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EPA chief defends carbon capture provisions of new power plant rule

By [Eric Wolff](#)

U.S. EPA Administrator Gina McCarthy defended carbon capture and storage as "a viable option" at a Feb. 25 hearing held by a U.S. House Committee on Energy and Commerce subcommittee, despite a wave of recent bad news for the technology.

Though the [Clean Power Plan](#), which would regulate carbon from existing power plants, has received most of the attention since its announcement, the Clean Air Act [requires](#) the EPA to regulate new power plants first. The proposed new source rule mandates that every new coal power plant use carbon capture technology to hold down emissions. The technology is only in active use at one power plant — in Canada — and of the two U.S. plants that would use it, one is facing billions of dollars of cost overruns, while the other was recently all but canceled. Nonetheless, McCarthy held the line before questioning from Rep. Tim Murphy, R-Pa.

"We feel very confident this technology is available, we feel very confident this technology is viable," she said at a hearing hosted by the Energy and Power Subcommittee. "We feel very confident that the use of CCS technology at the level that we are proposing here will be a viable option for coal to continue to be a part of the future in this and many other countries."

The legal viability of the [new source rule](#) for carbon dioxide is a critical piece of the EPA's carbon regulation infrastructure. Section 111 of the Clean Air Act, which the agency is using to authorize its carbon dioxide regulations, requires that a rule regulating new pollution sources be in place before the agency can regulate existing sources. If the new power plant rule is struck down by a successful challenge, the Clean Power Plan, which does the heavy lifting of carbon reduction, will not take effect.

The new source rule, published in January, sets different carbon emission rate limits depending on the fuel and technology of a given power plant. The rate for a natural gas plant is very close to what a modern combined-cycle natural gas plant would produce. But coal plants generate the bulk of carbon dioxide emissions in the power sector. In order to reduce those emissions, the EPA proposed to require carbon capture and sequestration technology for new coal plants.

The agency cites numerous examples of existing uses of the technology, but most operate outside the power sector. Within the power sector, the agency pointed to [SaskPower's](#) completed [Boundary](#) project in Canada, [Southern Co.'s](#) under-construction [Plant Ratcliffe](#) and [FutureGen Alliance's](#) now-doomed [FutureGen 2.0](#) project.

February was a difficult month for those projects. In the first week of February, the U.S. Department of Energy [pulled funding](#) from FutureGen, a planned carbon capture coal-fired plant, after organizers failed to generate sufficient private capital to move the project along. The move effectively killed the project. Plant Ratcliffe, in Mississippi, is supposed to be a coal gasification plant with carbon capture technology, but it is still under construction and is expected to cost more than triple its original \$2 billion estimate before being completed. On Feb. 12, the Mississippi Supreme Court [struck down](#) a rate adder intended to pay for some of the \$6 billion plant's cost overruns.

"You have to make investments in things that really work," Murphy said at the hearing. "We can make up 'Alice in Wonderland' here, but I want to make sure it works."

Environmentalists have always been concerned about the viability of carbon capture technology. David Bookbinder, former chief climate counsel for the Sierra Club and now a consultant, said the recent news "knocks a little more support out from under EPA," but it doesn't make a bad situation that much worse.

Instead, Bookbinder pointed to what he claimed is the original sin written into the proposed rule: The agency says that because a new coal plant with carbon capture would cost the same as a new nuclear plant it is economically viable. But that argument is undermined by the fact that the government typically subsidizes about half the cost of a new nuclear plant, he said.

The EPA still has some room to maneuver because the new source rule has not yet been finalized. Bookbinder said the EPA's best option would be to drop the requirement for carbon capture and mandate ultra supercritical boilers instead.

"The most important role the new source rule has is simply" to be the "predicate for the existing source rule, because no one is building new coal plants," he said. "EPA, if they were smart, should set the standard at ultra supercritical. No one would argue that is economically achievable, and it wouldn't make a damn bit of difference because no one's building the plants anyway."

During the hearing, McCarthy largely toed the line on carbon capture and storage, although she eventually fell back on a familiar response to critiques of the proposed rule.

"No final decision has been made on carbon capture and storage," she said. "We will look really closely at the comments."

A final version of both the new source rule and the existing source rule is expected this summer.