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SCR, scrubber businesses expect states to demand lower emissions

Manufacturers of pollution control systems expect their orders will increase, even without the federal Clean Air Interstate Rule, because states will be enforcing their own plans to reduce emissions and particulates.

Moving beyond 2009, Bill McMahon, CEO of CoaLogix, a subsidiary of Acorn Energy, told Platts that he expects to see their business grow in the long term and expects no changes in orders for either this year or the coming years. CoaLogix owns SCR-Tech, which provides SCR services to power plants, including a proprietary technology to regenerate the catalyst. Most catalysts last up to six years when SCRs are run five months in a year, he said. The company expects catalyst deactivation to occur in 2009 forward.

Until that time, McMahon said, their business will continue to grow, then dip a little, depending on what action is pursued either at the state or federal level.

At Fuel Tech, CEO John Norris said it is too early to say what will happen to orders for air pollution control projects in 2009 and beyond, but he suspects some orders for 2009 may get pushed into the 2010 timeframe.

Whatever business Fuel Tech loses to postponements, the company expects to make up through its air pollution segment in China, which, Norris said, is growing at a “phenomenal” rate.

Air quality standards unchanged

The ruling by the US Court of Appeals for the D.C. Circuit banishing CAIR on July 11 did not affect the underlying Clean Air Act provisions governing the national ambient air quality standards for ozone and particulate matter.

According to Norris, states still have to submit revised state implementation plans to the Environmental Protection Agency to comply with ozone and particulate matter standards by March 10, 2009. EPA has a year to approve the SIPs and then states have until 2013 to implement those plans, he said.

In other words, large and small utilities will be forced to install both scrubbers and SCRs or be forced to shut down.

Both McMahon and Norris said they expect business for SCR and scrubber manufacturers would begin growing in 2013 when states have to comply with SIPs, which will require year-round SCR and scrubber operation to achieve 80%-90% pollution removal.

“If you read the court’s ruling, cap-and-trade is illegal,” McMahon said. “State implementation will still be in effect.”

In the absence of an allowance trading program that gave utilities an option to use credits, there will be a rush to install pollution controls, Norris said.

Among states, Norris opined that Illinois would be the state to watch because it was the first state to enact tighter mercury rules after the same court overthrew the Bush administration’s Clean Air Mercury Rule. Norris also said

that other states should look to North Carolina, which enacted its own Clean Smokestacks legislation a few years ago, to combat smog and haze pollution.

Both Norris and McMahon are looking to Congress and to a multipollutant bill authored by Senator Thomas Carper, Democrat-Delaware, as providing a solution to the ailing allowance market and the air pollution control industry. Neither, however, is hopeful that Congress will take any significant action in a presidential election year.

A market source expressed his skepticism about congressional action. Even if Congress does try to act, some member will tag carbon controls on it and “that will be the end of that legislative effort,” he said.

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EPA proposes new well type to sequester CO2 emissions

Under a draft rule that could lead to a nationwide permitting program for geologic sequestration of carbon dioxide, the Environmental Protection Agency would require owners and operators of wells where CO2 will be injected to ensure the wells are appropriately located, constructed, tested and monitored.

EPA tailored the proposal — the Underground Injection Control Program for Carbon Dioxide Geologic Sequestration Wells — to resemble the existing Safe Drinking Water Act’s underground injection control program. What the proposal does not do is address the status of CO2 as a pollutant nor does it require any facilities to capture and or sequester CO2.

The new Class VI well would be used only for geologic sequestration of CO2. The formations having the greatest potential are deep saline formations, depleted oil and gas reservoirs, unmineable coal seams, salt domes and shales, EPA said. The Department of Energy estimates that some areas in the US have the potential to store up to 3,000 gigatons or 3 million megatons of CO2.

The proposal “provides certainty to industry and the public about the requirements that would apply to injection of CO2, by providing consistency in requirements across the US and transparency about what requirements applies to owners and operators,” EPA said in the 221-page document.

There are five types of injection wells currently in use. At present CO2 is injected underground for experimental technology, like those in the DOE’s Regional Carbon Sequestration Partnership Program. Under the private/public program, seven partnerships have been formed to test CO2 injection into geologic formations around the country.

The agency estimates it would cost \$15 million to \$15.6 million annually to implement the rule as proposed.

Unifying state and federal permitting programs

To ensure a uniform approach to permitting the new wells, EPA is seeking comments from states on their efforts