111TH CONGRESS 1ST SESSION H.R. 1689

To accelerate the development and early deployment of systems for the capture and storage of carbon dioxide emissions from fossil fuel electric generation facilities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

March 24, 2009

Mr. BOUCHER (for himself, Mr. UPTON, Mr. DINGELL, Mr. BARTON of Texas, Mr. RAHALL, Mr. WHITFIELD, Mr. MURTHA, Mr. COSTELLO, Mr. HOLDEN, Mr. POMEROY, Mr. DAVIS of Alabama, Mr. DOYLE, Mr. HILL, Mr. BUTTERFIELD, and Mr. WILSON of Ohio) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

- To accelerate the development and early deployment of systems for the capture and storage of carbon dioxide emissions from fossil fuel electric generation facilities, and for other purposes.
 - 1 Be it enacted by the Senate and House of Representa-
 - 2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Carbon Capture and5 Storage Early Deployment Act".

1 SEC. 2. DEFINITIONS.

2	(1) Secretary.—The term "Secretary" means
3	the Secretary of Energy.
4	(2) DISTRIBUTION UTILITY.—The term "dis-
5	tribution utility" means an entity that distributes
6	electricity directly to retail consumers under a legal,
7	regulatory, or contractual obligation to do so.
8	(3) ELECTRIC UTILITY.—The term "electric
9	utility" has the meaning provided by section $3(22)$
10	of the Federal Power Act (16 U.S.C. 796(22)).
11	(4) Fossil fuel-based electricity.—The
12	term "fossil fuel-based electricity" means electricity
13	that is produced from the combustion of fossil fuels.
14	(5) FOSSIL FUEL.—The term "fossil fuel"
15	means coal, petroleum, natural gas or any derivative
16	of coal, petroleum, or natural gas.
17	(6) CORPORATION.—The term "Corporation"
18	means the Carbon Storage Research Corporation es-
19	tablished in accordance with this Act.
20	(7) QUALIFIED INDUSTRY ORGANIZATION.—The
21	term "qualified industry organization" means the
22	Edison Electric Institute, the American Public
23	Power Association, the National Rural Electric Co-
24	operative Association, a successor organization of
25	such organizations or a group of owners or operators
26	of distribution utilities delivering fossil fuel-based
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electricity who collectively represent at least 20 per cent of the volume of fossil fuel-based electricity de livered by distribution utilities to consumers in the
 United States.

5 (8) RETAIL CONSUMER.—The term "retail con6 sumer" means an end-user of electricity.

7 SEC. 3. CARBON STORAGE RESEARCH CORPORATION.

8 (a) Establishment.—

9 (1) REFERENDUM.—Qualified industry organi-10 zations may conduct, at their own expense, a ref-11 erendum among the owners or operators of distribu-12 tion utilities delivering fossil fuel-based electricity for 13 the creation of a Carbon Storage Research Corpora-14 tion. Such referendum shall be conducted by an 15 independent auditing firm agreed to by the qualified industry organizations. Voting rights in such ref-16 17 erendum shall be based on the quantity of fossil 18 fuel-based electricity delivered to consumers in the 19 previous calendar year or other representative period 20 as determined by the Secretary pursuant to section 21 6. Upon approval of those persons representing two-22 thirds of the total quantity of fossil fuel-based elec-23 tricity delivered to retail consumers, the Corporation 24 shall be established unless opposed by the State reg-25 ulatory authorities pursuant to paragraph (2). All distribution utilities voting in the referendum shall
 certify to the independent auditing firm the quantity
 of fossil fuel-based electricity represented by their
 vote.

5 (2) STATE REGULATORY AUTHORITIES.—Upon 6 its own motion or the petition of a qualified industry 7 organization, each State regulatory authority shall 8 consider its support or opposition to the creation of 9 the Corporation under paragraph (1). State regu-10 latory authorities may notify the independent audit-11 ing firm referred to in paragraph (1) of their views 12 on the creation of the Corporation within 180 days 13 after the enactment of this Act. If 40 percent or 14 more of the State regulatory authorities submit to 15 the independent auditing firm written notices of op-16 position, the Corporation shall not be established 17 notwithstanding the approval of the qualified indus-18 try organizations as provided in paragraph (1).

