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The Carbon Offset Future

Ten months ago, I wrote about legislation in Washington that would bring about a clean energy economy.

Finally, the powers that be in D.C. are tackling the issue again with the American Power Act introduced in the Senate by Democrats John Kerry and Joe Lieberman on May 12.

That happened to be the very same day I attended a Grand Junction Chamber of Commerce Energy Briefing given by Michael Cote of Ruby Canyon Engineering in Grand Junction.

Cote and partner Ron Collings started their business five years ago and now employ a total of eight people.

He spoke about "Turning Emissions into Assets" and explained how clients such as major industries, mining, oil and gas concerns, and even the Environmental Protection Agency are using carbon emissions to create power or trade in the carbon market. All this is before the federal government has even passed any climate legislation.

Companies purchase carbon offsets to help control their carbon footprint and be socially responsible, in response to pressure from stockholders, as part of product branding or just for good public relations.

According to Cote, the most likely areas to be targeted for emission capping are electricity generation, transportation, industry and end-use extraction of natural gas.

Offsets can be achieved through soil management, as well as various forms of methane

recapture, including landfills, coal mines, agricultural manure and anaerobic gas from wastewater treatment plants.

Cote sees three main options regarding greenhouse gas emissions: regulation by the EPA, Cap and Trade legislation or maintaining the status quo.

The third option is unlikely since the EPA is poised to take action if Congress does not pass legislation soon.

There are good reasons for passing Cap and Trade laws, including energy and environmental certainty, government setting caps with market forces determining prices, encouragement of high-tech business and job opportunities and international opportunities, Cote said.

In the voluntary carbon market, the United States plays a minor role, so there is much potential for rapid growth starting in 2013 with a noticeable increase by 2020. Carbon credits are currently about \$4 per ton.

Colorado is host to a long list of large offset projects such as biomass generated electricity, Cameo's co-generation facility, solar, wind, coal mine methane capture, agriculture sector manure treatment systems with methane recovery, U.S. Forest Service forestation projects, geological sequestration and New Belgium Brewery and Colorado Pork methane-to-energy projects.

In Mesa County, we have already started projects at the landfill and Persigo Wastewater Treatment facilities.

There are big opportunities for improvement at coal mines in Colorado. Right now, billions of cubic feet of carbon emissions are being vented into the atmosphere. If these emissions were harnessed, we could heat 50,000 homes. Many people are hard at work trying to get coal mine methane classified as a "renewable energy source" for tax credit and rebate purposes.

The EPA recently started the Natural Gas STAR program, which is "a flexible, voluntary partnership that encourages oil and natural gas companies -- both domestic and abroad -- to adopt cost-effective technologies and practices that improve operational efficiency and reduce emissions of methane, a potent greenhouse gas and clean energy source," according to the Website.

Ruby Canyon is working on a project in Inner Mongolia conducting a methane inventory of coal mines to explore developing methane for markets and energy.

Back in Washington, the new version of the Cap and Trade bill includes many compromises, but has a whole slew of supporters.

Colorado Sen. Michael Bennet stated: "A comprehensive energy and climate bill done right will create millions of new clean energy jobs and put America back in control of its own energy future. For the sake of our nation's energy security, our economy and our environment, delay on this critical issue is not an option."

The senator acknowledged Colorado has a head start on "renewable energy standards that promote greater use of wind, solar and biofuels and the recognition that responsibly developed natural gas is a key component of cleaner energy policy." He said, "Federal legislation should build on the successes that we've seen in communities across our state."

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