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## **\$300 mil. USDA loan for coal plant carbon sequestration**

**Compiled by Agri-Pulse Staff**

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As part of the government's battle to cut carbon dioxide (CO<sub>2</sub>) greenhouse gas emissions, on Thursday Agriculture Secretary Ed Schafer announced approval of a \$300 million loan to finance modification of a North Dakota coal fired power plant to capture and sequester 3,000 tons of carbon dioxide (CO<sub>2</sub>) per day. When completed, the Basin Electric power plant project will be the first of its type in the nation to operate on a commercial scale.

"Clean, efficient coal fired generating plants are an important component in America's efforts to achieve energy independence," Schafer said in announcing the USDA loan. "This project will enhance our knowledge base and set the stage for potential carbon sequestration projects involving base-line power generating plants in the future." Schafer, a former North Dakota governor, acknowledged the efforts of the North Dakota Governor and congressional delegation as well as state regulatory officials in helping to move the project forward.

Carbon dioxide produced by the Basin Electric power plant will be captured, cleaned, pressurized and transported by pipeline to oil fields, where it will be injected into oil-bearing formations below ground, permanently removing the gas and simultaneously prolonging oil production. Injecting a mixture of carbon dioxide and water into oil field formations under high pressure boosts oil recovery from existing wells and fields. In addition to injecting CO<sub>2</sub> into the oil fields, the company intends to inject a small percentage of the gas into a deep saline formation to determine the viability of that sequestration method.

The coal-fired generating plant to be modified, Antelope Valley Station, Unit 1, is located near Beulah, North Dakota, adjacent to the Great Plains Synfuels Plant which already ships CO<sub>2</sub> to oil fields through a 205 mile pipeline. Gas sequestered from the Basin Electric coal-fired plant will be cleaned, sent to the Synfuels plant and then placed into the pipeline under high pressure.

The loan was made through Rural Development's Rural Utilities Program to Basin Electric, a North Dakota based wholesale power cooperative, which supplies electricity to about 2.6 million residents of nine states. Funding of the loan is contingent on the borrower meeting the conditions of the loan agreement.

USDA Rural Development's mission is to increase economic opportunity and improve the quality of life for rural residents. Rural Development fosters growth in homeownership, finances business development, and supports creation of critical community and technology infrastructure. Further information on rural programs is available at a local USDA Rural Development office or by visiting USDA's web site at <http://www.rurdev.usda.gov>.

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