0013303, November 2018.

The absorber tower and stripper are solvent-based processes with several innovations implemented by Ion Clean Energy (cold-rich bypass, optimized heat exchanger for lean/rich reagent heat transfer, and a unique CO<sub>2</sub> compressor).

Ion Clean Energy reports its second-generation solvent features faster CO<sub>2</sub> absorption kinetics, higher “working capacity” and ability to absorb more CO<sub>2</sub>, and lower heat absorption when compared with conventional amines. This contributes to a low net energy requirement of 1,090 Btu/lb CO<sub>2</sub>. Lower corrosion rates are suggested by previous pilot plant results.

A preliminary study reports capital and operating cost are reduced because of smaller absorber columns, pumps, and heat exchangers. These benefits are attributable to lower liquid flow rates and regeneration energy because of reduced parasitic load and steam for regeneration. The preliminary cost study developed to AACE standard of a Class 3 estimate projected a capital cost of \$438 M. That is equivalent to \$1,460/kW and represents a reduction from the \$2,454/kW as developed for the NETL/DOE reference CCUS application. The cost to avoid a tonne of CO<sub>2</sub> is estimated as \$32.50, based on a 20-year lifetime (capacity factor not defined).<sup>87</sup>

The FEED study will deliver an AACE Class 2 capital cost for CO<sub>2</sub> removal of 90 percent and 4.3 M tonnes removed per year (at 2018-2019 capacity factors) from the 700 MW Unit 2. The process will employ water-conserving features and – unlike the strategy for other absorption applications – will employ auxiliary steam from the host boiler.

The study does not address CO<sub>2</sub> transport and fate. It assumes a third-party will acquire the CO<sub>2</sub> for EOR and incur the cost for pipeline transport.

Summary. Ion Clean Energy has developed a second-generation solvent for CO<sub>2</sub> absorption that features improved capture for lower regeneration energy, reducing both capital and operating cost. Significant scale-up is required to generalize the results from small pilot plants, a 0.5 MW equivalent on coal and a 10 MWe equivalent on natural gas and refinery gas. Experience from other projects will be available to augment the lessons from this test program.

#### 4.6 Enchant Energy/San Juan Units 1,4<sup>88</sup>

Enchant Energy expects to become the owner of the San Juan Generation Station as of June 30, 2022. It is conducting a FEED study to evaluate retrofitting CCUS to Units 1 and 4. Construction is proposed to initiate prior to June 30, 2022.<sup>89</sup> Units 1 and 4 total 914 MW gross of capacity and fire a western bituminous coal. They are equipped with state-of-art environmental controls. These include combustion controls and SCR for NO<sub>x</sub>, fabric filters for particulate removal that are injected with halogenated activated carbon to remove Hg, and wet FGD. The station operates in zero-water discharge and will continue to do so post-CCUS.

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<sup>87</sup> Awtry DOE/NETL CCUS August 2020 Review. See graphic 6.

<sup>88</sup> Selch, J. et. al. *Large-Scale Commercial Carbon Capture Retrofit of the San Juan Generating Station*. Project FOA-0002058, DOE/NETL CCUS August 2020 Review Webinar.

<sup>89</sup> Ibid. See Page 9

A preliminary study evaluating CCUS retrofit to these units was completed in 2019,<sup>90</sup> estimating both capital requirement and the cost of CO<sub>2</sub> avoided. The FEED study will evaluate the MHI absorption process and an improved version of the solvent tested at NRG's Petra Nova project.

MHI reports the three-year experience with Petra Nova led to several innovations now imbedded in the improved "KS-21" solvent. These include improved lower volatility and thermal degradation, improved resistance of oxidation, and lower heat of absorption. The process arrangement is like other absorption processes, employing a direct contact cooler to reduce gas temperature and lower SO<sub>2</sub> to single-digit ppm values.

The FEED study targets 95 percent CO<sub>2</sub> removal. This would total more than 6 M tonnes of CO<sub>2</sub> removed annually from the combined 914 MW generating capacity at a capacity factor of 85 percent. The design will utilize a 2 x 50 percent process arrangement for the capture island. Other aspects of this process – specifically the need to operate in zero-water discharge – will affect the design and cost basis.

The San Juan Station is favorably situated in the San Juan Basin geologic formation for direct geologic storage as well as marketing CO<sub>2</sub> for EOR. A pipeline of approximately 20 miles would be required to deliver compressed CO<sub>2</sub> to Kinder-Morgan's Cortez pipeline, which forwards CO<sub>2</sub> to oilfields in southeast New Mexico and the Permian Basin.

The anticipated payoff is the cumulative benefit of Section 45Q tax credits for direct geologic storage with the ability to enhance the payoff when EOR pricing is at or above \$15/tonne to \$20/tonne. Cumulatively, these options present a revenue stream predicated on 85 percent capacity factor and approximately 90 percent CO<sub>2</sub> removal that will offset much of the CCUS capital and operating cost.

Summary. The San Juan station represents a case where proximity to a suitable geologic formation and strong EOR market can enable cost-effective means to avoid CO<sub>2</sub> emissions. The FEED analysis will leverage experience from the NRG Petra Nova project and could identify a near-term option to retain operation of Units 1 and 4.

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<sup>90</sup> Enchant Energy San Juan Generating Station – Units 1 & 4: CO<sub>2</sub> Capture Pre-Feasibility Study, Final Report, Sargent & Lundy, Project No. 13891-001, July 8, 2019.



#### 4.7 Prairie State Generating Company<sup>91,92</sup>

Prairie State Generating Company is hosting a FEED study on the 816 MW (gross) Unit 2 to evaluate CCUS feasibility. The analysis will address the MHI KM-CDR process tested at NRG's Petra Nova project and to be evaluated for Enchant Energy's San Juan units, but on a high-sulfur Illinois coal.

Unit 2 features state-of-art environmental controls. These include advanced combustion controls augmented by SCR for NO<sub>x</sub>, ESPs for particulate matter control, wet FGD, and a final wet ESP particulate matter control. Mercury emissions are controlled by SCR and wet FGD "co-benefits." The features of the MHI KM-CDR process and the KS-21 sorbent have been described previously for San Juan.

Figure 4-6 presents a satellite image of the PSGS site, depicting where process equipment will be located. As of August 2021, minimal details of the study were available.

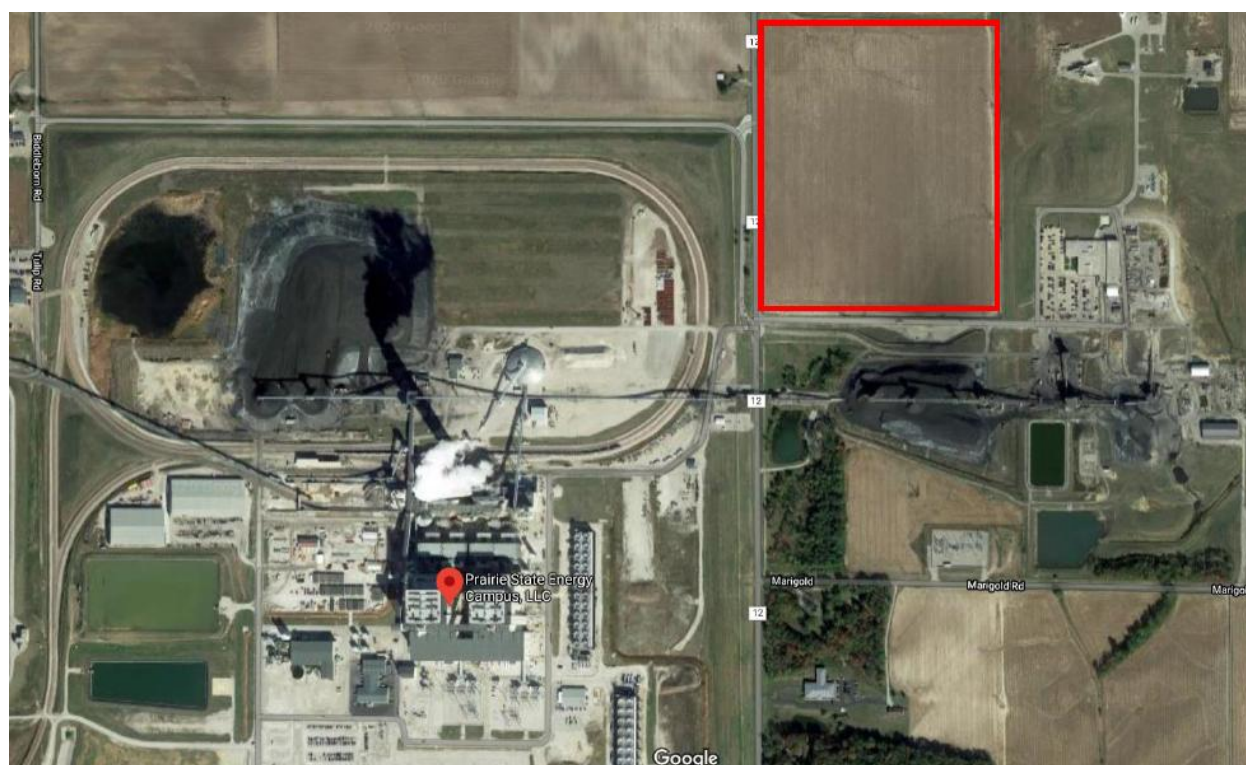


Figure 4-6. Prairie State Generating Station Unit 2 with Footprint for CO<sub>2</sub> Capture Island

<sup>91</sup> O'Brien, K. et. al., *Full-Scale FEED Study For an 816 MWe Capture Plant at the Prairie State Generating Company Using Mitsubishi Heavy Industries of America Technology*, Project FOA-0002058, DOE/NETL CCUS August 2020 Review Webinar.

<sup>92</sup> Full-Scale FEED Study for Retrofitting the Prairie State Generating Station with an 816-MWe Capture Plant Using Mitsubishi Heavy Industries America Post-Combustion CO<sub>2</sub> Capture Technology, available at: [https://netl.doe.gov/projects/files/FE0031841\\_UIL%20FEED\\_tech%20sheet.pdf](https://netl.doe.gov/projects/files/FE0031841_UIL%20FEED_tech%20sheet.pdf).

The fate of the CO<sub>2</sub> will be determined by integrating this work with the CarbonSAFE project addressing CO<sub>2</sub> sequestration or sale for EOR in Illinois.

Summary. Prairie State Generating Company is developing a next-generation design of the MHI KM-CDR process, leveraging design lessons from Petra Nova. The fate of CO<sub>2</sub> captured will be determined working with the CarbonSAFE project in Illinois.

#### 4.8 SaskPower Shand Unit 1<sup>93,94</sup>

SaskPower Shand Unit 1 features a generating output of 305 MW gross (278.5 MW net) and is located 12 km from the Boundary Dam site. The unit fires a western bituminous coal from a nearby mine and is equipped with combustion controls for NO<sub>x</sub> and an ESP for particulate matter control. The unit initially was equipped with furnace dry limestone injection for FGD, with SO<sub>2</sub> removal augmented by Re-Activation of Calcium (LIFAC) system. The FGD components are de-activated due to reliability problems. Zero-water discharge is required.

A preliminary engineering study evaluating CCUS at Shand exploiting “lessons learned” from Boundary Dam Unit 3 was completed in 2019.<sup>95</sup> The Shand analysis evaluated application of the MHI KM-CDR absorption process tested at Petra Nova. The study included retrofit of wet limestone FGD for SO<sub>2</sub> compliance and to maintain solvent effectiveness. Figure 4-7 depicts the retrofit of process equipment and identifies the scope of work of the CO<sub>2</sub> process supplier.

The FEED study targets approximately 90 percent CO<sub>2</sub> removal, totaling 6,540 tonne per day, and is projected to operate at an annual capacity factor of 85 percent. The design will utilize a 2 x 50 percent equipment arrangement for the capture island.

As with all absorption processes, considerable effort is devoted to low-grade heat utilization and strategies to minimize auxiliary power and heat consumption. This includes using flue gas waste heat for steam turbine condensate preheating and condensate energy for feedwater preheating. It also includes removing a feedwater heater from service during CCUS operation to minimize the penalty of the auxiliary steam consumption. Cumulatively, these and other design features are predicted to limit parasitic load to 22.2 percent of gross output.

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<sup>93</sup> Shand 2018 Feasibility Report.

<sup>94</sup> Giannaris, S. et. al., Implementing a second-generation CCS facility on a coal fired power station – results of a feasibility study to retrofit SaskPower’s Shand power station with CCS, available at: [https://ccsknowledge.com/pub/Publications/2020May\\_Implementing\\_2ndGenCCS\\_Feasibility\\_Study\\_Results\\_Retrofit\\_SaskPower\\_ShandPowerStation\\_CCS.pdf](https://ccsknowledge.com/pub/Publications/2020May_Implementing_2ndGenCCS_Feasibility_Study_Results_Retrofit_SaskPower_ShandPowerStation_CCS.pdf).

<sup>95</sup> Shand 2018 Feasibility Report.



Figure 4-7. 3D Depiction of Shand Unit 1 Equipped with CCUS Process Equipment

The planned fate of CO<sub>2</sub> derived from Shand is like Boundary Dam Unit 3. In this case, it would be for use as EOR at the Weyburn and Midale oil fields. There also are more than 30 additional fields in the region. A common carrier “hub” approach will be evaluated to route CO<sub>2</sub> to one or more of these oil fields.

SaskPower reports investment cost for the total of life extension actions, incremental power output, and CCUS. This cost including all preceding actions (2024 escalation) is \$986.4 M, equivalent to \$2,121/kW. This capital estimate and projected operating costs infer the cost to avoid a tonne of CO<sub>2</sub> of approximately \$45. That is based on an 85 percent capacity factor, 30-year capital recovery period, and 90 percent CO<sub>2</sub> removal. The largest components of this cost are capital (\$22/tonne), foregone electricity revenue (\$14/tonne), operations and consumables (\$7/tonne), and limestone for incremental SO<sub>2</sub> removal (\$2/tonne). SaskPower notes the cost is 62 percent less than that incurred for Boundary Dam Unit 3. These costs reflect a first-of-a-kind installation and not representative of costs anticipated after several large-scale applications. SaskPower does not offer a capital investment for CCUS separate from that including life extension and thermal performance improvements.

Summary. The Shand study exploits lessons learned from both Boundary Dam 3 and Petra Nova. The significant reduction in capital cost translates into a 62 percent reduction in levelized cost per tonne of CO<sub>2</sub> avoided. Capital cost for CCUS separate from life extension or thermal performance improvements is not available. This study clarifies the types of process and heat integration improvements that are feasible to lower both capital and operating cost.

4.9 DOE/NETL Reference Case<sup>96</sup>

The DOE/NETL reference case is a subcritical boiler generating 650 MW (net) output, based on gross generation of 776 MW. The auxiliary power demand of 126 MW is comprised of 46.6 MW for CO<sub>2</sub> compression, 28.7 MW from CO<sub>2</sub> capture and removal, and 50.8 MW attributable to conventional plant activities. The hypothetical unit is equipped with combustion controls and SCR for control of NO<sub>x</sub>, a fabric filter for particulate matter control, wet limestone FGD process, and a combination of sorbent injection and “co-benefits” for Hg control. These technologies provide state-of-art control – 98 percent SO<sub>2</sub> removal, 99.9+ percent particulate removal, NO<sub>x</sub> emission to less than 0.07 lbs/MBtu, and greater than 90 percent Hg control to meet the mandate of 1.2 lbs/TBtu. Figure 4-8 reproduces the block flow diagram reporting the mass and energy balance used to specify components and process equipment and determine CCUS installed cost.

