



May 20, 2009

The Honorable Rick Boucher
United States House of Representatives
Washington, DC 20515

Re: CCS Provisions of HR 2454

Dear Congressman Boucher:

On behalf of our respective memberships, we want to thank you for the work you have completed already in addressing many of our concerns about provisions of the American Clean Energy and Security Act of 2009. The commitment in H.R. 2454 to provide incentives for 72 Gigawatts (GW) to ensure the widespread deployment of carbon capture and sequestration, and the allowances to be allocated to this purpose, are critical to the long-term competitiveness of domestic coal-based electric generation.

While our members continue to have important issues with H.R. 2454 as introduced last week, we are writing specifically to address several items related to Title I, Subtitle B – Carbon Capture and Sequestration. Resolution of these issues, in our judgment, will add clarity to the legislation and better ensure that the incentive provisions of section 115 of Subtitle B will produce their intended result: the widespread commercial deployment of CCS technologies.

In brief, we are concerned that section 115 as drafted does not provide the level of certainty about the availability of allowances that an owner of a covered unit will require in order to obtain financing for the project. Specifically, the certainty that allowances will be available to a project -when the project is conceived - as well as the value of those allowances, are key factors to the successful financing of a CCS project. Our concerns would be ameliorated by adding language that insures the commitment of the legislation to the 72 GWs as well as to the proposed level of allocations provided in section 782(f).

Our second general concern relates to the duration of time during which a project will receive an allowance allocation. The legislation does not clearly provide that allowances (or the value of allowances) will be sufficient to cover the incremental costs of CCS over the useful life of the covered unit. References are made to a 10 year duration during which allowances will be distributed, yet the bill's objective, we hope, is to provide necessary support for the entire useful life of the project. The projected value of the allocations made available for 72 GWs will clearly cover, in our judgment, the incentive required for the useful lives of the projects selected.

These changes appear to us to be essential to the effectiveness of section 115, and it is our hope that you might continue in your leadership role to resolve and clarify these outstanding matters.

Sincerely,

Bill Banig
Government Affairs Director
UMWA

Ben Yamagata
Executive Director
CURC