19 (b) TERMINATION.—The Corporation shall be au-20 thorized to collect assessments and conduct operations 21 pursuant to this Act for a 10-year period from the date 22 6 months after the date of enactment of this Act. After 23 such 10-year period, the Corporation is no longer author-24 ized to collect assessments and shall be dissolved on the 1 date 15 years after such date of enactment, unless the2 period is extended by an Act of Congress.

3 (c) GOVERNANCE.—The Corporation shall operate as 4 a division or affiliate of the Electric Power Research Insti-5 tute (EPRI) and be managed by a Board of not more than 15 voting members responsible for its operations, includ-6 7 ing compliance with this Act. EPRI, in consultation with 8 the Edison Electric Institute, the American Public Power 9 Association and the National Rural Electric Cooperative 10 Association shall appoint the Board members under subparagraphs (A), (B), and (C) of paragraph (1) from 11 12 among candidates recommended by those organizations. 13 At least a majority of the Board members appointed by EPRI shall be representatives of distribution utilities sub-14 15 ject to assessments under section 5.

- 16 (1) MEMBERS.—The Board shall include at
 17 least one representative of each of the following:
- 18 (A) Investor-owned utilities.
- 19 (B) Utilities owned by a State agency or a20 municipality.
- 21 (C) Rural electric cooperatives.22 (D) Fossil fuel producers.
- 23 (E) Non-profit environmental organiza-24 tions.

1(F) Independent generators or wholesale2power providers.

(G) Consumer groups.

3

4 (2) NONVOTING MEMBERS.—The Board shall 5 also include as additional non-voting Members the 6 Secretary of Energy or his designee and 2 represent-7 atives of State regulatory authorities as defined in 8 section 3(17) of the Public Utility Regulatory Poli-9 cies Act of 1978 (16 U.S.C. 2602, 3(17)), each des-10 ignated by the National Association of State Regu-11 latory Utility Commissioners from States that are 12 not within the same transmission interconnection.

(d) COMPENSATION.—Corporation Board members
shall receive no compensation for their services, nor shall
Corporation Board members be reimbursed for expenses
relating to their service.

17 (e) TERMS.—Corporation Board members shall serve 18 terms of 4 years and may serve not more than 2 full con-19 secutive terms. Members filling unexpired terms may serve not more than a total of 8 consecutive years. Former 20 21 members of the Corporation Board may be reappointed 22 to the Corporation Board if they have not been members 23 for a period of 2 years. Initial appointments to the Cor-24 poration Board shall be for terms of 1, 2, 3, and 4 years,

staggered to provide for the selection of 3 members each
 year.

3 (f) STATUS OF CORPORATION.—The Corporation 4 shall not be considered to be an agency, department, or 5 instrumentality of the United States, and no officer or di-6 rector or employee of the Corporation shall be considered 7 to be an officer or employee of the United States Govern-8 ment, for purposes of title 5 or title 31 of the United States Code, or for any other purpose, and no funds of 9 10 the Corporation shall be treated as public money for pur-11 poses of chapter 33 of title 31, United States Code, or 12 for any other purpose.

13 SEC. 4. FUNCTIONS AND ADMINISTRATION OF THE COR-14 PORATION.

15 (a) IN GENERAL.—The Corporation shall establish and administer a program to accelerate the commercial 16 17 availability of carbon dioxide capture and storage technologies and methods, including technologies which cap-18 19 ture and store, or capture and convert, carbon dioxide. 20 Under such program competitively awarded grants, con-21 tracts, and financial assistance shall be provided and en-22 tered into with eligible entities. Except as provided in sub-23 section (g), the Corporation shall use all funds derived 24 from assessments under section 5 to issue grants and con-25 tracts to eligible entities.