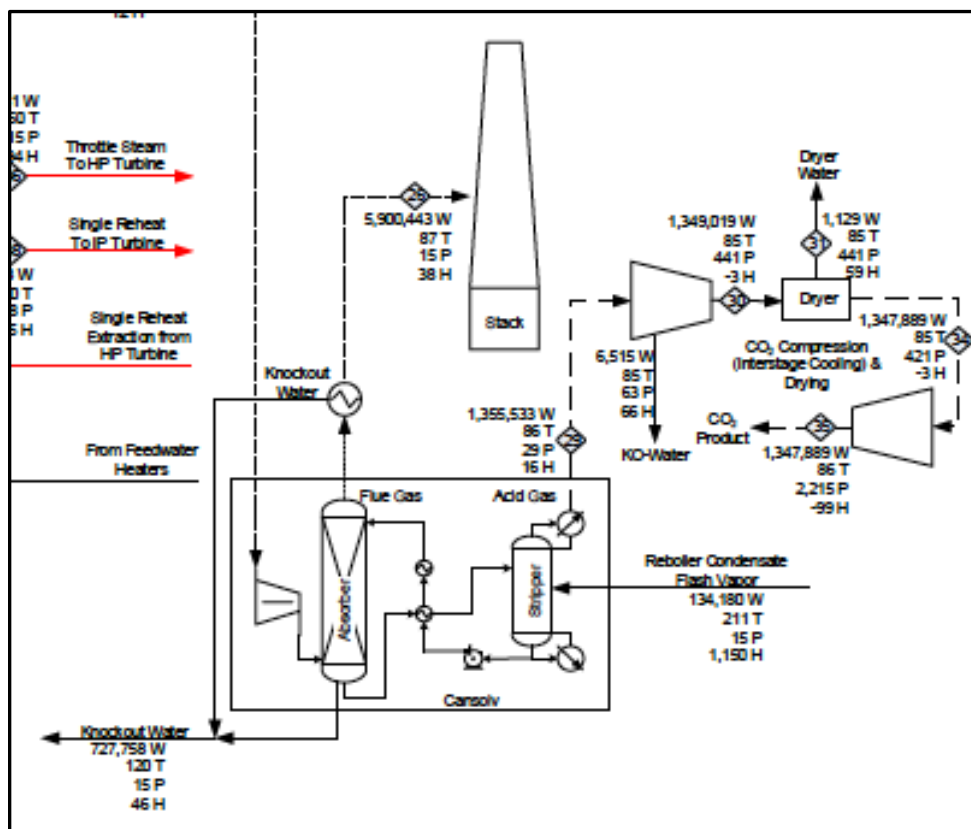


Figure 4-8. Flow Diagram: Cansolv CCUS to 650 MW<sub>(n)</sub> Subcritical Pulverized Coal Unit

The analysis assumes CO<sub>2</sub> is sequestered off-site in a saline reservoir. The pipeline, sequestration site characterization and monitoring along with construction and operation of the Class VI injection wells are included in an assumed cost of \$3.5/MWh. Figures 4-9 and 4-10 (reproduced from the DOE/NETL report) present results comparing capital and LCOE for the baseline subcritical PC unit. They are shown with and without CCUS and that equipped with CCUS. Also shown on both figures (but not discussed in this report) are analogous results for a supercritical PC unit employing a similar process design.

<sup>96</sup> NETL Bituminous and NGCC 2019 Reference Study.



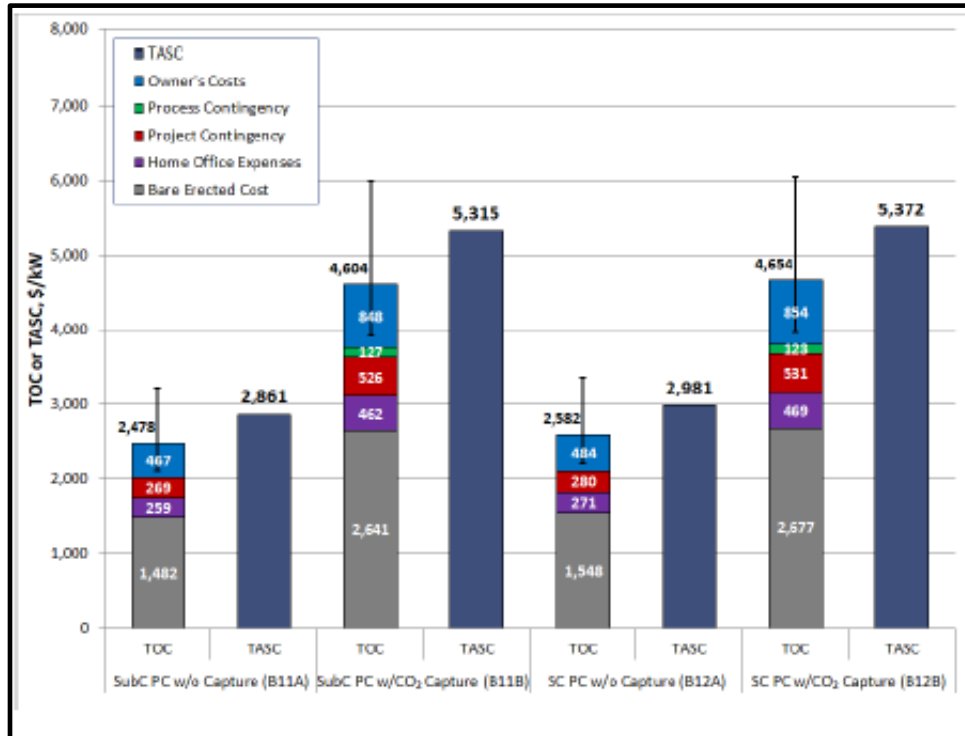


Figure 4-9. Capital Cost for DOE/NETL Reference Subcritical and Supercritical PC Study

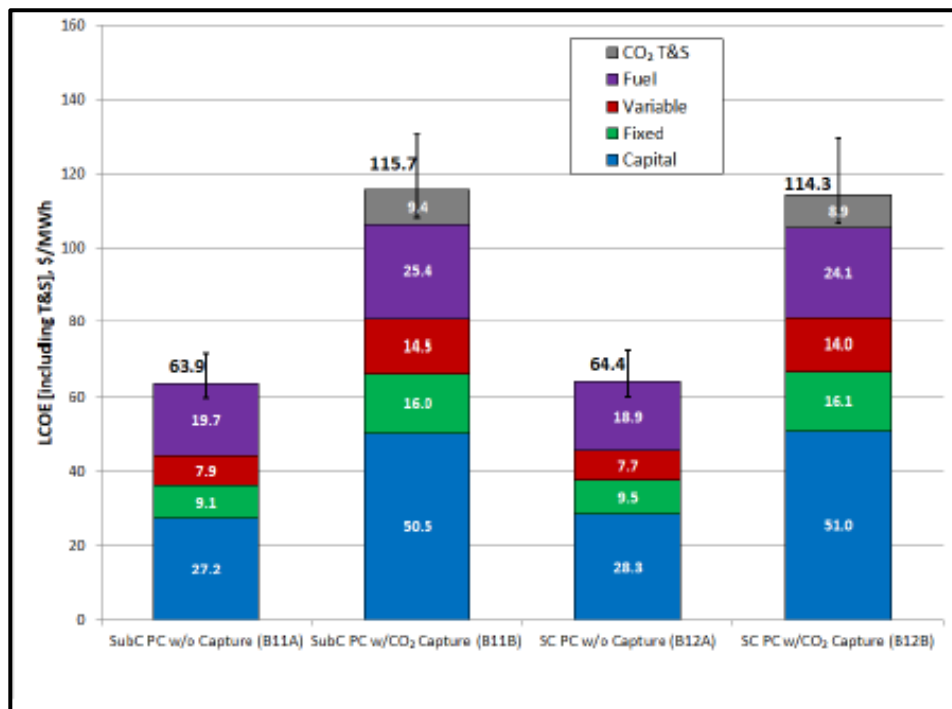


Figure 4-10. Levelized Cost for DOE/NETL Reference Subcritical, Supercritical PC Study

As defined in Section 3 for NGCC application, *Bare Erected Cost* includes process equipment, support facilities and infrastructure, and direct and indirect labor for construction. It does not include engineering and procurement and contingencies. The *Total Plant Cost* includes engineering/procurement and contingencies. The *Total Overnight Costs* reflects the Total Plant Cost but includes Owners Costs reported under the conditions of “overnight” installation. Finally, the *Total As-Spent Capital* reports all costs – including any escalation over the construction period – and financing charges. This is the key metric of evaluation.

Also presented is the Levelized Cost of Electricity. This is based on 85 percent capacity factor, 30-year operating lifetime, and financing charges that reflect typical utility conditions.

DOE/NETL’s cost evaluation shows for a conventional absorption process applied to a subcritical PC boiler the capital cost (as Total As-Spent Capital) presents an 81 percent cost premium, adding approximately \$2,454/kW. The LCOE reflecting the CCUS-equipped option is \$115.7/MWh, exceeding the Baseline Case (without CCUS) by \$51.8/MWh. The largest component of levelized cost is additional fuel to support CCUS, followed by capital.

The cost to avoid CO<sub>2</sub> for the conditions adopted in Figure 4-10 that determine the levelized cost of electricity is approximately \$70/tonne. This includes the transportation and storage cost. If the captured CO<sub>2</sub> can be sold at the plant boundary for EOR, and the cost for transport is adopted by the buyer, the avoided cost of \$55/tonne represents a market “breakeven” price that covers the cost of process equipment.

#### 4.10 Observations: Potential CCUS Application to Coal

The following observations are offered for pulverized coal-fired CCUS application based on the two ongoing or completed projects and six FEED studies in progress:

- The use of absorption processes with amine-based solvents is the predominant control technology at present. Early versions of this process at Boundary Dam Unit 3 and Petra Nova employed solvents that – although effective – require significant energy for regeneration, can induce corrosion, and can be compromised by residual gas constituents. The proposed projects use improved, next-generation version of these solvents. MHI exploited Petra Nova results to improve their CDR solvent. Fluor continues to evolve the solvent for the Econamine process. Ion Clean Energy and the University of Texas at Austin each have formulated improved solvents. Further refinement of these solvents will lower both capital and operating costs.
- Alternatives to absorption processes are progressing, as demonstrated by the MTR Polaris membrane technology. The Dry Fork project will improve process understanding of this alternative, lowering costs and increasing process feasibility.
- Each of these sites – particularly Minnkota, Dry Fork, Gerald Gentleman and San Juan – benefit by proximity to oil fields or major pipelines. This promotes the prospect of EOR revenues that can offset costs without a major pipeline investment.

- Capital cost reduction is necessary to broaden CCUS applicability. For absorption processes, lower cost can be achieved with evolving solvents offering fast kinetics for CO<sub>2</sub> capture and lower heat for regeneration. Both capital and operating cost can be reduced.

Section 4 suggests that given reductions in capital and operating cost achievable by process improvements and favorable site features, CCUS can be a viable option. Additional cost studies and large-scale tests that improve reliability and identify means to minimize capital and operating costs are required to achieve these goals.

## 5 Evolving CO<sub>2</sub> Capture Technologies

### 5.1 Background

CO<sub>2</sub> capture technology is not static. The projects described in Sections 3 and 4 address options evolved from pilot plant tests conducted over decades. Capture technology for CO<sub>2</sub> will evolve, as did control technologies for SO<sub>2</sub>, NO<sub>x</sub>, and particulate matter over the last 50 years. The continual improvement in process technology – and anticipated reduction in capital and operating cost – is a result of an ordered sequence of laboratory exploration, pilot plant tests, and large-scale projects.

Section 5 of this paper describes CO<sub>2</sub> capture technologies based on absorption, adsorption, membrane and cryogenic processes with prospects for large-scale application in the next five to 10 years. Section 5 also treats the evolving Allam-Fetvedt Cycle for new “greenfield” power, which applied to natural gas or renewable gas-firing is under development by NET Power.

A detailed treatment of emerging CO<sub>2</sub> capture technologies is beyond the scope of this discussion. Such an authoritative treatment is presented in the 2018 multi-volume review prepared by the American Petroleum Council (APC). Appendix E focuses on amine-based technologies derived from natural gas processing and Appendix F treats evolving technologies with long-term (> 10 year) payoff.<sup>97</sup> In addition, the DOE/NETL has published a compendium of projects funded to address evolving CO<sub>2</sub> capture technologies.<sup>98</sup> These evolving processes share the same objective of ultimately achieving efficient, low-cost CO<sub>2</sub> removal from fossil fuel power stations.

### 5.2 Development Strategy

As described in Section 2, a wide range of test facilities is employed for process development. The sequence of equipment and testing is generally categorized as the following:

- Bench-scale reactors that employ “synthetic” flue gas created to simulate certain aspects of application. The test duration for this class of experiments is short, typically hours.

<sup>97</sup> Meeting the Dual Challenge: A Roadmap to At-Scale Deployment of Carbon Capture, Use, and Storage, 2019, National Petroleum Council. Available at: <https://dualchallenge.npc.org/>. Hereafter NPC Report. Hereafter National Petroleum Council 2019 Report. See Appendix F, Table F-1.

<sup>98</sup> DOE/NETL CAPTURE PROGRAM R&D: Compendium of Carbon Capture Technology, April 2018. Hereafter DOE/NETL Carbon Capture R&D April 2018 Compendium. Available at: <https://www.netl.doe.gov/sites/default/files/netl-file/Carbon-Capture-Technology-Compendium-2018.pdf>.



- Small- and large-scale pilot plants that are in dedicated test facilities or within a power station and extract a “slipstream” of flue gas for testing. The flowrate of gas tested can be 10 to 100 times the size of bench- or laboratory-scale equipment, with test durations measured in days to weeks and months. Flue gas reflects authentic composition, but the limited scale can distort results due to unrepresentative mixing, gas temperature distribution, or reactor geometry (e.g., surface-to-volume ratio).
- Large-scale equipment in which gas flowrate replicates a small power plant, typically with 100 MW as a minimum.

The refinement of control technologies for FGD, NO<sub>x</sub>, particulate matter, and mercury was accomplished at federal government and electric power industry pilot plant facilities located at “host” power stations. Among the most notable examples are the EPA Shawnee Prototype Lime/Limestone Test Facility at TVA’s Shawnee Generating Station, EPRI’s Arapahoe Test Facility in Denver, CO, and High Sulfur Test Facility in Somerset, NY, and the Mercury Research Center at Gulf Power’s Plant Crist. They have provided stable, authentic test beds from the mid-1970s through the present day. Bench-scale and pilot plant tests directed to CO<sub>2</sub> capture are presently being conducted at the National Carbon Capture Center (NCCC) (Wilsonville, AL). The Wyoming Integrated Test Center will also host the Membrane Technology and Research (MTR) large pilot project.

There have been about 75 participants in DOE-funded development programs. Select examples are:

- Academia: universities of Kentucky, Illinois, Notre Dame, North Dakota, Akron, and others.
- Corporate industrial facilities: GE Global Research, Siemens Energy Group, Linde, Babcock & Wilcox, URS Group, SRI International, RTI International, and others.
- U.S. national government laboratories: Argonne, Lawrence Berkeley, and Pacific Northwest.
- Specialty research entities: Ion Clean Energy, Neuman Systems, TDA Research, Inc., MTR, Inspira LLC, and others.

The NCCC in the U.S. and the Technology Center Mongstad (TCM) located adjacent to the Equinor Mongstad Refinery<sup>99</sup> are active in the present development programs.

The sequence of development steps is exemplified by that pursued for the “chilled ammonia” process.<sup>100</sup> This early CO<sub>2</sub> capture process, envisioned at a laboratory “bench” scale in 2006,

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<sup>99</sup> Technology Mongstad Center, DOE/NETL 2020.

<sup>100</sup> Di Federico, G., Baker Hughes – Towards Net Zero Carbon Emissions. DOE/NETL CCUS August 2020 Review Webinar.

evolved in steps to a 20 megawatts thermal (MW<sub>th</sub>) pilot plant operated by American Electric Power (AEP) from 2007 to 2011. Additional tests employed a 0.25 MW<sub>th</sub> pilot plant in Sweden (2012) and two 5 MW<sub>th</sub> pilot plant test programs in the U.S at the Pleasant Prairie Station and in Germany on E. On's oil-fired Karlsruhue station (2009-2011). This experience, augmented by a 40 MW<sub>th</sub> large pilot plant at a combined heat and power facility in Norway (2000-2010), provided the basis for a FEED study to evaluate a 235 MW test project at AEP's Mountaineer station. The results of these bench, pilot, and large-scale facilities showed the chilled ammonia process to be a technically feasible option but it required prohibitive costs in the context of 2011.<sup>101</sup> This cost context now is being revisited by Baker-Hughes, which has explored applications – including those to NGCC generation facilities – since 2013.

### 5.3 Process Categories

Section 2 overviewed four categories of CO<sub>2</sub> removal processes: absorption, adsorption, membranes, and cryogenic. As noted, all categories could contribute feasible CO<sub>2</sub> capture processes equally applicable to NGCC and coal-fired flue gas.

#### 5.3.1 Absorption/Second Generation Reagents

The attributes of a second-generation CO<sub>2</sub> solvent that can lower capital and operating cost are the following: fast reaction kinetics to reduce the absorber volume, increased CO<sub>2</sub> carrying capacity reducing solvent required, less energy to liberate CO<sub>2</sub> from the solvent, and improved resistance to degradation.

