Principal Recommendations

The most impactful action the U.S. can employ to reduce CO₂ emissions is to incentivize the rapid deployment of carbon capture utilization and storage (CCUS) technologies.

- **Build on the Consensus.** Efforts should be undertaken to build on the expanding consensus among industry, the environmental community and governments that future CO₂ reduction goals cannot be met by renewable energy sources alone. An expanded coalition of fossil fuel users and producers should collaborate to help develop and commercially deploy CCUS technologies on an accelerated time schedule with the aim of achieving global climate objectives and insuring a reliable grid.

- **Prioritize CO₂ Utilization Technology Deployment.** Geological CO₂ utilization options, including but not limited to CO₂ for enhanced oil recovery (CO₂-EOR), have the greatest potential to advance CCUS by creating market demand for anthropogenic CO₂. Monetary, regulatory and policy investments in CO₂ utilization technologies should be roughly prioritized from geologic to non-geologic, with exceptions made if non-geologic technologies are found to be as effective as geologic storage.

- **Pursue Non-Geologic CO₂ Markets as Longer Term Opportunities.** Non-geologic CO₂ utilization options are unlikely to significantly incentivize CCUS in the near- to intermediate-term due to technical, greenhouse gas (GHG) lifecycle considerations and lack of scalability. However, a broadly deployed mix of CO₂ utilization technologies may help to advance CCUS incrementally, providing sufficient incentive to keep CCUS technologies moving forward. Non-geologic technologies that can “fix” CO₂ molecules intact, akin to geologic storage, hold the most promise and are worthy of continuing RD&D, including inorganic carbonates/bicarbonates, plastics/polymers, organic/specialty chemicals and agricultural fertilizers.

- **Pursue Impactful Options to Facilitate Regulatory Compliance.** U.S. and international GHG reduction objectives and timeframes dictate the need to employ CO₂ utilization technologies that can be quickly commercialized at significant scale. U.S. law recognizes CO₂-EOR and other geologic technologies as compliance options; non-geologic technologies may be used only if EPA determines they are as effective as geologic storage. NCC recommends applying a reasonable market potential threshold of 35 MTPY, which is roughly equivalent to the annual CO₂ emissions from about 6 GWe or a dozen 500 MWe coal-based power plants.

- **Establish a Technology Review Process.** There is benefit to establishing a technology review process that is as objective as possible to assess the benefits and challenges of different CO₂ utilization technologies and products. Evaluation criteria fall into three broad categories: 1) environmental considerations, 2) technology/product status and 3) market considerations. Evaluation criteria can be used to prioritize candidates for RD&D and product investment.
"I am writing to request the National Coal Council (NCC) develop an expanded white paper assessing opportunities to advance commercial markets for carbon dioxide (CO$_2$) from coal-based power generation. What is the extent to which commercial EOR and non-EOR CO$_2$ markets could incentivize deployment of Carbon Capture and Storage (CCS)/Carbon Capture, Utilization and Storage (CCUS) technologies? What economic opportunity does deployment of commercial-scale CCS/CCUS technology represent for the U.S.?"

U.S. Secretary Ernest J. Moniz – February 2016

The National Coal Council’s “CO$_2$ Building Blocks” report acknowledges the growing consensus among industry, the environmental community and governments that future CO$_2$ emission reduction goals cannot be met by renewable energy sources alone and that CCUS technologies for all fossil fuels will have to be deployed in the near term to achieve U.S. and global climate objectives.

* Fossil fuels – including coal, natural gas and oil – will remain the dominant global energy source well into the future by virtue of their abundance, supply security and affordability.

* Advancing CCUS is not just about coal, nor is it just about fossil fuels generally. Rather, it is a sine qua non for achieving stabilization of GHG concentrations.

* CO$_2$ for enhanced oil recovery (CO$_2$-EOR) represents the most immediate, highest value opportunity to utilize the greatest volume of anthropogenic CO$_2$, thereby incentivizing CCUS.

* Aside from CO$_2$-EOR and other geologic CO$_2$ utilization options – including CO$_2$ in natural gas shale formations, enhanced coal bed methane (ECBM), enhanced water recovery (EWR) and geothermal energy storage – research is underway on two general utilization pathways. The first breaks down the CO$_2$ molecule by cleaving C=O bonds while the second incorporates the entire CO$_2$ molecule into other chemical structures. The latter holds relatively more promise as it requires less energy and tends to “fix” the CO$_2$ in a manner akin to geologic storage.

* Utilizing CO$_2$ in non-geologic applications faces hurdles, including yet-to-be resolved issues associated with thermodynamics and kinetics involved in the successful reduction of CO$_2$ to carbon products. Still these technologies are worthy of continuing evaluation and many hold long-term potential in specific applications.

* An objective technology review process that assesses the challenges and benefits of different CO$_2$ utilization technologies and products could be used to prioritize candidates for RD&D and product investment.

* Current U.S. policy favors geologic-based utilization pathways for Clean Air Act compliance. U.S. law recognizes CO$_2$-EOR and other geologic storage technologies as compliance options; non-geologic technologies may be used only if EPA determines they are as effective as geologic storage.
The BP Energy Outlook 2016 notes that the level of CO2 emissions is expected to continue to grow, increasing by 20% between 2014 and 2035. The gap between the projected path for CO2 emissions and the International Energy Agency’s (IEA) 450 Scenario demonstrates the challenge associated with reducing GHG emissions.

