

ATTACHMENT 11

AR # 111

Draft Minutes and Meeting Follow-Up

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McDonald, Jeffrey

From: Gilmore, Tyler J [Tyler.Gilmore@pnnl.gov]
Sent: Thursday, January 16, 2014 5:07 PM
To: McDonald, Jeffrey
Cc: Bayer, MaryRose; Lucy Swartz; Paul Champagne; Greenhagen, Andrew; Jaime Rooke; Kobelski, Bruce
Subject: Draft Minutes and Meeting followup
Attachments: Meeting Summary 12-20-2013.docx

Hi Jeff,

Attached is a draft of the meeting minutes from our conference call in December on Insurance and trust funding in support of our UIC permit application. Please mark and comment as needed.

We would also like to request a followup discussion early next week to discuss our next steps;

- ? The Alliance agreed to prepare a plan to demonstrate financial responsibility during each phase of activity.
- ? EPA agreed to consider if a phased approach would meet regulatory requirements.

Thanks
Tyler

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Conference call with U.S. Environmental Protection Agency (EPA) and FutureGen Industrial Alliance (Alliance), December 20, 2013

Meeting Summary

Participants:

EPA

- Jeff McDonald, Region V
- Andrew Greenhagen, Region V
- Bruce Kobelski, Headquarters
- Molly Bayer, Headquarters
- Jamie Rook [check], Cadmus Group (EPA contractor)

Alliance

- Tyler Gilmore, Battelle (Alliance contractor)
- Paul Champagne, Alliance Chief Development Officer
- Lucy Swartz, Alliance Chief Operating Officer

The Alliance requested a conference call with EPA to discuss EPA's requirements for demonstrating financial responsibility prior to issuance of a Underground Injection Control (UIC) permit for injection of carbon dioxide (CO₂) in an underground geologic formation (Class VI permit). In its Class VI UIC permit application, the Alliance stated its intention to rely on: (1) a CO₂ Storage Trust Fund for any required corrective actions as well as injection well plugging and post-injection site care and site closure, and (2) third-party insurance for any required emergency and remedial response actions. EPA, in a Request for Additional Information, has stated that financial mechanisms must be established prior to the drilling of the proposed injection wells.

On the call, the participants agreed that a Class VI UIC permit would involve several phases, each of which would have its own financial responsibility requirements and associated costs. Financial responsibility would not necessarily need to be demonstrated (*e.g.*, funds deposited in a trust fund or an insurance certificate obtained) until the start of each phase. Requiring a demonstration of financial responsibility significantly in advance of when any funds would need to be expended could impose a financial hardship on an applicant (*e.g.*, procuring insurance commitments significantly in advance of a recognized need for insurance).

Given that, EPA agreed to consider whether the Alliance's proposed financial instruments (the trust fund and third-party insurance) could be established and funded in phases. Table 1 below shows the different phases of activity, the qualifying financial instrument that the Alliance proposes to utilize during each phase, the timing of the phase, and the estimated cost of completing the activities within each phase, if needed.

Table 1. Phases of Activity and Alliance Proposed Qualifying Financial Instruments and Costs

Phase of Activity	Proposed Qualifying Instrument	Time When Needed	Estimated Cost of Activity
Drilling	<i>No regulatory requirement to show financial responsibility for drilling</i>	<i>During well construction (prior to injection)</i>	<i>Not estimated</i>
Corrective actions (if needed)	CO ₂ Storage Trust Fund	During active injection Up to 50 years after injection ceases and until site closure	\$623,000
Injection and monitoring well plugging	CO ₂ Storage Trust Fund	During active injection period (if project were to cease operations) After injection ceases and during well plugging	\$2,723,000
Post-injection site care	CO ₂ Storage Trust Fund	After injection and monitoring well plugging and up to 50 years after injection ceases (until site closure)	\$18,320,000
Site closure	CO ₂ Storage Trust Fund	After post-injection site care ceases and during site closure	\$3,402,000
Emergency and remedial response actions (if needed)	Third-party insurance	During active injection Up to 50 years after injection ceases and until site closure	\$270,000 to \$6,100,000 depending on event

Next steps:

- The Alliance agreed to prepare a plan to demonstrate financial responsibility during each phase of activity.
- EPA agreed to consider if a phased approach would meet regulatory requirements.