Four second-generation solvents are candidates for evaluation in the projects described in Sections 3 and 4. MHI builds upon the Petra Nova experience to refine the solvent planned for Prairie State Generating Company Unit 2 (KD-21). BASF is refining the BASF OASE® blue solvent to be evaluated in the Plant Daniel Unit 4 FEED study. The piperazine solvent developed by the University of Texas at Austin is planned for testing at the Golden Spread station. And Ion Clean Energy is demonstrating its solvent at Nebraska Public Power District/Gerald Gentleman Station. The BASF OASE® blue solvent will be optimized in pilot plant tests planned for the City Water Light & Power (CWL&P) Dallman Unit 4 (Springfield, IL). This 10 MW pilot plant depicted in Figure 5-1 will explore solvent composition to improve CO<sub>2</sub> capture at low circulation rate and improve stability.<sup>102</sup>

The pilot plant features offer an innovative interstage heat exchanger to reduce steam consumption for CO<sub>2</sub> regeneration. A preliminary cost evaluation for a CCUS process exploiting both process and solvent improvements suggests the cost per tonne of CO<sub>2</sub> avoided of \$41 to \$44/tonne.

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<sup>101</sup> Tamms, K. et. al., CCS Business Case Report, December 20, 2011. Available at: [www.globalccsinstitute.com/publications/aep-mountaineer-ccs-business-case-report](http://www.globalccsinstitute.com/publications/aep-mountaineer-ccs-business-case-report).

<sup>102</sup> K.C. Obrien, Large Pilot Testing of Linde-BASF Advanced Post-Combustion CO<sub>2</sub> Capture Technology at a Coal-Fired Power Plant (FE-0031581), DOE/NETL CCUS August 2020 Review Webinar.

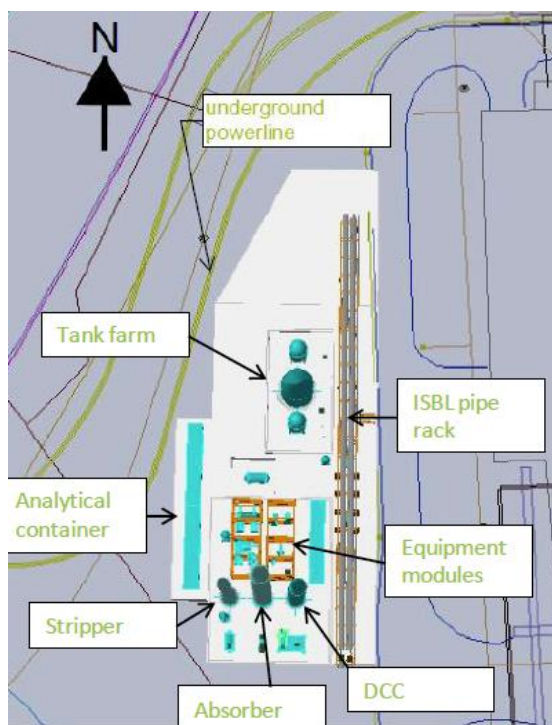


Figure 5-1. Plot Plan of CWLP Second Generation Absorbent Pilot Plant

Tests to further advance absorption solvents are underway. DOE/NETL alone is funding 25 such projects.<sup>103</sup> In October 2021, DOE announced an award to SRI International to improve SRI's mixed salt absorption modules to elevate regeneration efficiency for 95 percent of CO<sub>2</sub> from NGCC flue gas.<sup>104</sup> The solvents under development include non- or low-aqueous sorbents, improved amine-based compounds, and various ionic-based solvents. Select examples are:

- A Dual-Loop Solution-based process that is being explored by a team led by the University of Kentucky to lower equipment cost by 50 percent. It is targeted to NGCC flue gas with a 95 percent CO<sub>2</sub> capture efficiency.
- Non-aqueous based solvents by RTI International that are based on tests conducted in 2018 at the NCCC and a second (designated as GAP-1) by GE Global. Both were at the NCCC in 2016 and 2017. A multi-component, water lean solvent also is being explored by Fluor.
- Amino silicone solvents by GE Global Research and self-concentrating amines by 3H Company, LLC.

<sup>103</sup> National Petroleum Council 2019 Report. Appendix F, Table F-1.

<sup>104</sup> See: <https://www.energy.gov/fecm/articles/funding-opportunity-announcement-2515-carbon-capture-rd-natural-gas-and-industrial>.

- Reversible ionic liquids by the Georgia Tech Research Corporation and ionic liquids by the University of Notre Dame.

Further discussion of absorbent process and solvent development is in Appendix F of the APC evaluation.<sup>105</sup>

### 5.3.2 Solid Adsorbents

Solid adsorbents physically bind CO<sub>2</sub> to the surface of a solid carrier, distinguishing them from liquid or water-based absorbents. Solid adsorbents typically require engineered material and thus entail considerable time and investment for payoff. Analogous to absorption processes, a key challenge is liberating the CO<sub>2</sub> from the carrier. To this end, pressure swing and temperature swing regenerations steps are being explored.

More than one dozen materials have been explored by some of the organizations involved in developing absorption processes. Several examples are:

- A monolithic amine contactor to capture the CO<sub>2</sub>, followed by steam-driven thermal desorption and CO<sub>2</sub> collection. Cormetech is developing this process with DOE funds awarded in October 2021. It includes a multi-bed cyclic process unit without the need for vacuum for desorption supporting scalability to NGCC plants.<sup>106</sup>
- Thermal swing adsorption process, under development at laboratory scale by a partnership between TSA Research, and Membrane Technology and Research (MTR). It employs adsorption sheets that capture CO<sub>2</sub> and are regenerated in a microwave heater.<sup>107</sup> The anticipated improvement is reduced time between adsorption and desorption cycles for CO<sub>2</sub> regeneration.
- Dry carbonates, in particular the reaction of sodium carbonate with CO<sub>2</sub> to bicarbonate by RTI International.
- Metal monolith compounds integrated with amine-grafted silica by the University of Akron.
- Polymer-supported amine compounds configured with composite hollow fibers for use in a rapid temperature swing reactor by Georgia Tech Research Corporation.
- Alumina-based sorbents in a fixed bed reactor with steam regeneration by TDA Research.

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<sup>105</sup> National Petroleum Council 2019 Report. Appendix F, Table F-2.

<sup>106</sup> See: <https://www.energy.gov/fecm/articles/funding-opportunity-announcement-2515-carbon-capture-rd-natural-gas-and-industrial>.

<sup>107</sup> Ibid.

- A rotary regenerative wheel featuring diamine-functional silica gel is envisioned by Inventys VeloxoTherm. A conceptual design of a 10 MW pilot plant is being developed in partnership with NRG Energy.<sup>108</sup>

Metal organic frameworks (MOFs) are receiving significant research interest. These specially structured crystalline compounds feature adsorption properties that can be tailored for specific applications. MOFs are being integrated with zeolite and activated carbon to maximize adsorption properties. Notably, DOE announced in October 2021 the funding of GE Research to develop an integrated system of contacting vessels and MOF sorbents to capture 95 percent of CO<sub>2</sub> from NGCC flue gas.<sup>109</sup> These compounds are being evaluated for possible commercialization through university spinoffs such as NuMat Technologies and Mosaic Materials. Svante (formerly known as Inventys) is adopting similar compounds into a rotating temperature swing adsorption process.<sup>110</sup>

### 5.3.3 Membranes

Membranes are semi-permeable materials that selectively separate CO<sub>2</sub> from background gases. Membranes use gas pressure as a driving force for separation. That makes them well-suited to applications where the pressure of the gas treated is relatively high but are applicable to combustion products at atmospheric pressure.

The MTR Polaris membrane to be demonstrated at Dry Fork Unit 1 evolved from tests in 2014 at the NCCC. The present project is supported by continued work to improve the MTR membrane and the contacting reactor. DOE/NETL is funding additional membrane CO<sub>2</sub> separation technology,<sup>111</sup> examples of which include:

- Low-temperature “cold” membranes seeking a factor of 10 increase in permeance compared to conventional materials are being evaluated by Air Liquide at the NCCC.
- A hollow fiber gas-liquid membrane contacting reactor directed to improve CO<sub>2</sub> adsorption compared to conventional packed beds is explored by the Gas Technology Institute (GTI). GTI is also developing membranes composed of graphene oxide.
- Fundamental research with long-term but potentially high payoff is being conducted in academic environments. Ohio State University is exploring a two-stage capture CO<sub>2</sub> process using synthetic polymers and the University at Buffalo is addressing mixed-matrix materials that are comprised of soluble metal-organic polyhedral compounds.

<sup>108</sup> DOE/NETL Carbon Capture R&D April 2018 Compendium, page 372.

<sup>109</sup> See: <https://www.energy.gov/fecm/articles/funding-opportunity-announcement-2515-carbon-capture-rd-natural-gas-and-industrial>.

<sup>110</sup> DOE/NETL Carbon Capture R&D April 2018 Compendium, page 372.

<sup>111</sup> Ibid.

These example projects are being executed at small pilot or bench-scale and likely will require five to 10 years of refinement and large pilot test projects. However, they could significantly lower the cost of CO<sub>2</sub> capture.

#### 5.3.4 Cryogenic

Cryogenic processes have been used for decades to separate CO<sub>2</sub> from natural gas and could provide a viable means for CO<sub>2</sub> removal from combustion products.

Sustainable Energy Solutions (SES) is developing a cryogenic process that employs phase change to separate CO<sub>2</sub> from the gas stream. The SES process has been tested at bench and small pilot scale. It requires lowering gas temperature to -140°C, thus prompting CO<sub>2</sub> to “de-sublimate” or convert to solid phase. After solidifying and separation, the CO<sub>2</sub> is pressurized and liquefies in preparation for pipeline delivery.

This process has been tested at small pilot plant scale at a PacifiCorp power station, a cement processing plant, and a Brigham Young University facilities plant. DOE awarded SES funds in October 2021 to design and operate an engineering-scale Cryogenic Carbon Capture™ process at the Eagle Materials/Central Plains Cement Sugar Creek Cement Plant in Sugar Creek, MO. The project will seek to remove nominally 30 tonnes of CO<sub>2</sub> per day and demonstrate more than a 95 percent CO<sub>2</sub> removal rate.<sup>112</sup>

A second approach, called the Supersonic Inertia CO<sub>2</sub> Extraction System, is being pursued by Orbital ATK Inc. It is an inertial carbon extraction system, expanding flue gas through a nozzle and employing a cyclone to separate solids from the gas. This concept has been tested only at bench scale to date.

Cryogenic options – although not near-term and confronted with engineering challenges – comprise another long-term solution to separate CO<sub>2</sub> at low cost.

#### 5.4 Allam-Fetvedt Power Cycle

One option exclusively applicable to new “greenfield” generation is the Allam-Fetvedt Power Cycle. The process, which some have described as a specialized Brayton cycle, employs oxy-combustion and uniquely utilizes CO<sub>2</sub> as the working media. The result is a power generation cycle that produces exclusively CO<sub>2</sub> with no other constituents.

Both coal-fired and natural gas-fired applications are being developed.

Figure 5-2 presents a simplified depiction of the Allam-Fetvedt Power cycle using natural gas, as developed by Net Power. The cycle is distinguished by utilizing high-temperature, high-pressure CO<sub>2</sub> in the “supercritical” state as the working medium.

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<sup>112</sup> See: <https://www.energy.gov/fecm/articles/funding-opportunity-announcement-2515-carbon-capture-rd-natural-gas-and-industrial>.

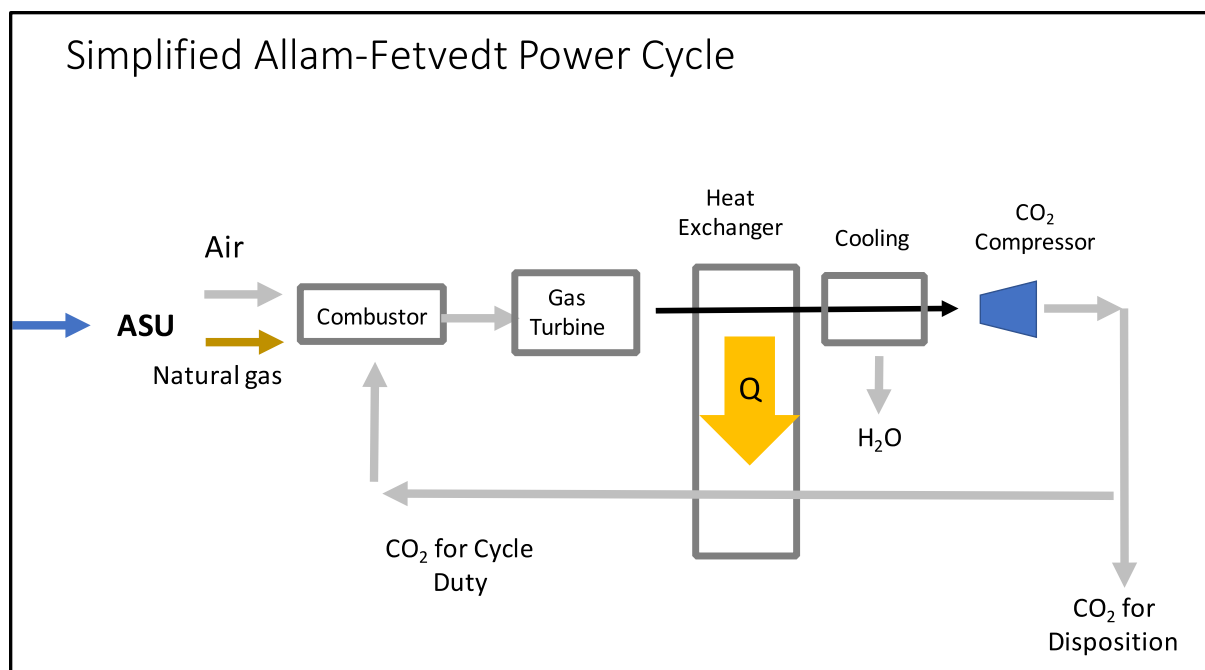


Figure 5-2. Simplified Allam-Fetvedt Cycle <sup>113</sup>

The cycle initiates by processing air in an air separation unit (ASU), generating pure oxygen to fire with fuel (natural gas or coal) in a combustor for which the working media is CO<sub>2</sub>. The high-pressure, high-temperature CO<sub>2</sub> and water generated from the combustion process expands in a special-purpose turbine, delivering shaft work. The CO<sub>2</sub> effluent from the turbine enters a heat exchanger that removes or “recuperates” heat to use again in the cycle. The CO<sub>2</sub> and water exiting the heat exchanger are further cooled (using a cooling tower) with condensing water removed. A substantial portion of the CO<sub>2</sub> (approximately 8 percent) is removed to compensate for CO<sub>2</sub> added from natural gas combustion, which is then processed for EOR or sequestered. The remaining CO<sub>2</sub> is returned to the cycle, passing through the heat exchanger to acquire heat before returning to the combustor.

The Allam-Fetvedt cycle for coal-fired duty is estimated to require “overnight” capital of \$3,647/kW and generate power at a net thermal efficiency cited to range from approximately 40 percent <sup>114</sup> to up to “the mid-to-high 40s.” <sup>115</sup> For natural gas fuel, the thermal efficiency is claimed to approach 60 percent. <sup>116</sup>

To achieve these targets for thermal efficiency, turbine inlet temperature and pressures exceed that typical of commercial practice. An inlet temperature of at least 800°C and pressure of 80 bar

<sup>113</sup> Figure 4-2 based on graphics deck per Espinoza 2019.

<sup>114</sup> Goff, A. et. al., Allam Cycle Zero Emission of Coal Power, Pre-FEED Final Report. Available at: <https://netl.doe.gov/coal/tpg/coalfirst/DirectSupercriticalCO2>.

<sup>115</sup> 300-MW Natural Gas Allam Cycle Power Plant Targeted for 2022. Power Magazine, April 15, 2019. Available at: <https://www.powermag.com/300-mw-natural-gas-allam-cycle-power-plant-targeted-for-2022/>.

<sup>116</sup> <https://energypost.eu/allam-cycle-carbon-capture-gas-plants-11-more-efficient-all-co2-captured/>.



are required.<sup>117</sup> Consequently, a key factor in the evolution of this concept is providing an expansion turbine and ancillary components with the proper metallurgy to sustain such temperatures and pressures.

Significant federal and private funds are directed to demonstrating a natural gas-fired power station based on this concept.<sup>118</sup> The process developers report two generating units totaling 560 MW are planned for southwest Colorado and Illinois for operation by approximately 2025.