1 (b) PURPOSE.—The purposes of the grants, con-2 tracts, and assistance under this section shall be to sup-3 port commercial-scale demonstrations of carbon capture or 4 storage technology projects capable of advancing the tech-5 nologies to commercial readiness. Such projects should encompass a range of different coal and other fossil fuel vari-6 7 eties, be geographically diverse, involve diverse storage 8 media, and employ capture or storage, or capture and con-9 version, technologies potentially suitable either for new or 10 for retrofit applications.

11 (c) ELIGIBLE ENTITIES.—Entities eligible for grants, 12 contracts or assistance under this section may include dis-13 tribution utilities, electric utilities and other private entities, academic institutions, national laboratories, Federal 14 15 research agencies, State research agencies, non-profit organizations, or consortiums of 2 or more entities. Pilot-16 17 scale and similar small-scale projects are not eligible for 18 support by the Corporation.

(d) ADMINISTRATION.—The members of the Board
of Directors of the Corporation shall elect a Chairman and
other officers as necessary, may establish committees and
subcommittees of the Corporation, and shall adopt rules
and bylaws for the conduct of business and the implementation of this Act. The Board shall appoint an Executive
Director and professional support staff who may be em-

ployees of the Electric Power Research Institute. After 1 2 consultation with the Technical Advisory Committee es-3 tablished under section 10, the Secretary, and the Director 4 of the National Energy Technology Laboratory to obtain 5 advice and recommendations on plans, programs, and project selection criteria, the Board shall establish prior-6 7 ities for grants, contracts, and assistance; publish requests 8 for proposals for grants, contracts and assistance; award 9 grants, contracts and assistance competitively, on the 10 basis of merit, after the establishment of procedures that provide for scientific peer review by the Technical Advisory 11 12 Committee. The Board shall give preference to applica-13 tions that reflect the best overall value and prospect for achieving the purposes of the Act, such as those which 14 15 demonstrate an integrated approach for capture and storage or capture and conversion technologies. The Board 16 17 members shall not participate in making grants or awards 18 to entities with whom they are affiliated.

(e) USES OF GRANTS, CONTRACTS, AND ASSIST20 ANCE.—A grant, contract, or other assistance provided
21 under this section may be used to purchase carbon dioxide
22 when needed to conduct tests of carbon dioxide storage
23 sites, in the case of established projects that are storing
24 carbon dioxide emissions, or for other purposes consistent
25 with the purposes of this Act. The Corporation shall make

publicly available at no cost information learned as a re sult of projects which it supports financially.

3 (f) INTELLECTUAL PROPERTY.—The Board shall es4 tablish policies regarding the ownership of intellectual
5 property developed as a result of Corporation grants and
6 other forms of technology support. Such policies shall en7 courage individual ingenuity and invention.

8 (g) ADMINISTRATIVE EXPENSES.—Up to 5 percent 9 of the funds collected in any fiscal year under section 5 10 may be used for the administrative expenses of operating 11 the Corporation (not including costs incurred in the deter-12 mination and collection of the assessments pursuant to 13 section 5).

14 (h) PROGRAMS AND BUDGET.—Before August 1 each 15 year, the Corporation, after consulting with the Technical Advisory Committee and the Secretary and the Director 16 of the Department's National Energy Technology Labora-17 tory and other interested parties to obtain advice and rec-18 19 ommendations, shall publish for public review and comment its proposed plans, programs, project selection cri-20 21 teria, and projects to be funded by the Corporation for 22 the next calendar year. The Corporation shall also publish 23 for public review and comment a budget plan for the next 24 calendar year, including the probable costs of all pro-25 grams, projects, and contracts and a recommended rate

of assessment sufficient to cover such costs. The Secretary
 may recommend program and activities the Secretary con siders appropriate.

