

Resolution on Carbon Capture and Enhanced Oil Recovery

WHEREAS, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC) adopted a resolution on July 20, 2011, strongly urging the Congress and the Administration to support State efforts to store or find beneficial uses for carbon dioxide emissions by providing adequate funding and incentives for research into carbon capture and storage technologies and underground storage capacities, including use of carbon dioxide (CO₂) for enhanced oil recovery (EOR); *and*

WHEREAS, There is over 40 years of commercial experience using carbon dioxide for EOR; *and*

WHEREAS, Currently, nearly 4 percent of U.S. domestic oil production (280,000 barrels per day as of 2013,¹ 102.2 million barrels per year) is accomplished using CO₂-EOR; *and*

WHEREAS, To date, more than 1.10 billion barrels of oil have been recovered in the U.S. using EOR from CO₂; *and*

WHEREAS, There currently exists over 4,500 miles of CO₂ pipelines,² which help to inject and store over 13 million tons of CO₂ from man-made sources each year;³ *and*

WHEREAS, The use of CO₂ injection increases the recovery of original oil in place from specific oil fields by 5 percent to potentially more than 20 percent over primary and secondary recovery methods alone; *and*

WHEREAS, There are 23 States with active or potential CO₂-EOR operations⁴; *and*

WHEREAS, Electricity generated from power plants burning coal and natural gas and numerous industrial activities, including natural gas processing; production of ethanol, fertilizer, hydrogen, and certain chemicals; refining; and manufacture of cement and steel, all emit CO₂ that could be captured and used to further the goals of energy independence and reduction of greenhouse gases; *and*

WHEREAS, CO₂-EOR can improve our nation's energy security by accessing economically-recoverable reserves equal to 21.4 billion barrels of oil with today's technology and 63.3 billion barrels⁵ with next-generation technology, an amount nearly double current U.S. proved reserves; *and*

¹ EIA AEO 2015, p. A-28, online at: [http://www.eia.gov/forecasts/aeo/pdf/0383\(2015\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2015).pdf)

² Department of Energy QER 2015, pp. 7-23, online at: http://energy.gov/sites/prod/files/2015/07/f24/QER%20Full%20Report_TS%26D%20April%202015_0.pdf

³ Id.

⁴ NETL.2014, "An In-Depth Look at "Next Generation" CO₂-EOR Technology.", online at: http://netl.doe.gov/File%20Library/Research/Energy%20Analysis/Publications/Disag-Next-Gen-CO2-EOR_full_v6.pdf

⁵ Id.

WHEREAS, In addition to job creation and increased tax revenues (through increased oil production), use of CO₂-EOR will reduce the U.S. trade deficit by hundreds of billions of dollars by 2030; *and*

WHEREAS, Use of carbon capture at power plants (and industrial facilities) for EOR could reduce U.S. greenhouse gas emissions by 10-20 billion tons,⁶ and produce oil with less environmental impact; *and*

WHEREAS, There are a number of economic and job opportunities in CO₂-EOR, including, but not limited to, manufacturing CO₂ capture system components; installing carbon capture technology; building pipelines to transport CO₂; rehabilitation of old oil fields; and managing ongoing CO₂ injections and monitoring storage long-term; *and*

WHEREAS, Bipartisan legislation has been previously introduced in Congress to reform and provide for additional tax credits for CO₂ capture for use in EOR; *and*

WHEREAS, These credits would pay for themselves over time through increased tax revenue due to increased oil production, without even considering the other job and economic benefits of EOR; *and*

WHEREAS, There are other legislative efforts to enhance carbon capture, including the use of master limited partnerships and private activity bonds; *and*

WHEREAS, In the President's proposed FY 2016 federal budget, an investment tax credit and a production tax credit to cover portions of investment in carbon capture projects, as well as innovative provisions such as tax credit refundability, were included; *and*

WHEREAS, It is beneficial that Congress and the Administration act in close partnership with State governments, recognizing that CO₂ can be a useful commodity; *and*

WHEREAS, There are a number of State policies that could complement federal incentives; *now, therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 2016 Winter Committee Meetings in Washington, D.C., supports States and groups of States developing financial and other policies that encourage the cost-effective use of CO₂ from power plants for EOR; *and be it further*

RESOLVED, That NARUC urges Congress and the Administration to support legislation and budget measures that provide assistance to the development and deployment of cost-effective carbon capture/EOR technology; *and be it further*

⁶ Id.

RESOLVED, That NARUC strongly urges Congress and the Administration to strongly and rapidly act on this resolution to increase the energy security of our nation, to reduce the dependence on unstable foreign oil sources, and to create high-quality jobs.

*Sponsored by the Committee on Energy Resources and the Environment
Adopted by the NARUC Board of Directors on February 17, 2016*