## 5.5 Evolving CO<sub>2</sub> Capture Technology Takeaways

- Four categories of CO<sub>2</sub> capture technologies are defined, each potentially contributing over the long term to low-cost CO<sub>2</sub> capture. Each is each equally applicable to natural gas- and coal-fired flue gas.
- The preponderance of absorption processes with amine-based solvents in this early stage of development is a consequence of experience with amine-based solvents to remove CO<sub>2</sub> from natural gas. It also may be because of electric power industry experience with absorption towers for FGD.
- DOE/NETL is funding approximately 75 evolving processes within the four categories to achieve the target CO<sub>2</sub> cost of \$30/tonne. A structured development program consisting of bench-scale, pilot plant, and large-scale projects like what the electric power industry did in evolving state-of-art controls for particulate matter, SO<sub>2</sub>, and NO<sub>x</sub> could generate lower cost and reliable CO<sub>2</sub> capture options.

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<sup>117</sup> 8 Rivers Unveils 560 MW of Allam Cycle Gas-Fired Projects for Colorado, Illinois. Power Magazine, April 15, 2021. Available at: <https://www.powermag.com/8-rivers-unveils-560-mw-of-allam-cycle-gas-fired-projects-for-colorado-illinois/>.

<sup>118</sup> Ibid.



## 6 CO<sub>2</sub> Pipeline Networks

### 6.1 Background

Pipeline transport is the principal means by which CO<sub>2</sub> is and will continue to be distributed for EOR or deep saline geologic injection. There is extensive experience using high-pressure pipelines to distribute CO<sub>2</sub> in the U.S. dating back to the 140-mile Canyon Reef Carriers Pipeline in West Texas in 1972.<sup>119</sup> Since then, the cumulative length of CO<sub>2</sub> pipelines in the U.S. has expanded to approximately 5,500 miles.<sup>120</sup> Most of the pipelines provide “point-to-point” duty, connecting a single CO<sub>2</sub> source to a single sink. More than 90 percent of this pipeline infrastructure serves EOR. This pipeline inventory transported more than 3.5 billion cubic feet of CO<sub>2</sub> each day in 2019, with most source-to-sink routes employing more than one pipeline.<sup>121</sup>

A significant expansion of the existing pipeline network is projected to be necessary to support the projected needs for decarbonization, according to analysis by NETL,<sup>122</sup> the petroleum industry,<sup>123</sup> the Great Plains Institute (GPI),<sup>124</sup> and the Princeton Net-Zero America study.<sup>125</sup> Most notably, the GPI estimates that ultimately almost 60,000 miles of CO<sub>2</sub> pipeline will be required, split between “near and mid-term” and “midcentury” duty, while the Princeton Net-Zero America study projects almost 70,000 miles by 2050. The near and mid-term applications supporting both industrial and utility power generation sources would transport 281 M tonnes of CO<sub>2</sub> annually and require investment for capital and labor of \$30.9 B. The mid-century applications would transport 669 M tonnes of CO<sub>2</sub> annually and require investment of capital and labor of \$44.6 B. This additional pipeline capacity, although significant, is modest compared

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<sup>119</sup> CO<sub>2</sub> Transportation –Is it Safe and Reliable?, CLS Forum White Paper, September 2011, available at: [https://www.cslforum.org/cslf/sites/default/files/documents/CSLF\\_inFocus\\_CO2Transportation.pdf](https://www.cslforum.org/cslf/sites/default/files/documents/CSLF_inFocus_CO2Transportation.pdf).

<sup>120</sup> Grant, T., An Overview of the CO<sub>2</sub> Pipeline Infrastructure, DOE/NETL Workshop Representing Carbon Capture Utilization and Storage, College Park, Maryland, October 17-19, 2018. Hereafter Grant 2018 DOE/NETL Workshop.

<sup>121</sup> APC 2019 Report, Chapter 6.

<sup>122</sup> DOE/NETL 2015 Pipeline study.

<sup>123</sup> V. Kuuskraa et al, CO<sub>2</sub>-EOR Set for Growth as CO<sub>2</sub> Supplies Emerge, Oil & Gas Journal, April 7, 2014.

<sup>124</sup> Near and mid-term applications exploit low-cost CO<sub>2</sub> sources in the Midwest such as ethanol facilities to deliver to Kansas, Oklahoma, and Texas. Saline injection cost is less than \$10/tonne and oil is priced at \$40/barrel. Mid-century applications heavily rely upon on Section 45Q incentives, incur saline injection costs of less than \$5/tonne, with oil priced at \$60/barrel. See Abramson, E. et. al., Transport Infrastructure for Carbon Capture and Storage, Great Plains Institute, June 2020.

<sup>125</sup> DOE/NETL 2015 Pipeline Infrastructure Study.

with the 535,000 miles of pipeline for natural gas and hazardous liquid transmission operating in the U.S. today.<sup>126</sup>

Figure 6-1 depicts the routing of major CO<sub>2</sub> pipelines in the U.S. and identifies locations of milestone projects that are sources or sinks for CO<sub>2</sub>. The major regions are the Northern Rockies, Permian Basin, Mid-Continent, and Gulf Coast.

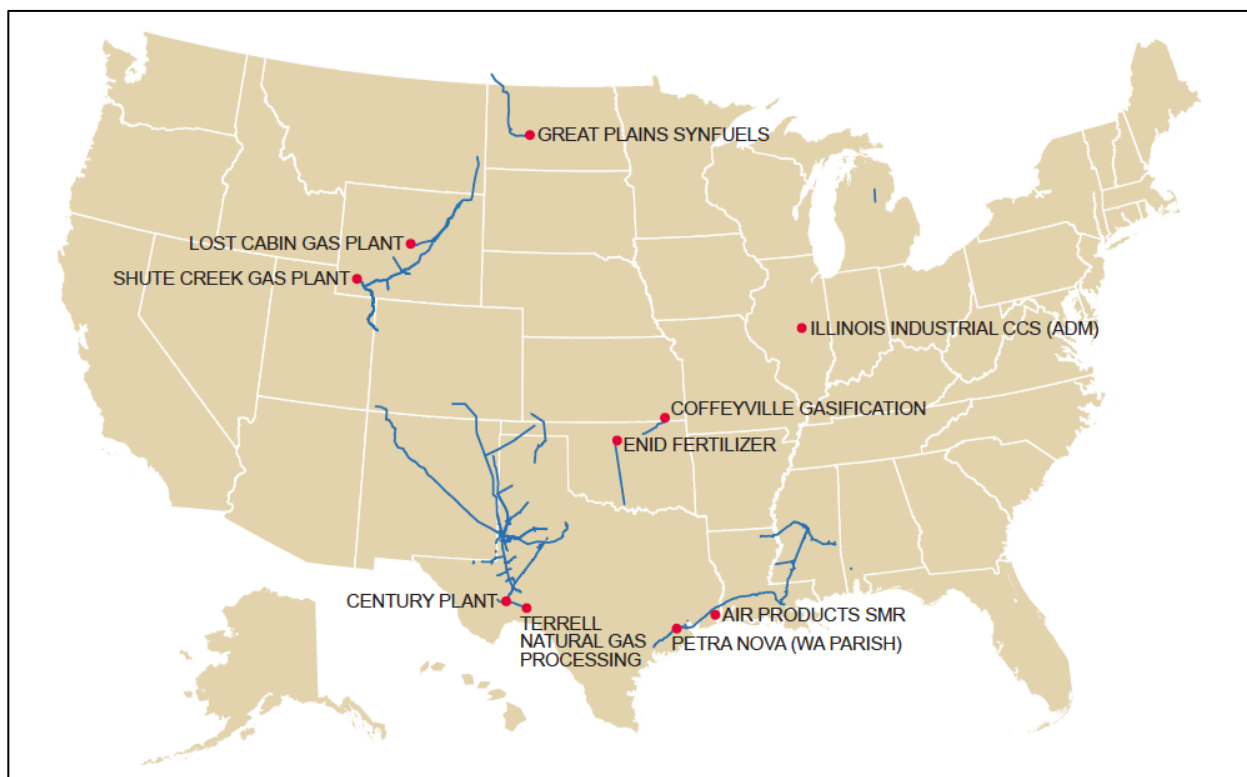


Figure 6-1. Routing of Major CO<sub>2</sub> Pipelines in U.S.<sup>127</sup>

Expanding the pipeline infrastructure will require evaluating CO<sub>2</sub> purity and delivery pressure, barriers to pipeline expansion, and capital cost. Each of these topics is addressed, followed by discussion of the pipeline “hub” concept.

## 6.2 CO<sub>2</sub> Delivery Pressure, Purity

The pressure and purity to which CO<sub>2</sub> is prepared determines the cost and design of pipeline infrastructure. CO<sub>2</sub> is most economically transported when the content is at least 95 percent by volume and compressed to pressure defined as the supercritical state (at least 1,070 psig and 88°F). This results in a dense phase liquid. Combustion byproducts that contaminate the CO<sub>2</sub> stream should be almost completely removed. These issues are addressed subsequently.

<sup>126</sup> Meeting the Dual Challenge: A Roadmap to At-Scale Deployment of Carbon Capture, Use, and Storage, 2019, National Petroleum Council. Available at: <https://dualchallenge.npc.org/>. Hereafter NPC Report. Hereafter National Petroleum Council 2019 Report.

<sup>127</sup> Ibid. See Figure 6-2.

### 6.2.1 CO<sub>2</sub> Pressure

The high-density, supercritical phase is optimal for transport as CO<sub>2</sub> behaves more like a liquid than a highly compressed gas. This enables pumps to be used instead of compressors, thus lowering transport costs. The pressure to generate supercritical CO<sub>2</sub> requires at least 1,070 psig, although some applications employ pressure as high as 2,200 psig.<sup>128</sup> Consequently, the potential for delivery pressure of 2,200 psig requires pipeline wall thickness to be greater compared to that for natural gas. Moisture should be removed to minimize corrosion. Typical transport pressures range from 1,200 to 2,200 psig, creating the very dense phase that enables geologic injection for sequestration or EOR.

Because of their high operating pressures, CO<sub>2</sub> pipelines are subject to the same safety regulations as hazardous liquid pipelines rather than those applied to natural gas.<sup>129</sup> The association of CO<sub>2</sub> pipelines with the term “hazardous” can create a misperception with the public.

### 6.2.2 CO<sub>2</sub> Transport and Injection Specifications

Composition of CO<sub>2</sub> byproduct are those historically associated with natural gas processing, such as oxygen (O<sub>2</sub>) and hydrogen sulfide (H<sub>2</sub>S). In the case of CO<sub>2</sub>, they also include other species such as methane and nitrogen. These constituents must be minimized to prevent corrosion and to not alter the properties of the condensed CO<sub>2</sub> that affect transport. Carbon monoxide (CO) can prompt corrosion as can water, which allows the formation of certain hydrates. Oxygen is to be minimized to meet requirements for EOR and saline injection, to avoid algae growth, and corrosion. Glycol can damage pump seals.

Table 6-1 summarizes the recommended specifications for content of CO<sub>2</sub> typifying various pipeline operators throughout the U.S.<sup>130</sup> This content is advised to support the least-cost CO<sub>2</sub> transport.

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<sup>128</sup> NPC 2019\_Report. Chapter 6, Table 6-1.

<sup>129</sup> Title 49 of the Code of Federal Regulations, Part 195, Transportation of Hazardous Liquids by Pipeline.

<sup>130</sup> NPC 2019 Report. Chapter 6.

Table 6-1. Recommended Specifications for CO<sub>2</sub> Transport, Saline and EOR Injection

	Units	Numerical Range
CO <sub>2</sub>	% by volume	>95
Water	ppm by volume	250-950
H <sub>2</sub> S	ppm by weight	<10-45
Total Sulfur	ppm by weight	<10-35
Nitrogen	% by volume	<0.9 – 4
Oxygen	ppm by volume	<10
Hydrocarbons	% by volume	<4 to 5
Temperature	°F	<90 – 120
Glycol	Gallons/Mcf	<0.3

### 6.3 Barriers to Pipeline Expansion

The key barriers to pipeline expansion are (a) acquiring permits and the associated topics of right-of-way access and eminent domain; (b) the role of individual state mandates; (c) the perception of sensitive habitat and cultural features; and (d) cost.

#### 6.3.1 Permits and Right-of-Way Access

Present regulations specify the permitting and siting of CO<sub>2</sub> pipelines as under the purview of state authority. However, considering the magnitude of pipeline buildout required if CCUS were widely deployed, state-by-state authority may be inadequate for interstate projects. Some degree of federal control may be required to secure interstate permits, like that of interstate natural gas pipelines.

Permits cannot be acquired until right-of-way is secured. A key consideration is the potential for the project developer to invoke eminent domain, which is the right of a government entity (including state and federal governments) to acquire private property for beneficial public use. Two criteria to invoke eminent domain must be met: there must be a clear benefit for “public use,” and “just compensation” must be offered to the property owner. There are various means to determine public use and benefit. One criterion is “natural resource takings” provisions with states such as Idaho, Wyoming, and Colorado embedding such rights in the state constitution.

Proposed pipeline networks that clearly serve a public purpose – accumulating CO<sub>2</sub> from various sources for terrestrial sequestration or EOR – may provide a convincing case for eminent domain. Developing permits for wide-scale deployment will require significant cost and time.

### 6.3.2 Individual State Mandates

States can impose additional standards for intrastate transport but cannot do so for interstate transport.<sup>131</sup> For example, Wyoming requires specific pipeline casings and site requirements for right-of-way associated with the state highway system.<sup>132</sup> Texas requires CO<sub>2</sub> pipeline operators to employ certain corrosion-resistant materials, limit pipelines near schools, and engage in public safety education of this topic.<sup>133</sup> States also can establish siting authorities and mechanisms for local governments to participate, and establish “set-back” or industrial permitting requirements.<sup>134</sup>

The cumulative effect of these regulations is a strong safety record. DOE reports between 1986 and 2008, a total of 12 accidents across what was then a 3,500-mile pipeline network was reported.<sup>135</sup> No injuries or fatalities were reported from these incidents. One incident reported since this time frame was a February 2020 pipeline breach in Satartia, MS.<sup>136</sup> The pipeline breached transported CO<sub>2</sub> not processed from CCUS, but rather naturally-occurring CO<sub>2</sub> from the extinct volcano known as Jackson Dome. The pipeline was believed to contain hydrogen sulfide.<sup>137</sup>

### 6.3.3 Public Safety Perception

The high CO<sub>2</sub> pressure required for transport is the basis for regulation by the Department of Transportation (DOT) under Title 49 of the Code of Federal Regulations (Part 195, Transportation of Hazardous Liquids by Pipeline). As noted previously, association of CO<sub>2</sub> pipelines with “hazardous” regulations can be a barrier in acquiring permits. DOT regulations define CO<sub>2</sub> as a non-flammable gaseous hazardous material but not a hazardous liquid. However, some of the safety regulations applied to hazardous liquid pipelines, as defined by the Pipeline Hazardous Material and Safety Administration (PHMSA),<sup>138</sup> must be observed.

<sup>131</sup> Righetti, T.K., Siting Carbon Dioxide Pipelines, *Oil and Gas, Natural Resources and Energy Journal*, Volume 3, Number 4. November 2017. Hereafter Righetti 2017.

<sup>132</sup> WYDOT Rules and Regulations, Utility Accommodations Section, WYO. DEP’T OF TRANSP. Available at: [http://www.dot.state.wy.us/files/live/sites/wydot/files/shared/Management\\_Services/utility%20accommodations%20section%20rules/utl10.pdf](http://www.dot.state.wy.us/files/live/sites/wydot/files/shared/Management_Services/utility%20accommodations%20section%20rules/utl10.pdf).

<sup>133</sup> TEX. ADMIN. CODE tit. 16, §§ 8.301-8.315 (2017).

<sup>134</sup> Righetti, 2017.

<sup>135</sup> Grant 2018 DOE/NETL Workshop.

<sup>136</sup> <https://www.clarionledger.com/story/news/local/2020/02/27/yazoo-county-pipe-rupture-co-2-gas-leak-first-responders-rescues/4871726002/>.

<sup>137</sup> See: [https://www.huffpost.com/entry/gassing-satartia-mississippi-co2-pipeline\\_n\\_60ddea9fe4b0ddef8b0ddc8f](https://www.huffpost.com/entry/gassing-satartia-mississippi-co2-pipeline_n_60ddea9fe4b0ddef8b0ddc8f).

<sup>138</sup> Title 49 of the Code of Federal Regulations, Part 195, Transportation of Hazardous Liquids by Pipeline.

## 6.4 Capital Cost

Capital costs for pipelines vary widely. The key metric is the cost per inch-mile. This varies depending on numerous factors, primarily the compensation for right-of-way. Terrain and other geologic factors also can have a major impact. Typically, the least-cost pipelines on a cost per inch-mile basis are those built in rural areas. They usually transgress land of low-to-modest economic value and are of extensive length that results in economies-of-scale. In contrast, the highest-cost pipelines typically are relatively short and built in commercial or residential areas with intermediate to high population density.