Both the IEA and the United Nations’ Intergovernmental Panel on Climate Change (IPCC) have concluded that CCUS is essential to limit global warming to 2°C. IEA estimates that CCUS can achieve 14% of the global GHG emissions reductions by 2050.

Fossil fuels generally and coal specifically are dependent upon CCUS technologies to comply with U.S. GHG emissions reduction requirements. U.S. law requires new major stationary sources and major modifications to existing sources of GHG to reduce their emissions with geologic storage options – specifically including CO2-EOR – as preferred mitigation technologies. These U.S. legal requirements are reinforced by the 2015 Paris Agreement which largely envisions the decarbonization of major energy systems through the use of CCUS and other technologies by 2050.

CO2-EOR still represents the most immediate, highest value opportunity to utilize the greatest volumes of anthropogenic CO2.

### Technically Recoverable Domestic Oil and CO2 Storage Capacity, State of the Art and “Next Generation” CO2-EOR Technology

<table>
<thead>
<tr>
<th>Basin/Area</th>
<th>Technically Recoverable Oil (Billion Barrels)</th>
<th>Technically CO2 Demand/Storage (Million Metric Tons)</th>
<th>“Next Generation” SOA</th>
<th>“Next Generation” SOA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SOA</td>
<td></td>
<td>“Next Generation”</td>
<td>“Next Generation”</td>
</tr>
<tr>
<td>1. Main Pay Zone CO2-EOR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower-48 Orshores</td>
<td>56.6</td>
<td>105.5</td>
<td>22,270</td>
<td>33,050</td>
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<tr>
<td>Alaska</td>
<td>5.8</td>
<td>8.8</td>
<td>3,320</td>
<td>4,110</td>
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<tr>
<td>Offshore GOM</td>
<td>23.5</td>
<td>52.9</td>
<td>12,640</td>
<td>15,060</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>84.9</td>
<td>167.2</td>
<td>38,230</td>
<td>52,220</td>
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<tr>
<td>2. Residual Oil Zone CO2-EOR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROZ Fairways*</td>
<td>n/a</td>
<td>25.7</td>
<td>n/a</td>
<td>17,100</td>
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<tr>
<td>Below Oil Fields</td>
<td>n/a</td>
<td>16.3</td>
<td>n/a</td>
<td>8,200</td>
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<tr>
<td>Sub-Total</td>
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<td>42.0</td>
<td>n/a</td>
<td>25,300</td>
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<tr>
<td>Total</td>
<td>84.9</td>
<td>209.2</td>
<td>38,230</td>
<td>77,520</td>
</tr>
</tbody>
</table>

*Four County Permian Basin San Andres ROZ Fairway
With a potential for 81 billion barrels of economically viable oil recovery from mature oil field and residual oil zones (assuming the use of “Next Generation” technology), the various CO₂-EO stakeholders would gain valuable revenue and economic benefits.

**Recipients of CO₂-EOR Revenues***

- CO₂ Capture and Transporters  
  Revenues: $1,210 billion
- State, Local and Federal Treasuries  
  Revenues: $1,130 billion
- CO₂-EOR Investors (including Return on Capital)  
  Revenues: $1,270 billion
- General Economy/Mineral Owners  
  Revenues: $2,060 billion

**Total Revenues**: $5,670 billion

*Assuming an oil price of $70/B.

Other geologic options include utilization of CO₂ in natural gas shale formations, for production of enhanced coal bed methane (ECBM), for enhanced water recovery (EWR) and for enhanced geothermal energy and subsurface energy storage.

Non-geologic CO₂ utilization options may hold long-term potential but are unlikely to significantly incentivize CCUS in the near-to-intermediate-term because of technical challenges, GHG lifecycle considerations and issues associated with scalability.

Some non-geologic utilization opportunities are promising incentives for CCUS in that they tend to “fix” CO₂ so have the advantage of potentially serving as preferred carbon management solutions. These include (1) inorganic carbonates and bicarbonates; (2) plastics and polymers; (3) organic and specialty chemicals; and (4) agricultural fertilizers.
The CO₂ molecule is particularly stable and has a Gibbs energy of formation of -394.4 kJ/mol – which must be overcome. Thus, breaking the C=O bond(s) and forming C-H or C-C bond(s), or producing elemental carbon, is possible. However, such molecules are at a much higher energy state, meaning that a tremendous amount of energy must be used. Converting CO₂ to fuels or other high energy state molecules requires more energy input than could ever be derived from the end products.

CO₂ can also be incorporated into various chemicals as a C₁ building block. This is not thermodynamically challenged because the entirety of the CO₂ molecule is used and thus the C=O bonds are not broken. For this application, the principal challenge is the scale of available reactants and market for products, both of which are dwarfed by global CO₂ emissions.

It can be challenging to compare CO₂ utilization technologies because they face different growth and economic challenges. For example, some are more mature than others; some require infrastructure while others require RD&D; and some create large potential demand for CO₂ while others are more modest. The development of an objective technology/product review process can help to identify technology strengths and weaknesses, therefore contributing to a more robust technology development and investment strategy. Important factors for consideration should include:

* **Environmental Considerations**
  For example, what is the security, reliability and longevity of associated CO₂ storage or reductions?
* **Technology/Product Status**
  For example, is the technology at or near commercial status?
* **Market Considerations**
  For example, is the potential market for CO₂ on a scale commensurate with coal-based power plants or other alternative uses of coal?

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