4 (i) RECORDS; AUDITS.—The Corporation shall keep 5 minutes, books, and records that clearly reflect all of the acts and transactions of the Corporation and make public 6 such information. The books of the Corporation shall be 7 8 audited by a certified public accountant at least once each 9 fiscal year and at such other times as the Corporation may 10 designate. Copies of each audit shall be provided to the Congress, all Corporation board members, all qualified in-11 12 dustry organizations, each State regulatory authority and, 13 upon request, to other members of the industry. If the audit determines that the Corporation's practices fail to 14 15 meet generally accepted accounting principles the assessment collection authority of the Corporation under section 16 5 shall be suspended until a certified public accountant 17 18 renders a subsequent opinion that the failure has been cor-19 rected.

(j) PUBLIC ACCESS.—(1) The Corporation Board's
meetings shall be open to the public and shall occur after
at least 30 days advance public notice. Meetings of the
Board of Directors may be closed to the public where the
agenda of such meetings includes only confidential matters

pertaining to project selection, the award of grants or con tracts, personnel matter, or the receipt of legal advice.

3 (2) The minutes of all meetings of the Corporation
4 shall be made available to and readily accessible by the
5 public.

6 (k) ANNUAL REPORT.—Each year the Corporation 7 shall prepare and make publicly available a report which 8 includes an identification and description of all programs 9 and projects undertaken by the Corporation during the 10 previous year. The report shall also detail the allocation or planned allocation of Corporation resources for each 11 such program and project. The Corporation shall provide 12 13 its annual report to the Congress, the Secretary, each State regulatory authority, and upon request to the public. 14

15 SEC. 5. ASSESSMENTS.

16 (a) AMOUNT.—(1) In all calendar years following its 17 establishment, the Corporation shall collect an assessment 18 on distribution utilities for all fossil fuel-based electricity 19 delivered directly to retail consumers (as determined under 20section 6). The assessments shall reflect the relative car-21 bon dioxide emission rates of different fossil fuel-based 22 electricity, and initially shall be not less than the following 23 amounts for coal, natural gas, and oil:

Fuel type

Rate of assessment per kilowatt hour \$0.00043

	per knowatt nou
Coal	0.00043
Natural Gas	0.00022
Oil	\$0.00032.

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(2) The Corporation is authorized to adjust the as sessments on fossil fuel-based electricity to reflect changes
 in the expected quantities of such electricity from different
 fuel types, such that the assessments generate not less
 than \$1.0 billion and not more than \$1.1 billion annually.
 The Corporation is authorized to supplement assessments
 through additional financial commitments.

8 (b) INVESTMENT OF FUNDS.—Pending disbursement 9 pursuant to a program, plan, or project, the Corporation 10 may invest funds collected through assessments under this section, and any other funds received by the Corporation, 11 12 only in obligations of the United States or any agency 13 thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or cer-14 15 tificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as 16 17 to principal and interest by the United States.

18 (c) REVERSION OF UNUSED FUNDS.—If the Corporation does not disburse, dedicate or assign 75 percent 19 20 or more of the available proceeds of the assessed fees in 21 any calendar year 7 or more years following its establish-22 ment, due to an absence of qualified projects or similar 23 circumstances, it shall reimburse the remaining 24 undedicated or unassigned balance of such fees, less ad-25 ministrative and other expenses authorized by this Act, to

2	sessed, in proportion to their collected assessments.
3	SEC. 6. ERCOT.
4	(a) Assessment, Collection, and Remitance.—
5	(1) Notwithstanding any other provision of this Act, with-
6	in ERCOT, the assessment provided for in section 5 shall
7	be—
8	(A) levied directly on qualified scheduling
9	entities, or their successor entities;
10	(B) charged consistent with other charges
11	imposed on qualified scheduling entities as a fee
12	on energy used by the load serving entities; and
13	(C) collected and remitted by ERCOT to
14	the Corporation in the amounts and in the
15	same manner as set forth in section 5.
16	(2) The assessment amounts referred to in paragraph
17	(1) shall be—
18	(A) determined by the amount and types of fos-
19	sil fuel-based electricity delivered directly to all retail
20	customers in the prior calendar year beginning with
21	the year ending immediately prior to the period de-
22	scribed in section 3(b); and
23	(B) take into account the number of renewable
24	energy credits retired by the load serving entities