Table 6-2 presents example costs for pipelines constructed since 2009.<sup>139</sup> Table 6-2 reports the cost for pipelines constructed from 2009 through 2016 in six states requiring lengths from 2 miles to over 300 miles with pipe diameters from 6 inches to 24 inches. The cost per inch-mile varies by more than a factor of three. One of the costliest projects, the Denbury Gulf Coast Pipeline and the Denbury Green Pipeline, crossed extensive wetlands, marshlands, as well as sections of Galveston Bay. Another high-cost project – at nearly \$200K per mile – is among the shortest at 9 miles but required horizontal directional drilling. In contrast, the least-cost pipeline is owned by Greencore Pipeline Company. One reason for the lower cost is 33 percent of right-of-way was acquired from public lands and the remaining 67 percent from ranchland.

Several business models can be considered to fund and operate a CO<sub>2</sub> pipeline. One option entails the public sector, where local, state, or federal governments finance the projects. The states of Alaska, North Dakota, and Wyoming have chartered corporations to achieve this end.

Alternatively, a private entity can assume financing and operation. Duke Energy has considered such actions, possibly in joint ownership with a third party.<sup>140</sup> The benefits include revenue from CO<sub>2</sub> or sharing emissions allowances.

Both federal and state incentives for financing CO<sub>2</sub> pipeline infrastructure exist. Federal incentives most notably include Master Limited Partnerships (MLPs), which are commonly used for oil and gas pipelines, and Section 45Q credits. State incentives typically consist of property tax exemptions, reduced income tax, reduction in sales tax on required process equipment, and – depending on the state regulatory structure – rate recovery.

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<sup>139</sup> NPC 2019 Report.

<sup>140</sup> Grant 2018 DOE/NETL Workshop.

Table 6-2. Comparison of Pipeline Cost, Physical Features: Seven Recent Examples

Pipeline Name/ Company	Green	Greencore	Seminole	Coffeyville	Webster	Emma	TCV/ Petra Nova
State	LA/TX	WY/MT	TX	KS/OK	TX	TX	TX
Year Constructed	2009/2010	2011/2012	2012	2013	2013	2015	2016
Length (miles)	320	232	12.5	67.9	9.1	2	81
Diameter (inches)	24	20	6	8	16	6	12
Maximum Pressure (psig)	2,220	2,220	1,825	1,671	2,220	2,319	2,220
Cost per Mile (\$/mile)	3,044,000	1,372,700	480,000	928,500	3,190,000	750,000	N/A
Cost per inch- mile (\$/in-mile)	126,823	68,635	80,000	116,062	199,176	125,000	N/A

## 6.5 CO<sub>2</sub> Transport “Hub”

The concept of transport “hubs” where geographically clustered CO<sub>2</sub> sources share pipelines for geologic sequestration or EOR is a means to lower CCUS cost. In contrast to “point-to-point” transport from a dedicated CO<sub>2</sub> source to a dedicated sink, the hub concept aggregates CO<sub>2</sub> from various sources to exploit economies of scale to reduce cost.

Several hubs already exist or are evolving internationally.<sup>141</sup> In North America, the Alberta Carbon Trunk Line transports CO<sub>2</sub> from a refinery and fertilizer plant in a shared pipeline for EOR. In the United Kingdom, the Net Zero Teesside hub transports CO<sub>2</sub> from an NGCC power station and aggregates CO<sub>2</sub> from sources in the emissions-intensive Humber industrial sector for sequestration offshore.

The Energy Futures Initiative conducted a conceptual study<sup>142</sup> addressing the feasibility of three example CCUS hubs. These hypothetical hubs are assumed to be located within the Ohio River Valley, Wyoming, and on the Texas/Louisiana Coast. Table 6-3 summarizes the estimates of total CO<sub>2</sub> reduction potential and potential hub sources and sinks.

Three ventures to develop pipeline hubs are being considered in the U.S.<sup>143</sup> Navigator Ventures is evaluating a 1,200-mile hub or “common carrier” pipeline through Nebraska, Iowa, South Dakota, Minnesota, and Illinois. This pipeline will be capable of transporting 12 million tonnes of CO<sub>2</sub> (MtCO<sub>2</sub>) per year for storage in various Illinois sequestration sites. Summit Carbon is planning a 10 MtCO<sub>2</sub> per-year-capacity pipeline, primarily aggregating CO<sub>2</sub> from ethanol plants. ExxonMobil plans an extensive hub to aggregate CO<sub>2</sub> from the Houston Ship Channel for sequestration offshore in saline reservoirs in the Gulf of Mexico.

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<sup>141</sup> *Building to Net Zero: A U.S. Policy Blueprint for Gigatons-Scale CO<sub>2</sub> Transport and Storage Infrastructure*, prepared by the Energy Futures Initiative, June 30, 2021. Available at: <https://energyfuturesinitiative.org/efi-reports>. See page 53.

<sup>142</sup> Ibid.

<sup>143</sup> Ibid.



Table 6-3. Conceptual CO<sub>2</sub> Hubs: CO<sub>2</sub> Reduction Potential, Sources, Sinks

Region	Potential CO <sub>2</sub> Reduction (MtCO <sub>2</sub> )	Hub CO <sub>2</sub> Sources	Hub CO <sub>2</sub> Sink
Ohio River Valley	123	29 power generation, 19 iron and steel/aluminum, 5 chemicals manufacturing & production, 2 refineries, and 1 mineral plant	8 geologic storage sites, 855 miles of CO <sub>2</sub> pipelines
Wyoming	43	10 power generation, 4 refineries, 2 chemicals manufacturing and production, and 1 mineral plant	4 geologic storage sites, 443 miles of CO <sub>2</sub> pipelines
Texas/Louisiana Coast	171	47 chemicals manufacturing and production, 31 power generation, 25 refineries, 23 gas processing, 21 hydrogen and ammonia production, 3 iron and steel/aluminum production, and 2 paper/pulp production plants	5 geologic storage sites, 1,462 miles of CO <sub>2</sub> pipelines

## 6.6 Pipeline Takeaways

CO<sub>2</sub> pipeline infrastructure will require expansion by some estimates of up to a factor of 10 to support broad CCUS deployment. The following issues are to be considered:

- Experience exists in North America with CO<sub>2</sub> pipelines infrastructure, with a present inventory of 5,500 miles concentrated in oil-producing states and Canadian provinces. Some observers suggest an increase in pipeline capacity between four and more than ten-fold is necessary to support CCUS goals.
- CO<sub>2</sub> pipelines are distinguished from those for natural gas by significantly higher operating pressure, from a minimum of 1,070 psig to as high as 2,200 psig. As with natural gas pipelines, transported CO<sub>2</sub> meets certain specifications (see Table 6.1).
- Acquiring right-of-way, as determined by land ownership and state laws, is a challenging issue. The prospect of invoking eminent domain could be an option. Public perception of safety could be influenced by association of “hazardous” language describing regulations.
- The required capital is highly variable and depends on the length of the pipeline, the routing (and thus right-of-way), and the extent of contaminant removal. Most, if not all, pipeline enhancement actions will require some form of financial assistance.
- Although the present point-to-point arrangement of pipelines are effective for existing projects, they may not provide the least-cost transport. The “hub” arrangement that aggregates CO<sub>2</sub> from multiple sources for a “common carrier” for disposition at multiple sequestration or EOR sites could exploit economies of scale for financing, construction, and permitting.

## 7 Enhanced Oil Recovery (EOR)

The use of CO<sub>2</sub> for EOR is of significant and immediate interest. Six of the 11 CCUS projects described in Sections 3 and 4 cite EOR as the primary CO<sub>2</sub> fate. Adequate pipeline capacity already exists for most of these projects, almost all of which are at or near existing pipelines. That EOR fields can retain CO<sub>2</sub> is not in question. Natural gas and oil have been entrapped in such formations for millions of years. Also, EOR provides the collateral benefit of lowering life-cycle emission of CO<sub>2</sub> for oil extraction by up to 63 percent.<sup>144</sup> However, not all oil fields are amenable for EOR and detailed evaluation is required to assess feasibility.

### 7.1 Overview

EOR – defined as the use of CO<sub>2</sub> at supercritical conditions to displace oil within reservoirs – is broadly practiced in North America. A total of 1 B tonnes of CO<sub>2</sub> have been sequestered using EOR in the U.S. in the last 40 years. Figure 7-1 overviews the location of major oil fields evaluated as favorable.<sup>145</sup> For some oil fields, the factor limiting the use of CO<sub>2</sub> as EOR is simply CO<sub>2</sub> availability at a price that supports favorable oil production. For others, the physical features of the field and production history affect this feasibility.

EOR beneficially affects CCUS economics in multiple ways. They include:

- The upfront cost to deploy EOR can be less than opening a new geologic sequestration site because the geologic characteristics of the field already have been determined.
- Pipeline infrastructure may exist at or within reasonable proximity to a potential CO<sub>2</sub> source, minimizing new pipeline investment.
- The injection wells for EOR are less complex to permit and are less costly compared with the injection wells required for sequestration.
- The cost to secure CO<sub>2</sub> through EOR can be offset through revenue to increase oil production and Section 45Q tax credits. The credits start at \$19/tonne in 2019 and rise to \$35/tonne in 2026, and subsequently escalate with inflation.

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<sup>144</sup> IEA 2015 CO<sub>2</sub> EOR and Storage.

<sup>145</sup> 2015 DOE/NETL Storage Atlas. Graphic 17.

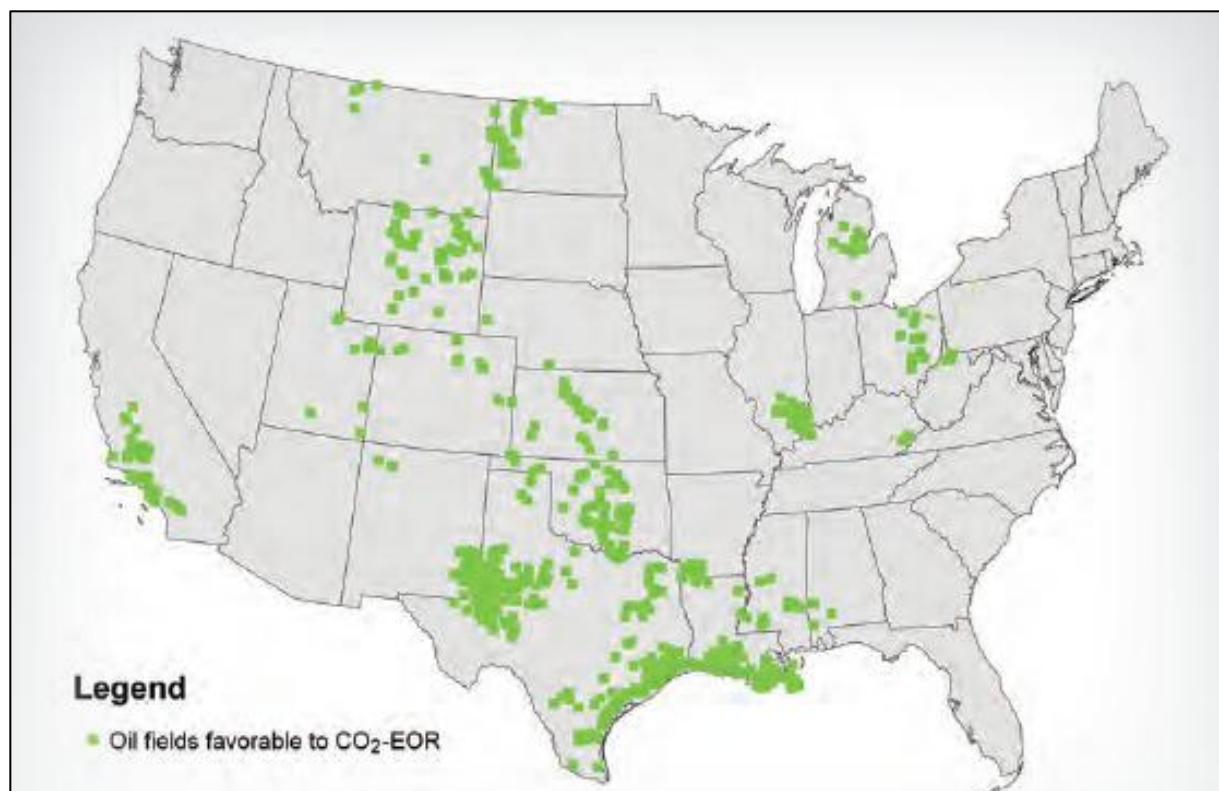


Figure 7-1. Major Oil Fields in the U.S. Identified as Favorable to EOR

There are many examples of EOR sites. Among the more prominent are the Denver Unit in the West Texas Permian Basin, Bell Creek Field in the Powder River Basin of Montana, and the Northern Nigiran Pinnacle Reef Trend in the Michigan Basin. Perhaps the largest regional collection of EOR sites is the Texas Permian Basin, which a recent DOE study described as “too numerous to count.”<sup>146</sup>

## 7.2 CO<sub>2</sub> Storage Capacity

There are more than 150 EOR projects operating worldwide.<sup>147</sup> Estimates of CO<sub>2</sub> storage via EOR have been developed for North America and worldwide. Even the lowest estimates suggest adequate capacity to support significant CO<sub>2</sub> storage.

The American Petroleum Council (APC) estimates CO<sub>2</sub> storage capability according to several categories of EOR sinks, with the largest sinks being Onshore Conventional, the Residual Oil Zone, and Unconventional.<sup>148</sup> The APC reports CO<sub>2</sub> storage in the U.S. for two scenarios: *Present Capabilities* reflecting existing technology, and *Strong Economics/Improved Technology* reflecting a combination of state-of-art technologies and strong economic growth. The estimate for the *Present Capabilities* scenario ranges from 55 B tonnes to 119 B tonnes, with the *Strong*

<sup>146</sup> Balch, R., CUSP: The Carbon Utilization and Storage Partnership of the Western US, NETL Workshop on Representing Carbon Capture and Utilization, October 2018.

<sup>147</sup> APC Report. See Chapter 8, Table 8-1.

<sup>148</sup> Ibid.

*Economics/Improved Technology* scenario projected to provide 274 B tonnes to 479 B tonnes of storage.<sup>149</sup> Separate from the APC analysis, the DOE/NETL Storage Atlas estimates U.S. EOR storage ranges from 186 B tonnes to 232 B tonnes.<sup>150</sup>

### 7.3 EOR Economics

The economics of EOR depend on CO<sub>2</sub> delivery pressure, the geologic characteristics of the target formations(s), and whether the field is operated to maximize CO<sub>2</sub> storage or additional oil production. Pipeline transport is an additional consideration. These are elaborated as follows:

CO<sub>2</sub> Physical Features. CO<sub>2</sub> is most effective displacing oil when injected as a fluid that is miscible with oil, creating one homogeneous fluid. This is accomplished by injecting CO<sub>2</sub> at supercritical pressure, above 1070 psig.<sup>151</sup> Not all EOR fields can sustain such pressure. Some fields may be limited by the geologic characteristics of the caprock that seal the oil or natural gas in the target reservoir and be required to operate at lower pressures.

EOR Objective. EOR economics are affected by the objective of the site. It can be either to maximize oil production while using minimal CO<sub>2</sub>, or maximizing CO<sub>2</sub> secured in exchange for additional oil produced. Additional CO<sub>2</sub> can be injected into a target formation above and beyond what may be needed for maximizing oil recovery.<sup>152</sup>

EOR in the U.S. has historically been used to maximize oil production, with securing CO<sub>2</sub> as incidental. Most EOR operations employ this scenario, termed *EOR Light* by the IEA.<sup>153</sup> It utilizes and thus “stores” 0.3 tonnes of CO<sub>2</sub> per bbl of oil produced. The incremental oil produced using this scenario increases by 6.5 percent over the original inventory. IEA also studied an *Advanced EOR* scenario, increasing both CO<sub>2</sub> secured, and oil recovered. The CO<sub>2</sub> secured increased to 0.6 tonnes per bbl of oil recovered, and oil production increased by 13 percent. A *Maximum EOR* scenario further increased CO<sub>2</sub> secured to 0.9 tonnes of CO<sub>2</sub> per bbl oil, increasing oil production by 13 percent.

Some stakeholders have asked how an increase in EOR affects the global CO<sub>2</sub> budget. That is, does promoting EOR compromise benefits provided by CCUS? To the contrary, the IEA estimate that EOR avoids CO<sub>2</sub> that would otherwise be generated during “conventional” oil extraction – providing a 63 percent reduction.<sup>154</sup>

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<sup>149</sup> Ibid.

<sup>150</sup> 2015 DOE/NETL Storage Atlas.

