

February 1, 2008

The Honorable Robert C. Byrd
Chairman
U.S. Senate Committee on Appropriations
The Capitol, S-131
Washington, D.C.20510

The Honorable Thad Cochran
Ranking Member
U.S. Senate Committee on Appropriations
The Capitol, S-146A
Washington, D.C.20510

Dear Mr. Chairman and Ranking Member:

As Co-chairs of the National Commission on Energy Policy (NCEP) we urge you to fully fund the carbon capture and sequestration (CCS) technology programs authorized in the Energy Independence and Security Act of 2007. As you know, our nation is blessed with abundant coal resources and we currently use coal to supply nearly half of our electricity. The Commission strongly supports establishing mandatory limits on greenhouse gas (GHG) emissions and it is clear that new technologies—such as CCS— will need to be deployed in order to meet our climate change and energy security needs.

The National Commission on Energy Policy is a bipartisan group of top energy experts from industry, government, labor, academia, and environmental and consumer groups. In our 2004 report, *Ending the Energy Stalemate*, and in our updated 2007 recommendations, the Commission called for vigorous support for commercial-scale CCS sequestration projects. We were very pleased that the Energy Independence and Security Act of 2007 included a number of our CCS recommendations. We believe the funding levels authorized in the Act approach what is necessary to commence large-scale demonstration and widespread deployment. Specifically, we support funding the authorized \$240 million per year for seven initial geologic storage facilities that each sequester at least 1 million tons of CO₂ annually and the \$200 million per year

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for awards for large scale CCS capture projects that successfully compress, transport, inject, store, and monitor CO₂.

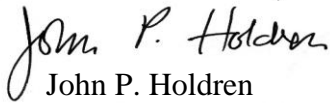
We support the recent announcement by the Department of Energy to restructure the FutureGen program to demonstrate CCS technologies at multiple commercial-scale coal facilities and to grant funding for geologic sequestration demonstration projects through four of its Carbon Sequestration Regional Partnerships. We believe that a restructured FutureGen program that partners with industry to pay the marginal cost increase of including CCS technology is a good approach for deploying capture technologies. However, the scale of the announced sequestration demonstration projects remains inadequate; at-scale sequestration projects should inject and store 1 million tons of CO₂ annually—not over multiple years. Although we laud the Administration for moving in the right direction by proposing an increase of over \$110 million for the restructured FutureGen and coal sequestration programs, these funding levels continue to be less than what is needed for large scale demonstration projects.

We believe the first steps of a successful pathway forward for CCS demonstration and deployment include four key components:

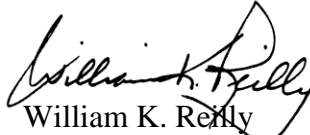
1. Fully fund the CCS programs authorized in the Energy Independence and Security Act of 2007.
2. Immediately commence a program to demonstrate commercial-scale geologic sequestration that injects at least 1 million tonnes CO₂ of per year (at each project) into several varied geologic storage sites.
3. Urgently develop a federal, long-term regulatory and liability framework for the injection and storage of CO₂.
4. Continue to embark on a robust CCS research, development, demonstration, and deployment program that encompasses different coal types, geologic locations, and capture and measurement, monitoring, and verification technologies.

Pursuing a vigorous CCS program is one of the keystones to achieving our climate change and energy security aspirations. We look forward to working with you and urge you to include full funding in fiscal year 2009 for the CCS programs authorized in the 2007 Act.

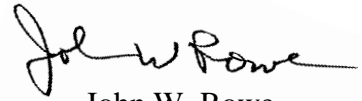
Sincerely NCEP Co-Chairs,



John P. Holdren
*Director, Woods Hole
Research Center; Professor
Harvard University*



William K. Reilly
Senior Advisor, TPG, Inc.



John W. Rowe
*Chairman and CEO
Exelon Corporation*

cc: The Honorable Byron L. Dorgan
The Honorable Pete V. Domenici
The Honorable David R. Obey
The Honorable Jerry Lewis
The Honorable Peter J. Visclosky
The Honorable David L. Hobson