1 the distribution utilities upon which such fees were as-

1	represented by a qualified scheduling entity within
2	the prior calendar year.
3	(b) Administration Expenses.—Up to 1 percent
4	of the funds collected in any fiscal year by ERCOT under
5	the provisions of this section may be used for the adminis-
6	trative expenses incurred in the determination, collection
7	and remittance of the assessments to the Corporation.
8	(c) AUDIT.—ERCOT shall provide a copy of its an-
9	nual audit pertaining to the administration of the provi-
10	sions of this section to the Corporation.
11	(d) Definitions.—For the purposes of this section:
12	(1) The term "ERCOT" means the Electric Re-
13	liability Council of Texas.
14	(2) The term "load serving entities" has the
15	meaning adopted by ERCOT Protocols and in effect
16	on the date of enactment of this Act.
17	

17 (3) The term "qualified scheduling entities" has
18 the meaning adopted by ERCOT Protocols and in
19 effect on the date of enactment of this Act.

(4) The term "renewable energy credit" has the
meaning as promulgated and adopted by the Public
Utility Commission of Texas pursuant to section
39.904(b) of the Public Utility Regulatory Act of
1999, and in effect on the date of enactment of this
Act.

3 (a) FINDINGS.—The Congress finds that:

4 (1) The assessments under section 5 are to be 5 collected based on the amount of fossil fuel gen-6 erated electricity delivered by each distribution util-7 ity.

8 (2) Since many distribution utilities purchase 9 all or part of their retail consumer's electricity needs 10 from other entities, it may not be practical to deter-11 mine the precise fuel mix for the power sold by each 12 individual distribution utility.

(3) It may be necessary to use average data,
often on a regional basis with reference to Regional
Transmission organization or NERC regions, to
make the determinations necessary for making assessments.

18 (b) DOE PROPOSED RULE.—The Secretary, acting 19 in close consultation with the Energy Information Administration, shall issue for notice and comment a proposed 20 rule to determine the level of fossil fuel electricity delivered 21 22 to retail customers by each distribution utility in the 23 United States during the most recent calendar year or 24 other period determined to be most appropriate. Such pro-25 posed rule shall balance the need to be efficient, reason-26 ably precise and timely, taking into account the nature •HR 1689 IH

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and cost of data currently available and the nature of mar kets and regulation in effect in various regions of the
 country. Different methodologies may be applied in dif ferent regions if appropriate to obtain the best balance of
 such factors.

6 (c) FINAL RULE.—Within 6 months after the enact-7 ment of this Act, and after opportunity for comment, the 8 Secretary shall issue a final rule under this section for determining the level and type of fossil fuel electricity de-9 10 livered to retail customers by each distribution utility in the United States during the appropriate period. In 11 issuing such rule, the Secretary may consider opportuni-12 13 ties and costs to develop new data sources in the future and issue recommendations for the Energy Information 14 15 Administration or other entities to collect such data. After notice and opportunity for comment the Secretary may, 16 17 by rule, subsequently update and modify the methodology for making such determinations. 18

(d) ANNUAL DETERMINATIONS.—Pursuant to the
final rule issued under subsection (c), the Secretary shall
make annual determinations of the amounts and types for
each such utility and publish such determinations in the
Federal Register. Such determinations shall be used to
conduct the referendum under section 3 and by the Corporation in applying any assessment under this title.

1 (e) REHEARING AND JUDICIAL REVIEW.—The owner 2 or operator of any distribution utility that believes that 3 the Secretary has misapplied the methodology in the final 4 rule in determining the amount and types of fossil fuel 5 electricity delivered by such distribution utility may seek rehearing of such determination within 30 days of publica-6 7 tion of the determination in the Federal Register. The 8 Secretary shall decide such rehearing petitions within 30 9 days. The Secretary's determinations following rehearing 10 shall be final and subject to judicial review in the United States court of appeals for the District of Columbia. 11

12 SEC. 8. COMPLIANCE WITH CORPORATION ASSESSMENTS.

13 The Corporation may bring an action in the appro-14 priate court of the United States to compel compliance 15 with an assessment levied by the Corporation under this 16 Act. A successful action for compliance under this section 17 may also require payment by the defendant of the costs 18 incurred by the Corporation in bringing such action.