<sup>151</sup> Injected CO<sub>2</sub> in supercritical (e.g., liquid) state is miscible with oil and reduces the viscosity, enabling displacement from the pores. The required pressure in the reservoir is typically about 75 bar (for light crude oil) at temperatures of about 70°C.

<sup>152</sup> The market price for CO<sub>2</sub> is generally 1 to 2 percent of the price of oil, as cost per mcf of CO<sub>2</sub>. See Grant, T.C., An Overview of CO<sub>2</sub> Pipeline Infrastructure, NETL Workshop on Representing Carbon Capture and Utilization, October 2018.

<sup>153</sup> IEA 2015 CO<sub>2</sub> EOR and Storage.

<sup>154</sup> Ibid.

CO<sub>2</sub> Separation Processes. Although CO<sub>2</sub> is trapped within the reservoir as oil is displaced, a portion of injected CO<sub>2</sub> is returned to the surface with the “produced” oil and gas. The CO<sub>2</sub> that returns must be separated from the oil and gas and re-injected to achieve a true closed-loop system so all CO<sub>2</sub> is retained within the reservoir. The cost for process equipment to separate, measure, recycle and return CO<sub>2</sub> affects EOR feasibility.

Pipeline Transportation Corridor. One factor that can favorably affect EOR economics is the use of a transport corridor, or “hub” as described in Section 6. The “hub” strategy enables multiple EOR sites to acquire CO<sub>2</sub> from multiple sources, each sharing the cost for common elements of the pipeline. It is anticipated to cost less than conventional point-to-point transport, where a single CO<sub>2</sub> source and oil field bear the entire pipeline investment. This arrangement already exists in the Permian Basin. This “hub” pipeline complex also serves the Weyburn field in Canada.

## 7.4 EOR Injection Well Requirements

The U.S. Environmental Protection Agency (EPA) regulates the injection of CO<sub>2</sub> into underground oil and natural gas reservoirs under the provisions of the Safe Drinking Water Act (SDWA). EPA, or alternatively states in many cases, permit underground injection of CO<sub>2</sub> for EOR through the Underground Injection Control (UIC) Program. The UIC Program is responsible for assuring that the injection of CO<sub>2</sub> and other fluids into underground formations does not compromise groundwater quality and ensures the injected material is retained in target injection zones. There are six classifications of underground injection wells, enumerated as Class I through VI. The injection wells for EOR are required by EPA to abide by Class II design criteria.<sup>155</sup> The Class II well requirements address well design and an evaluation of the potential for injected CO<sub>2</sub> to migrate to the surface. A permit demonstrating how the well will satisfy the requirements of the program must be obtained prior to initiating injection of CO<sub>2</sub> for purposes of EOR.

Although the UIC Program is a federal regulation, states have the option of assuming responsibility for implementation. Thirty-four states have adopted at least some portion of the responsibility. The permitting of Class II wells for EOR is well established. EPA estimates there are over 180,000 Class II injection wells in the U.S. and as much as 80 percent of those wells are used for EOR.

## 7.5 EOR Supporting CCUS Projects

As noted previously, two of the four NGCC and four of the eight coal-fired projects or FEED studies in North America seek to utilize EOR. Successful implementation of the projects relies on revenue that can be generated from the implementation of the EOR component of the project. These sites either are currently operating or are well characterized and expect to be operating soon. The sites are discussed in order of longevity (those operating for the most time) as follows:

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<sup>155</sup> The federal requirements for Class II wells are found at 40 CFR Parts 144 – 148 or at 42 USC 1421, 1422, 1423, 1425, 1426, 1431, 1442, and 1443.

Weyburn. The Weyburn (and nearby Midale) oil fields in the southeastern portion of Canada's Saskatchewan province have deployed EOR since 2000. Weyburn is the primary EOR site for CO<sub>2</sub> captured from Boundary Dam Unit 3 and is considered the prime repository for the proposed Shand CCUS application. EOR activities initiated in 2000 are predicted to extend the active "life" of these fields by 15 to 20 years. Further, it is estimated that 18,000 bls of the daily 28,000 bls produced are considered incremental and attributable to EOR. As of July 2018, 38 M tonnes of CO<sub>2</sub> have been stored within the Weyburn oil field. Expanding to a nearly adjacent field offers the potential for storage of an additional 230 M tonnes.<sup>156</sup>

West Ranch. The West Ranch oil field in Jackson County, TX, is the repository for CO<sub>2</sub> from the NRG Petra Nova project. It is accessed via an 81-mile pipeline. For a three-year duration from 2016 through 2019, more than 3.5M tons of CO<sub>2</sub> have been injected at West Ranch. A CO<sub>2</sub> accounting program was implemented in March 2017 to provide information on injection and movement of CO<sub>2</sub> among the fields that comprise the West Ranch site. Results show 99.08 percent of CO<sub>2</sub> injected was sequestered, meeting the DOE 99 percent target.<sup>157</sup>

As of January 2020, DOE reported Petra Nova captured more than 3.9 million short tons of CO<sub>2</sub> and that EOR has produced an additional 4.2 million barrels of oil using EOR since project inception in 2016.<sup>158</sup> This actual production rate is less than some observers say was planned<sup>159</sup> but the reasons why – either operational or lack of supply – are unknown.

Elk Hills. The Elk Hills oil field in Kern County, CA, has operated since 1911 and is the sole repository for CO<sub>2</sub> proposed to be captured from the Elk Hills NGCC station located within the oil field. Elk Hills has yet to deploy EOR and is evaluating injection well designs and acquiring Class II permits. The Elk Hills Station reports participating in the project will lower lifecycle CO<sub>2</sub> emission from oil extraction by 40 to 50 percent.<sup>160</sup>

Permian Basin. Numerous oil fields employ EOR in the Permian Basin. More than 70 such applications were noted in 2013<sup>161</sup> with additional projects since recorded. Of interest is the Kinder Morgan Cortez pipeline that is proposed to deliver CO<sub>2</sub> from the San Juan CCUS project to the Permian Basin. The Cortez pipeline extends 123 miles to transport CO<sub>2</sub> from the McElmo Dome to six oil fields: Goldsmith, Katz Unit, SACROC, Tall Cotton, Yates, and Sharon Ridge.<sup>162</sup> The Cortez pipeline passes within 21 miles of the San Juan Generating Station and should possess adequate capacity to accommodate additional CO<sub>2</sub> from the project.

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<sup>156</sup> Shand CCS Feasibility study.

<sup>157</sup> Petra Nova/Parish March 2020 report.

<sup>158</sup> See: <https://www.energy.gov/fe/articles/happy-third-operating-anniversary-petra-nova>.

<sup>159</sup> Petra Nova Mothballing Post-Mortem: Closure of Texas Carbon Capture Plant Is a Warning Sign, August 2020, Institute for Energy Economics and Financial analysis. Available at: [https://ieefa.org/wp-content/uploads/2020/08/Petra-Nova-Mothballing-Post-Mortem\\_August-2020.pdf](https://ieefa.org/wp-content/uploads/2020/08/Petra-Nova-Mothballing-Post-Mortem_August-2020.pdf).

<sup>160</sup> Bhowan 2020.

<sup>161</sup> The Status of CO<sub>2</sub> EOR in Texas: CO<sub>2</sub> for EOR as CCUS: A Collaborative Symposium on CO<sub>2</sub> EOR, Rice University, November 19, 2013. Melzer Consulting.

<sup>162</sup> See: [https://www.kindermorgan.com/Operations/CO2/Index#tabs-enhanced\\_oil\\_recovery](https://www.kindermorgan.com/Operations/CO2/Index#tabs-enhanced_oil_recovery).

The other EOR fields that serve the large-scale tests and FEED studies includes the Salt Creek oil field in Kent County, TX, that is a potential repository for CO<sub>2</sub> from the Golden Spread Mustang Station. The Salt Creek field and has employed CO<sub>2</sub> injection since 1994.<sup>163</sup>

## 7.6 EOR Takeaways

- EOR can provide a reliable means to sequester CO<sub>2</sub>. This practice is routine in the petroleum industry and candidate oil fields are already geologically characterized. However, candidate oil fields must exhibit certain physical characteristics and present conditions in which CO<sub>2</sub> and oil are miscible at high pressure to be successful.
- CO<sub>2</sub> injection wells for EOR are designed to meet the requirements of EPA Class II wells. This provides for safe CO<sub>2</sub> injection while the well designs are less complex than Class VI well designs required for sequestration.
- The DOE/NETL estimated the present CO<sub>2</sub> storage capacity ranges from 186 B tonnes to 232 B tonnes. The petroleum industry projects that improved injection methodologies would elevate storage to 247 B tonnes to 479 B tonnes.
- The ability to utilize EOR can be enhanced, and the cost can be lowered with CO<sub>2</sub> pipeline “hubs” or transportation corridors. Existing examples include the Permian Basin and the Weyburn Field.
- The revenue for CO<sub>2</sub> to increase oil production, combined with Section 45Q tax credits, can effectively offset the cost of CCUS. Section 9 presents an example for a specific hypothetical case.

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<sup>163</sup> See: <https://www.ogj.com/home/article/17212186/mobil-starts-up-west-texas-co2-recovery-project>.



## 8 Sequestration

There are numerous and broadly distributed options for CO<sub>2</sub> sequestration via geologic storage across North America. Estimates of CO<sub>2</sub> storage capacity via sequestration vary widely but the available capacity exceeds that for EOR. The storage capacity within deep saline reservoirs offers by far the largest opportunity, with estimates ranging from 2,618 B tonnes to potentially 21,978 B tonnes of CO<sub>2</sub>.<sup>164</sup> Similarly, the estimated cost for CO<sub>2</sub> storage is highly variable depending on the geologic characteristics of the formation. For example, one planned site in the Southeastern U.S. projects a sequestration cost of \$3/tonne.<sup>165</sup> On the other hand, a national evaluation projects a range from \$8/tonne to \$18/tonne,<sup>166</sup> depending on the formation.

### 8.1 Overview

Geologic storage of CO<sub>2</sub> is defined as the high-pressure injection into underground rock formations that – because of their inherent properties – encase CO<sub>2</sub> and prevent migration to the surface. The ideal repository for CO<sub>2</sub> requires several features: significant injectivity, significant storage capacity, and a geologic “seal” or impermeable caprock to permanently retain the injected CO<sub>2</sub> in the reservoir.

The best candidate formations feature high porosity and interconnected pathways to disperse CO<sub>2</sub> throughout the formation. Ideal subsurface formations are found at depths of a mile or more below the surface and contain ample pore space that is typically filled with saline. The saline is readily displaced by injected CO<sub>2</sub>. CO<sub>2</sub> is most effectively stored when injected in the liquid state, requiring supercritical pressures. Injection depths of at least 1 km (~0.56 mile) are generally required for injected CO<sub>2</sub> to remain in a supercritical, liquid state.

Candidate storage formations must feature an impermeable caprock overlying the target formation to prevent migration of injected CO<sub>2</sub> to the surface. These caprock formations become of increasing importance with the life of the sequestration site as CO<sub>2</sub> injection displaces saline water, increasing the reservoir pressure. The ideal formation features alternating layers of low- and high-permeability rock. This allows the high-pressure saline and injected CO<sub>2</sub> to expand but remain contained below the impermeable rock layers.

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<sup>164</sup> 2015 DOE/NETL Storage Atlas.

<sup>165</sup> Riestenberg, D. et. al., *Establishing an Early Carbon Dioxide Storage Complex in Kemper County, Mississippi*: Project ECO2S, DOE/NETL Carbon Capture Front End Engineering Design Studies and CarbonSAFE 2020 Integrated Review Webinar, August-17-19 2020. Hereafter Riestenberg 2020 Review Webinar.

<sup>166</sup> Rubin, E. S., Davidson, J. E., and Herzog, H. J. (2015). “The Costs of CO<sub>2</sub> Capture and Storage,” *International Journal of Greenhouse Gas Control*, <http://dx.doi.org/10.1016/j.ijggc.2015.05.018>.



That reservoirs with these physical features can permanently retain CO<sub>2</sub> is not in question. Such formations have entrapped natural gas, oil, and CO<sub>2</sub> for millions of years. Notably, the Pisgah Anticline located near the Jackson Dome in Mississippi has entrapped CO<sub>2</sub> for 65 million years.

## 8.2 CO<sub>2</sub> Storage Capacity

Saline formations offer the largest potential for CO<sub>2</sub> storage. NETL estimates a minimum of 2,379 B tonnes of CO<sub>2</sub> to as high as 21,633 B tonnes can be stored.<sup>167</sup> These estimates reflect initial potential capacity and do not account for factors that could limit storage as CO<sub>2</sub> is injected, such as elevated reservoir pressures attributable to injection in adjacent formations.<sup>168</sup>

There are forms of geologic storage other than saline reservoirs, including unmineable coal seams, depleted natural gas reservoirs, depleted oil reservoirs, and sedimentary basins. These should not be ignored as each could offer sequestration near a CO<sub>2</sub> source. But in North America most of the storage capacity exists as saline reservoirs.

Since the mid-1990s numerous CO<sub>2</sub> storage projects worldwide have been completed or are underway. The earliest exercises were in Norway, at the Sleipner (1Mtpa since 1996) and Snohvit projects (0.8 Mtpa since 2008). In the U.S., the Fri pilot plant (1.6 kilotonnes) operated from 2004 to 2009. During approximately the same time frame, the Salah project (1 Mtpa 2004-2011) operated in Algeria. These and other efforts established the technical basis for initiatives in North America that have been completed or are underway or planned. Examples in the U.S. include the Illinois Basin-Decatur project (1 Mtpa 2011-2014), the follow-on Illinois Industrial project (1 Mtpa since 2017), and the Citronelle test site at Plant Barry (~115 kt 2012-2014). In Canada, the Aquistore (110 Kt 2015-2017) and Quest (1 Mtpa since 2015) projects are operating.

These projects support the sequestration of CO<sub>2</sub> from five NGCC and coal fired CCUS projects.

## 8.3 Sequestration Economics

The economics of sequestration depend on geologic characteristics that affect CO<sub>2</sub> “injectivity” (how easily CO<sub>2</sub> and water migrate from the injection site to the reservoir), the capacity of the field, and the anticipated monitoring and closure activities.

The cost of sequestration in saline reservoirs is determined by factors previously cited (the porosity and permeability of the reservoir rock, and the presence of impermeable caprock). Also important is the arrangement. Ideally, there are alternating layers of porous and impermeable material. The depth below the surface of a secure formation is also a factor, as this determines the depth and design of injection wells. EPA classifies geologic sequestration wells under the UIC Program as Class VI wells. Class VI injection wells require extensive engineering and site

<sup>167</sup> NETL Carbon Storage Atlas.

<sup>168</sup> Baik, E. et al. (2018). “Geospatial analysis of near-term potential for carbon-negative bioenergy in the United States.” *Proceedings of the National Academy of Sciences*, 115(13), 3290-3295.

analysis. For any potential sequestration site, the number of these wells, their separation, and the penetration depth can significantly contribute to sequestration cost.

NETL has developed a model to estimate the cost for CO<sub>2</sub> sequestration in geologic formations by factoring in the attributes of the site, the design of injection wells, and mass of CO<sub>2</sub> injected.<sup>169</sup> The model predicts sequestration cost in saline reservoirs – exclusive of pipeline capital and operating costs – to range from \$1/tonne to \$18/tonne. The model predicts a narrower range of \$8/tonne to \$13/tonne when exercised to reflect conditions relevant to most U.S. application.<sup>170</sup>

#### 8.4 Class VI Well Requirements

As described for EOR, the Safe Drinking Water Act's UIC Program is responsible for assuring that injection of materials into subsurface terrestrial formations does not compromise groundwater quality and does not escape to the surface. EPA issued Class VI well permitting rules for CO<sub>2</sub> injection sites that affect all aspects of sequestration site design and operation. The Class VI well rules require extensive site characterization and define overall permit content. This includes requirements for well construction and operation, groundwater testing, monitoring, recordkeeping, reporting, remedial response, emergency response, and the sealing and post-closure management of wells. The operator of the storage facility must demonstrate financial assurance for continued duty, even if the operator were to become financially insolvent. As noted in the discussion for EOR, 34 states have elected to adopt at least some portions of EPA's UIC program. However, to date only Wyoming and North Dakota have applied for and been granted primacy for Class VI permitting requirements. Acquiring Class VI permits can be a rate-limiting step in securing a sequestration site. Improving the evaluation and approval process is desired to shorten this time span. EPA listed on its website two active Class VI wells for geologic sequestration and one pending permit application, as of August 9, 2021.

#### 8.5 Proposed Sequestration Sites

The sequestration sites supporting the CCUS projects described in Sections 3 and 4 are being evaluated in detail or have operated for years. Several examples are presented as follows:

San Juan Basin.<sup>171</sup> The feasibility of saline storage in northwest New Mexico is being evaluated for the proposed San Juan Generating Station CCUS project. The results of this study will define the CO<sub>2</sub> injection design and Class VI well permit application to sequester the estimated 6 M tonnes/y of CO<sub>2</sub> generated.

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<sup>169</sup> FE/NETL CO<sub>2</sub> Saline Storage Cost Model: Model Description and Baseline Results, July 18, 2014, DOE/NETL-2014/1659.

<sup>170</sup> Rubin 2015. See Table 13.

<sup>171</sup> Ampomah, W., *San Juan Basin CarbonSAFE Phase III: Ensuring Safe Subsurface Storage of CO<sub>2</sub> in Saline Reservoirs*, DOE/NETL Carbon Capture Front End Engineering Design Studies and CarbonSAFE 2020 Integrated Review Webinar, August-17-19 2020.

The San Juan Basin exhibits good characteristics for CO<sub>2</sub> sequestration. It has multiple sandstone zones with good permeability and porosity interspersed with layers of low permeability material (overlying shales and carbonates) that provide a seal. Three specific reservoirs with these “stacked” characteristics appear most suitable, the Salt Wash, Bluff, and Entrada reservoirs. Further, these three reservoirs are relatively close (~5 miles) to the Kinder Morgan Cortez CO<sub>2</sub> pipeline. CO<sub>2</sub> can be delivered from the San Juan Generating Station to any of the three reservoirs by a dedicated point-to-point pipeline of approximately 25 miles or a 20-mile pipeline that utilizes portions of the Cortez pipeline. This evaluation will consider the impact of approximately 2,500 existing oil and gas exploration and production wells within 10 miles of the proposed sequestration site. Means to cap or otherwise eliminate their role in CO<sub>2</sub> migration will be addressed.

This project is targeted to submit final injection well design and permit application in mid-2022, anticipating approval in mid-2023.

Kemper County.<sup>172</sup> A CO<sub>2</sub> storage complex to provide sequestration for up to three generating stations is designed for Kemper County, MS. Three reservoirs are contained within the 30,000-acre Kemper County facility: Massive Sand/Dantzler, Washita-Fredericksburg, and Paluxy. Each reservoir features subsurface sandstone layers at greater than 1,300 feet, exhibiting good porosity and permeability. Interspersed between the sandstone are layers of mud rock and chalk, which due to low permeability act as a seal. The mean value of the estimated storage capacity for all three reservoirs is 1,200 G tonnes of CO<sub>2</sub>. Southern Company reports the permits for these Class VI wells are in-hand,<sup>173</sup> qualifying the site as storage-ready.

Three generating stations are candidate sources for CO<sub>2</sub>. They are:

- Kemper County Energy Facility, requiring a 5-mile pipeline and generating 0.87 M tonnes/y of CO<sub>2</sub>,
- Plant Miller, requiring a 150-mile pipeline and generating 18.8 M tonnes/y of CO<sub>2</sub>, and
- Plant Daniel, requiring a 180-mile pipeline and generating 3 M tonnes/y of CO<sub>2</sub>.

The estimated cost for CO<sub>2</sub> storage at Kemper County is lower than that deduced using the DOE/NETL model.<sup>174</sup> A capital requirement of \$60.6 M is necessary to develop capability to store 3 M tonnes. Annual operating cost is estimated at \$2 M for a 12-year period, while post-injection annual operating and closure cost of \$1.3 M is estimated for a 10-year period. These costs comprise a net present value of about \$30 M, equating to less than \$3/tonne of CO<sub>2</sub> stored.

Wyoming CarbonSAFE Storage Complex.<sup>175</sup> The feasibility of a multi-use site providing either sequestration or EOR is being evaluated in Campbell County, WY, to support the Dry Fork CCUS project. This storage site targets a capability of 2.2 M tonnes annually at three locations

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<sup>172</sup> Riestenberg 2020 Review Webinar.

<sup>173</sup> Ibid. Graphic 14.

<sup>174</sup> Rubin 2015. See Table 13.

<sup>175</sup> McLaughlin, J. et. al., *Wyoming CarbonSAFE: Accelerating CCUS Commercialization and Deployment at Dry Fork Power Station and the Wyoming Integrated Test Center*, DOE/NETL Carbon Capture Front End Engineering Design Studies and CarbonSAFE 2020 Integrated Review Webinar, August-17-19 2020.

within the storage complex. Exploratory test wells have been drilled to almost 10,000 feet, providing samples from candidate reservoirs and seal layers. Preliminary estimates project almost 54 M tonnes of CO<sub>2</sub> can be injected within two reservoirs, the Lower Sundance and Upper Minnelusa. In addition to EOR options at this site, the nearby Greencore CO<sub>2</sub> pipeline enables transport to EOR options.

Present work is further exploring the relationship between CO<sub>2</sub> injectivity, pressure response to injection, and geologic formation heterogeneity. The Class VI well designs and permit applications are to be filed and approval process managed. Completion is targeted by 2022.

*Project Tundra.*<sup>176</sup> This study evaluates the feasibility of sequestration using two storage sites near Center, ND, adjacent to the Milton R. Young Generating Station. The feasibility of deploying EOR in the nearby Williston Basin oil and gas fields also is considered. The results of this study – planned for mid-2022 – will be used to prepare an injection design and Class VI well permit application to store approximately 3.1 M tonnes/y of CO<sub>2</sub> as generated by the MYGS.

This project is targeted to submit final injection well design and permit application in mid-2022, anticipating approval in mid-2023.

## 8.6 Region-Wide Initiatives

Several initiatives are underway to explore regional infrastructure connecting CO<sub>2</sub> sources to a variety of sites. These activities are conducted under the auspices of the DOE CarbonSAFE initiatives, multi-phase efforts to develop sites for CO<sub>2</sub> storage available for the 2025 timeframe.

These are summarized as follows:

*Integrated Midcontinent Stacked Carbon Storage.*<sup>177</sup> This activity is evaluating the feasibility of a regional storage hub employing CO<sub>2</sub> sources in eastern and central Nebraska for transport southwest via a common CO<sub>2</sub> pipeline corridor to Red Willow County, NE. The storage site in central Kansas is comprised of alternating layers of deep saline formations, oil-bearing reservoirs, and shale formations. The CO<sub>2</sub> sources within this region include several ethanol plants totaling more than 5 M tonnes CO<sub>2</sub> as well as various electric generating units. Four of the electric generating units and one local refinery in total emit 20 M tonnes of CO<sub>2</sub> annually. Both saline sequestration and EOR can be carried out within this region. Specific sequestration sites evaluated are Madrid in Perkins County, NE, and the Patterson-Heinz-Hartfield site in Kearny County, KS. EOR is an option at the Sleepy Hollow Field in Red Willow County, NE. The study is evaluating pipeline routes that serve the collective needs. Cumulatively, these sites could store 578 Mt of CO<sub>2</sub> while the 17 oil fields could produce 182 MM bbl of oil, potentially generating \$30.9 B in revenue.

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<sup>176</sup> Peck, W., *North Dakota CarbonSAFE Phase III: Site Characterization and Permitting*, Project DE-FE0031889, DOE/NETL Carbon Capture Front End Engineering Design Studies and CarbonSAFE 2020 Integrated Review Webinar, August-17-19 2020.

<sup>177</sup> Walker, J., *Integrated Midcontinent Stacked Carbon Storage Hub*, DOE NETL Carbon Capture Front End Engineering Design Studies and Carbon Safe 2020 Integrated Review Webinar, August 17-19, 2020.

*Illinois Storage Corridor*.<sup>178</sup> The project will secure permits for CO<sub>2</sub> sequestration sites at two locations in Illinois, serving the Prairie State Generating Station and One Earth ethanol production facility. Key actions are acquiring 2D and 3D seismic data, drilling and testing two characterization wells, modeling injection performance, preparing the design for Class VI injectors, submitting applications, and securing approval for CO<sub>2</sub> injection wells at both sites.

These sequestration sites will target storing 450,000 tonnes/y of CO<sub>2</sub> from the One Earth LLC ethanol facility, and up to 6 M tonnes/y from the Prairie State Station. Both sites are rural with adequate land for sequestration.

This work is targeted to securing permits by mid-2023.

*Carbon Utilization and Storage Partnership*. This activity is evaluating existing data that describe potential sequestration sites in 13 states: – Arizona, California, Colorado, Idaho, Kansas, New Mexico, Nevada, Montana, Oklahoma, Oregon, Texas, Utah, and Washington. The focus is on evaluating existing data and using these in analytical models to evaluate CCUS potential. Oil and gas basins, sequestration in saline, and basalt are considered. Regional hubs can be identified that provide cost effective sequestration.

## 8.7 Sequestration Takeaways

- Estimated capacity for CO<sub>2</sub> sequestration in North America ranges from a minimum of 2,618 billion tonnes to 21,987 billion tonnes. Injection into deep saline reservoirs offers the largest capacity and is the most prominent but not the only option.
- The cost for CO<sub>2</sub> sequestration, as projected by NETL, will vary over a wide range from \$1/tonne to \$18/tonne, depending on site-specific conditions. For many applications NETL's cost estimate is \$8/tonne to \$12/tonne. In the case of the proposed Kemper County Facility – which has its design completed and permits reportedly acquired – the cost is projected to be approximately \$3/tonne, reflecting the lower end of the cost range projected by the NETL.
- The evaluation of sites and development of a specific injection well design requires extensive data and modeling to assure low risk. Injection well designs require permits approved pursuant to EPA Class VI well regulations and include requirements for well construction and operation, groundwater testing, monitoring recordkeeping and reporting, remedial response, emergency response, sealing of wells, and post-closure management.
- Like EOR, the availability of sequestration can be enhanced and the aggregate cost lowered by a concerted effort to permit and construct CO<sub>2</sub> pipeline “hubs” or transportation corridors that serve an array of sequestration sites.

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<sup>178</sup> Whittaker, S., *Illinois Storage Corridor*, DOE NETL Carbon Capture Front End Engineering Design Studies and Carbon Safe 2020 Integrated Review Webinar, August 17-19, 2020.

## 9 Installed Process Cost

### 9.1 Background

The most-widely referenced CCUS cost index is the cost to avoid a tonne of CO<sub>2</sub>, as discussed in previous sections. This cost metric is the basis for most cost reimbursement mechanisms, such as Section 45Q credits, and is key to CO<sub>2</sub> emission trading schemes.

The cost to avoid a tonne of CO<sub>2</sub> is influenced by numerous factors, most notably unit generating capacity, capacity factor, facility lifetime, and capital requirement. Consequently, discussion of the \$/tonne metric without these factors provides an incomplete description of cost. Section 9 thus addresses capital costs (\$/kW, per net basis) and these factors.

Incurred costs for the CCUS project at SaskPower’s Boundary Dam Unit 3 are fully reported<sup>179</sup> and those for NRG’s Petra Nova project are partially reported.<sup>180</sup> These cost data reflect “first-of-a-kind” projects and are not representative of future applications (e.g., the “n<sup>th</sup>” design). The latter “n<sup>th</sup> designs” can benefit from long-term operating experience, larger generating capacity and improved economies of scale, and standardization of equipment design. Further, as the case for early-1980s FGD equipment, the modularization of design – i.e., applying three identical absorber vessels capable of treating 200 MW gas flow to a 600 MW unit – can contribute to cost savings. These and other factors are expected to lower CCUS capital cost.

Cost results for units other than Boundary Dam Unit 3 and Petra Nova are limited. SaskPower used experience from Boundary Dam Unit 3 to project costs for Shand. Costs for NPPD/Gerald Gentleman are developed to AACE Class 3 criteria and, thus, are approximate. Final FEED study reports for most projects were to be submitted to the DOE in late 2021, and publicly available in 2022.

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<sup>179</sup> Giannaris et. al. 2021.

<sup>180</sup> Petra Nova 2020 Final Report.

## 9.2 Cost Evaluation

Figure 9-1 (a replicate of Figure 1-1) compares the metrics of avoided cost per tonne and capital requirement as presently available for five pulverized coal applications. Also shown are the NETL reference cases for pulverized coal and NGCC.

The results in Figure 9-1 present avoided cost per tonne on the left vertical axis and capital requirement on the right vertical axis. They are displayed in terms of increasing net generating capacity (e.g., accounting for auxiliary power consumed by the CCUS system). The planned lifetime of the facility (which determines capital recovery factor, and the annual costs incurred) and assumed capacity factor are reported in Figure 9-1. The design CO<sub>2</sub> removal (percent basis) for each project is 90 percent or more for all but one unit, the membrane process at Dry Fork.

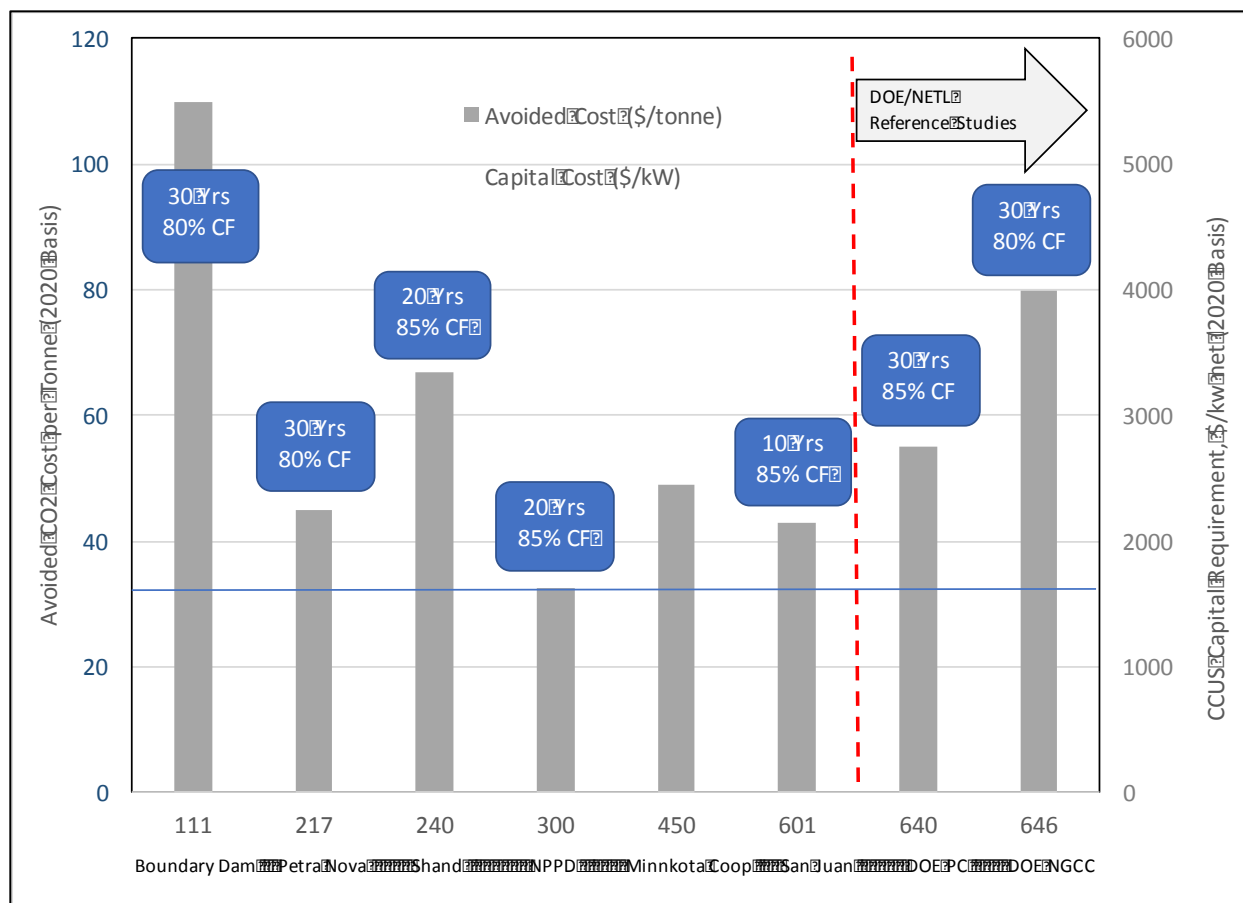


Figure 9-1. Capital Cost, Avoided CO<sub>2</sub> Cost per Facility Lifetime, Capacity Factor

Unless noted, costs in Figure 9-1 represent CO<sub>2</sub> produced at the fence line and do not consider transmission and storage, nor any credits for tax treatment.