19 SEC. 9. MIDCOURSE REVIEW.

20 Not later than 5 years following establishment of the 21 Corporation, the Comptroller General of the United States 22 shall prepare an analysis, and report to Congress, assess-23 ing the Corporation's activities, including project selection 24 and methods of disbursement of assessed fees, impacts on 25 the prospects for commercialization of carbon capture and storage technologies, and adequacy of funding. The report
 shall also make such recommendations as may be appro priate in each of these areas. The Corporation shall reim burse the Government Accountability Office for the costs
 associated with performing this midcourse review.

6 SEC. 10. RECOVERY OF COSTS.

7 (a) IN GENERAL.—A distribution utility whose trans-8 mission, delivery, or sales of electric energy are subject 9 to any form of rate regulation shall not be denied the op-10 portunity to recover the full amount of the prudently in-11 curred costs associated with complying with this Act, con-12 sistent with applicable State or Federal law.

(b) RATEPAYER REBATES.—Regulatory authorities
that approve cost recovery pursuant to subsection (a) may
order rebates to ratepayers to the extent that distribution
utilities are reimbursed undedicated or unassigned balances pursuant to section 5(c).

18 SEC. 11. TECHNICAL ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—There is established an advisory committee, to be known as the "Technical Advisory
Committee".

(b) MEMBERSHIP.—The Technical Advisory Committee shall be comprised of not less than 7 members appointed by the Board from among academic institutions,
national laboratories, independent research institutions,

and other qualified institutions. No member of the Com mittee shall be affiliated with EPRI or with any organiza tion having members serving on the Board. At least one
 member of the Committee shall be appointed from among
 officers or employees of the Department of Energy rec ommended to the Board by the Secretary of Energy.

7 (c) CHAIRPERSON AND VICE CHAIRPERSON.—The
8 Board shall designate one member of the Technical Advi9 sory Committee to serve as Chairperson of the Committee
10 and one to serve as Vice Chairperson of the Committee.

(d) COMPENSATION.—The Board shall provide compensation to members of the Technical Advisory Committee for travel and other incidental expenses and such
other compensation as the Board determines to be necessary.

(e) PURPOSE.—The Technical Advisory shall provide
independent assessments and technical evaluations, as well
as make non-binding recommendations to the Board, concerning Corporation activities, including but not limited
to the following:

(1) Reviewing and evaluating the Corporation's
plans and budgets described in section 4 (h), as well
as any other appropriate areas, which could include
approaches to prioritizing technologies, appropriateness of engineering techniques, monitoring and

verification technologies for storage, geological site
 selection, cost control measures.

3 (2) Making annual non-binding recommenda4 tions to the Board concerning any of the matters re5 ferred to in paragraph (1), as well as what types of
6 investments, scientific research, or engineering prac7 tices would best further to the goals of the Corpora8 tion.

9 (f) PUBLIC AVAILABILITY.—All reports, evaluations, 10 and other materials of the Technical Advisory Committee 11 shall be made available to the public by the Board, without 12 charge, at time of receipt by the Board.

13 SEC. 12. LOBBYING RESTRICTIONS.

14 No funds collected by the Corporation shall be used 15 in any manner for influencing legislation or elections, ex-16 cept that the Corporation may recommend to the Sec-17 retary and the Congress changes in this Act or other stat-18 utes that would further the purposes of this Act.

19 SEC. 13. DAVIS-BACON COMPLIANCE.

The Corporation shall ensure that entities receiving grants, contracts, or other financial support from the Corporation for the project activities authorized by this Act are in compliance with the Davis-Bacon Act (40 U.S.C. 24 276a-276a-5).