### 9.2.1 NGCC

The four NGCC projects described in Section 3 (Golden Spread, Panda Sherman, Elk Hills, and Daniel Unit 4) were all scheduled to deliver cost estimates to DOE for internal review by late 2021 with data publicly available by the close of 1Q 2022.<sup>181</sup> The sole NGCC cost basis is the DOE/NETL 2019 study presently being updated.<sup>182</sup> As presented in Section 3, application of the 2017-vintage Cansolv process requires \$1,600/kW for a site comprised of two F-Class gas turbines and HRSGs configured in a 2 x 2 x 1 arrangement. This process avoids CO<sub>2</sub> for \$80/tonne based on an 85 percent capacity factor and 30-year plant lifetime.

### 9.2.2 Pulverized Coal

Figure 9-1 shows CCUS capital cost per net generating capacity decreases with increasing generating capacity. This trend in Figure 9-1 could also be affected by project timing. The largest capacity projects are the ones most recently proposed and with the least opportunity for detailed study.

For example:

- SaskPower Boundary Dam Unit 3 reports the highest capital requirement and cost per tonne, as these costs are a consequence of the first of-a-kind application (startup in 2014) and smallest generating capacity (111 MW net).
- The proposed design and cost for SaskPower Shand – based on Boundary Dam experience – projects 65 percent lower capital requirement and similarly lower avoided CO<sub>2</sub> cost. The latter mostly is attributable to improved utilization of low-grade heat. The avoided cost of \$45/tonne is calculated for a 30-year facility lifetime and 85 percent capacity factor.
- The NRG Petra Nova project initiated operation in 2016, three years after Boundary Dam Unit 3 started, and with more than twice the generating capacity. Petra Nova represents a 60 percent reduction in capital cost compared to Boundary Dam Unit 3, recognizing the latter as a first-of-a-kind incurred cost. The cost to avoid CO<sub>2</sub> per tonne is not publicly released for Petra Nova, but the implied (per discussion in Section 4) cost as \$67/tonne and represents about a one-third reduction from Boundary Dam Unit 3.

Subsequent projects do not enjoy the same experience base. For example:

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<sup>181</sup> As noted previously, the DOE in October of 2011 awarded three additional FEED studies for NGCC application. No further information about these projects or the anticipated completion dates are available at the time of this writing.

<sup>182</sup> For Golden Spread an “example” cost of \$300 M is presented as a placeholder to derive an example payback calculation, but there is no justification or basis for this value. See Rochelle DOE/NETL CCUS August 2020 Review Webinar.



- The NPPD/Gerald Gentleman project cost is a preliminary Class 3 AACE estimate. A preliminary capital cost of \$1,420/kW is reported and a cost to avoid CO<sub>2</sub> of \$32.50/tonne. A capital recovery period of 20 years is employed in the analysis, but the capacity factor is not identified. A more detailed FEED cost study – developed to a “Class 2” AACE basis – was to be available in late 2021. Process design is based on a 12 MWe pilot plant rather than full-scale experience, thus scale-up risk must be considered.
- The Minnkota Power Cooperative Milton R. Young project, which extends application of the Fluor Econamine process to lignite coal, requires scale-up from the 10 MW Wilhelmshaven pilot plant.<sup>183</sup> The scale-up to this 450 MW net unit will benefit from Fluor’s extensive experience in building acid gas scrubbing units for the petrochemical industry at approximately the same scale. A full suite of preliminary cost data has not been released, although an avoided cost estimate of \$49/tonne is predicted.
- A FEED study addressing the Enchant Energy LLC San Juan Generating Station was to be completed by the end of 2021. This study utilizes a refined version of the MHI KM-CDR reagent based on experience at Petra Nova. A predecessor cost study for application of Fluor’s Econamine process at this site estimated capital requirement of \$2,150/kW and cost to avoid CO<sub>2</sub> of \$42/tonne, based on an 85 percent capacity factor.<sup>184</sup>
- The NETL in 2018 estimated CCUS capital of \$2,454/kW and \$55/tonne to avoid CO<sub>2</sub> (based on an 85 percent capacity factor and 30-year plant lifetime for a 650net power output, 2017-vintage Cansolv process. Opportunities to lower this cost are sought through refinements of the Cansolv process, variants of MEA absorption, and other alternatives addressed for coal-fired retrofit.

### 9.3 Financial Incentives

#### 9.3.1 Description of Credits

Several means are available to partially defray CCUS cost depending on project location. Domestic U.S. projects can qualify for federal incentives through Sections 45Q and 48A tax credits. The Elk Hills project defrays cost through three mechanisms - IRS 45Q tax credits, the California LCFS, and the California Cap-and-Trade program.

Section 45Q. This tax credit was initially authorized by the Bipartisan Budget Act of 2018 in February 2018. These 2018-era tax incentive provisions were further enabled by the 115<sup>th</sup> U.S. Congress FUTURE Act (S 1353) and the Carbon Capture Act (HR 3761).

Section 45Q incentives are available for power stations (and industrial facilities) based on the performance of CCUS equipment. Qualifying criteria include the installation date and utilization, and a minimum threshold of CO<sub>2</sub> tonnes removed. The owner of the power station or CCUS

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<sup>183</sup> Reddy 2017 Econamine Update.

<sup>184</sup> The process lifetime for San Juan is not described; the study employs a capital recovery factor of 0.1243.

process is designated as the recipient of the tax credits but these can be transferred to parties involved in the storage or utilization of captured CO<sub>2</sub>. Absent the ability to transfer these credits, the Section 45Q incentives would have little to no effect on owners with little to no tax liability, either because they are exempt from tax or have reduced tax liabilities for other reasons. To qualify for these credits, construction must initiate prior to January 1, 2024. Credit can be claimed for up to 12 years starting on the initial service date.<sup>185</sup> These criteria – specifically the qualifying threshold of CO<sub>2</sub> capture, the construction start date, and the term over which credits can be collected – should be modified to assure support for broad CCUS. The Carbon Free Technology Initiative advises extending the qualifying threshold for construction through 2035, allowing the credits to be claimed for 20 years, and – as an option – an electricity production tax credit for NGCC application be adopted.<sup>186</sup> Additionally, the Growing Renewable Energy and Efficiency Now Act of 2021, H.R. 848, and the Clean Energy for America Act, S. 1289, would convert the Section 45Q credit into a refundable direct payment tax credit. This allows owners to receive the full Section 45Q credits without the need of transferring credits to project partners.

Table 9-1 presents an example schedule for tax credits for both geologic storage and EOR. It starts in the first year of authorization of the predecessor (2018) legislation and runs through the year 2026, with subsequent values determined by inflation.<sup>187</sup> The credits initiate at \$28/tonne for geologic sequestration and \$17/tonne for EOR in the “kick-off” year of 2018. These tax incentives increase to \$50 and \$45, respectively, in 2026. Beyond that period they are adjusted for inflation. The specific impact of how these credits reduce the cost to avoid CO<sub>2</sub> (\$/tonne) depends on the details of project financing and cannot be generalized.

*Table 9-1. Schedule for 45Q Tax Credits: Sequestration, EOR*

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2026+
Geologic Storage	28	31	34	36	39	42	45	47	50	Per inflation
EOR	17	19	22	24	26	28	31	33	35	

The credits as defined in Table 9-1 are available for 12 years following project initiation with the final two years established by inflation index.

**Section 48A.** In 2008, Congress extended the Energy Tax Incentives Act (ETIA) to provide an investment tax credit of 30 percent of eligible equipment to upgrade coal-fuel power plants to meet a prescribed thermal efficiency standard, and capture and store at least 65 percent of CO<sub>2</sub> emissions. While a coal-fired plant with CCUS cannot meet the thermal efficiency standard typical of a NGCC facility, achieving 90 percent CO<sub>2</sub> capture could potentially meet the criteria for CO<sub>2</sub> tonnes removed. The Section 48A tax credit currently contains \$2.55 billion for qualifying coal projects. As of 2015, the IRS had allocated only \$508 M of these tax credits. As an example, Section 48A tax credits could provide \$130 million (undiscounted) for installing CO<sub>2</sub> capture at a 400 MW NGCC facility. For a regulated electric company subject to traditional

<sup>185</sup> Esposito, R.A., Electrical Utility Perspectives on CO<sub>2</sub> Geologic Storage and 45Q Tax Credits, A&WMA Mega Virtual Symposium, November 17-18, 2020. Hereafter Esposito 2020.

<sup>186</sup> See: <https://www.carbonfreetech.org/Documents/CFTI%20Carbon%20Capture%20--%20Summary%20Paper.pdf>.

<sup>187</sup> Ibid. Graphic 15.

cost-of-service accounting, the benefits of the tax credit need to be recognized over the life of the asset. Assuming a discount rate of 7 percent, the present value of the Section 48A investment tax credit (recognized over 30 years) is \$57 M. This credit can be a complementary incentive to the Section 45Q incentive.<sup>188</sup> However, because the credit is not transferable nor available as a direct payment tax credit, it provides no incentive to owners with little to no tax liability.

Applicability to CCUS could be limited without changes to qualifying criteria for these credits, initially adopted to support thermal efficiency improvements in coal-fired generating units. The Energy Futures Initiative opines that CCUS-equipped units will be limited in accessing funds without update of applicability criteria.<sup>189</sup>

California Low Carbon Fuels Standard (LCFS). The LCFS is intended to reduce the carbon intensity (CI) of transportation fuels used in California, targeting a reduction of 20 percent by 2030 from a 2010 baseline. A refinery or ethanol fuel process owner employing CCUS to reduce the carbon intensity of transportation fuels in California can derive a tradeable credit. Applying CCUS to production of gasoline can reduce the life-cycle carbon intensity, measured by the well-to-wheel CO<sub>2</sub> equivalent metric (CO<sub>2</sub>e/MJ). For example, CCUS can reduce carbon intensity as described by this metric for gasoline from 92 gms CO<sub>2</sub>e/MJ to 63 gms CO<sub>2</sub>e/MJ.<sup>190</sup> The reduction in carbon credits – valued in 2Q 2021 at approximately \$170/tonne to \$190/tonne – can be sold into the LCFS market.

The use of CCUS at Elk Hills is projected to reduce “... in half the lifecycle greenhouse gas emissions of the oil produced ...,”<sup>191</sup> thus earning carbon intensity credits. Projects located outside of CA that deploy CCUS in an analogous manner can earn credits apportioned by the amount of fuel that is sold in CA.

California Cap-and-Trade. This program for California-based owners proscribes a declining “cap” on major sources of GHG emissions. Approximately 80 percent of the State’s GHG emissions are covered in this program. Almost half are contributed by electricity providers or distributors. The CARB creates allowances equal to one metric tonne of CO<sub>2</sub>e, based on the 100-year global warming potential. Allowances assigned each year are reduced to lower the cap. The floor price for allowances is increased each year to generate a consistent carbon price to encourage actions to reduce emissions.

The Elk Hills project can employ CO<sub>2</sub> credits derived from CCUS to augment LCFS and Section 45Q CO<sub>2</sub> credits.

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<sup>188</sup> Esposito 2021.

<sup>189</sup> *Building to Net Zero: A U.S. Policy Blueprint for Gigatons-Scale CO<sub>2</sub> Transport and Storage Infrastructure*, prepared by the Energy Futures Initiative, June 30, 2021. Available at <https://energyfuturesinitiative.org/efi-reports>. See page 53.

<sup>190</sup> The well-to-wheel reduction in carbon intensity with CCUS is calculated per the CA-GREET and GTAP models. Once quantifying the credits earned, the project owner is required to surrenders 8-16.4% to CARB to create a “buffer” account, with the remainder eligible for sale the LCFS Credit Clearance Market. See <https://ww2.arb.ca.gov/sites/default/files/2020-09/basics-notes.pdf>.

<sup>191</sup> See:

[https://crc.com/images/documents/publications/CRC\\_CarbonCaptureStorage\\_Infographic\\_2020.pdf](https://crc.com/images/documents/publications/CRC_CarbonCaptureStorage_Infographic_2020.pdf).

### 9.3.2 Impact on Cost

Section 45Q tax credits can significantly offset CCUS cost. Table 9-2 reports one example cited in the literature<sup>192</sup> describing the cost offset, and the previously described extension would further compensate most CCUS cost. Additionally, converting the credit into a refundable direct payment tax credit would ensure that all owners would be able to benefit directly and without incentive discounting that occurs in most tax credit transfer transactions.

Table 9-2. Section 45Q Tax Credit to CCUS: NG/CC, Pulverized Coal Application

Reference Unit	Required Capital Cost (\$M)	Section 45Q: 12 Years		Section 45Q Extended	
		Annual Revenue (\$M)	NPV (\$M)	Extension (Yrs)	NPV (\$M)
NGCC: 400 MW (net)	500-510	40	340	8 (Total 20)	460
Pulverized Coal: 400 MW (net)	1,200- 1,300	130	1,100	6 (Total 18)	1,300

NGCC. The NGCC example in Table 9-2 (400 MW net) requires capital cost like that projected by DOE/NETL for a similar unit of approximately \$1,550/kW. The CCUS capital requirement is approximately \$500 M to 510 M, exclusive of transport and sequestration. Transport and sequestration costs in the DOE/NETL studies are not projected as a capital cost but assumed equivalent to \$3.50/MWh. An average annual revenue from Section 45Q credits of \$40 M translates into a net present value of \$340 M, offsetting 66 percent of the \$510 M capital required. This offset can be increased to 90 percent of the required capital (\$460 M of \$510 M) by extending the credits for an additional eight years.

Pulverized Coal. The pulverized coal example shown (400 MW net) requires capital cost similar to that projected by NETL for a similar unit of approximately \$2,454/kW. The CCUS capital requirement is approximately \$1,200 M to \$1,300 M, exclusive of transportation and sequestration. An average value of annual revenue from Section 45Q credits of \$130 M translates into a net present value of \$1,100 M, offsetting 85 percent of the \$1,300 M capital charge. This offset can be increased to 100 percent of required capital by utilizing the same Section 45Q structure but extending the credits for an additional six years.

For both these NGCC and pulverized coal examples, additional capital can be required if a dedicated CO<sub>2</sub> pipeline is necessary. The average cost for the pipelines described in Table 5-2 – excluding the highest and least cost as outliers – is approximately \$100 M.

The value of the offsets will vary with each unit, site, and operating conditions. Minnkota Power Cooperative has stated for the CCUS project at the Milton R. Young Generating Station that Section 45Q tax credits “finance the project without increasing member electricity rates.”<sup>193</sup>

<sup>192</sup> Esposito 2020.

<sup>193</sup> Pfau, August 2020 Webinar.

The value of both Section 48A and CA LCFS are highly dependent on specific characteristics of a project and cannot be generalized.

#### 9.4 Installed Cost Takeaways

- CCUS capital requirements in terms of \$/kW (net) basis decrease significantly with increasing unit generating capacity (per Figure 9-1). Improvements in both absorption process design and solvents – the latter featuring higher CO<sub>2</sub> absorption capacity and faster kinetics – will contribute to minimizing equipment size and residence time.
- Application to large generating capacity units will exploit economies of scale and lower capital cost. Conventional engineering economics suggests equipment of this class be described by scaling to the 1/3 power, meaning doubling the size of the process increases cost not by a factor of two but 1.6.
- Further advancements in solvents – as observed for the Fluor Econamine and MHI KM-CDR with successive applications, and as proposed by Ion Clean Energy and the University of Texas at Austin with Honeywell/UOP – improve CO<sub>2</sub> carrying capacity and absorption kinetics, contributing to lower energy penalty to capture CO<sub>2</sub>.
- One example alternative CO<sub>2</sub> capture process – membrane separation as developed by MTR – is represented in the FEED projects for which detailed costs will be determined. The membrane process exchanges the regeneration energy penalty for a gas pressure drop penalty, but presents alternate means to reduce cost via improved membrane design.

Experience gained from evolution of FGD emission controls over the last four decades is informative as we consider how costs for CCUS will evolve. Process simplification and scale-up lowered the cost of equipment for wet conventional FGD over several decades. The earliest FGD design employed multiple small reactors filled with packed beds for enhanced mass transfer and incurred operating problems due to an incomplete understanding of process chemistry. The latest state-of-art FGD designs benefit from improved understanding of process chemistry and performance enhancing additives. That enables simplified “open spray” towers that process as much as 800 MW to 1000 MW.<sup>194</sup> Consequently, process equipment cost decreased considerably and reliability improved.

DOE has established a cost target of \$30/tonne. Achieving this goal is a possibility if the projected reductions in cost and increase in CO<sub>2</sub> capture performance can be attained. Continued and expanded funding of large-scale projects and seeking alternative technologies as described in the Section 5 *Evolving CO<sub>2</sub> Capture Processes* is critical to maximizing the possibility of success.

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<sup>194</sup> See: <https://www.power-eng.com/news/looking-for-a-good-scrubbing-todayrsquos-fgd-technology/#gref>.