

2009-10 Energy Policy for Montana

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Part IV of IX "Increasing the supply of low-cost electricity with coal-fired generation"

Governor Schweitzer's Energy Policy statement on coal:

"Clean coal technologies such as gasification, oxyfuel combustion, and post combustion carbon capture allow more of the pollutants and greenhouse gases associated with conventional coal technologies to be captured and disposed. In particular, the carbon dioxide capturing that is inherent in these processes allows sequestration of the CO₂, including methods that give the double benefit of enhanced oil recovery. The state will focus energy development of coal, including state-owned coal, on CTL plants, IGCC electrical power plants, and other clean coal technologies."

ETIC Energy Policy statement: (This is a DRAFT statement that has not received ETIC approval. It is meant ONLY as a starting point for ETIC discussion)

Findings:

The Montana coal industry currently exists to support the generation of electricity. All but a tiny fraction of the coal mined in Montana eventually is converted to electricity. Montana is endowed with a wealth of coal, reserves totaling 119.2 billion tons, roughly 25 percent of the United State's total.¹ There are also ongoing efforts to increase the amount of Montana coal mined and to increase its use as a source of electricity and even a liquid fuel source.

Coal remains the least expensive fossil fuel to generate electricity. However, increasing the use of coal-fired generation for electricity may be closely linked to potential federal climate change activities and restraints on CO₂ emissions. The impact of potential climate change activities on the future price of coal-fired generation is uncertain at this time. The state has advocated clean coal technologies in the past, and a number of projects are in the preliminary stages. If carbon regulations move forward, these efforts may be of critical importance in promoting the consumption of Montana's vast coal resources.

Montana is one of only a few states that has taken steps to implement carbon sequestration legislation. While state law does not mandate the sequestration of CO₂ generated from sources, such as power plants, the law provides regulatory certainty to those interested in pursuing such technology. The Legislature, in approving Senate Bill No. 498 during the 2009 session, also has made clear its intent to have jurisdiction over a sequestration program -- while recognizing its regulatory program will need to be in-line with federal guidelines.

ETIC recommendations: ?

Recommendations (Examples from other state energy policies):

Idaho (During the 2006 session, the Idaho Legislature passed House Concurrent Resolution No. 62, directing the Legislative Council Interim Committee on Energy, Environment and Technology to develop an integrated state energy plan. Forty-two percent of Idaho's 2005 electricity supply came from coal-fired power plants located in neighboring states. Idaho has no

¹http://montanacoalouncil.com/facts_figures.html

in-state production of coal.)

Idaho recommendations and policies:

- Opposition to a coal plant proposed by Sempra in Jerome County provided the spark for the development of Idaho's new Energy Plan. The opposition also led to House Bill 689, which imposed a two year moratorium on the permitting and licensing for construction of certain coal-fired power plants. The legislative intent for the bill refers to the need for “an integrated energy plan for the state of Idaho that provides for the state's power generation needs and protects the health and safety of the citizens of Idaho.”
- The Idaho Public Utility Commission (PUC) and the Departments of Water Resources and Environmental Quality should investigate and report on the status of clean coal technologies and barriers that prevent Idaho utilities from investing in environmentally preferred uses of coal.
- Baseload coal plants built in neighboring states in the 1970s and 1980s provide a constant source of reliable, low cost power to Idaho utilities. Idaho's resource base of low-cost coal plants and large hydroelectric dams may now become a source of risk for Idaho's energy future. Idaho's reliance on coal-fired power leaves the state vulnerable to the economic effects of federal regulation of carbon dioxide and mercury emissions.
- A major focus of this Energy Plan is increasing investments in energy conservation and in state renewable energy resources in order to reduce Idaho's dependence on imported coal power. While the Energy Plan's principal focus is on boosting the acquisition of in state energy conservation and renewable energy resources, the committee recognizes that conventional resources such as coal and natural gas will continue to be needed to provide low cost energy service to Idahoans, and recommends that Idaho utilities continue to have access to a broad variety of resource options.
- The committee notes that Sempra's decision to suspend development activities on its Jerome County project and Idaho's decision to opt out of EPA's mercury cap and trade program make it unlikely that a new, coal-fired power plant will be proposed for Idaho in the foreseeable future.
- Coal gasification – the chemical conversion of coal into hydrogen or methane gas – is a promising technology that would facilitate carbon dioxide sequestration while simultaneously reducing emissions of other criteria pollutants relative to conventional coal steam facilities. However, the technology has not yet been proven economic for use among North American electric utilities, and there is considerable uncertainty about the ultimate cost of power plants relying on coal gasification.
- Coal offers the advantage of a known technology that can produce electricity at a low and stable cost.

Texas ("2008 Texas State Energy Plan" produced by Governor's Competitiveness Council, July 2008. The plan was produced by an executive agency and was reviewed by public and private leaders, appointed by the Governor. As of 2006, Texas had 11 coal-fired plants. In 2006, the plants generated 146.4 million megawatt-hours of electricity, 36.5 percent of the state total. According to 2005 Energy Information Administration (EIA) data, Texas imported 56.6 percent of its coal from out of state.²)

² "The Energy Report 2008," Susan Combs, Texas Comptroller of Public Accounts, Chapter 7.

Texas recommendations and policies:

- In order to incentivize the development of clean coal technology, the state should create a state innovation prize, funded with private-public revenue, for the large-scale deployment of a mine mouth clean coal generating facility that uses Texas lignite as its primary fuel and captures nearly all carbon emission for storage underground or use in enhanced oil recovery or other market driven beneficial use.
- Because of the pending threat that federal legislation will extort heavy penalties on companies that generate electricity with conventional coal technology, generation companies are increasingly reluctant to invest in new conventional coal-fired power plants at the scale necessary to positively impact power prices.
- Coal is one of the least expensive sources of power, and Texas has abundant lignite resources. Texas' energy future, perhaps even Texas' ability to compete globally, is threatened by carbon legislation, even though carbon has never been recognized by Texas or the federal government as a pollutant.
- The capital costs of building generation plants has increased greatly over the last two-to-three years due to significant increases in the costs of underlying materials, such as steel, concrete, copper, and other materials. Since coal generation is more capital intensive than natural gas, increases in materials cost have had a greater effect on the overall cost of generating electricity from coal than natural gas plants. Coal plants also face uncertainties relating to environmental regulation, including carbon regulation. While coal plants can potentially be outfitted with technology to capture and sequester CO₂, such technology is unproven in utility application and adds significant costs to building and operating coal power plants.
- Pulverized coal is the lowest-cost resource over the life of the plant at current fuel prices, suggesting that absent any barriers, a substantial amount of new coal generation would be expected. However, the threat of a federal CO₂ emissions tax has created a significant market barrier to this cost-effective generation, as such regulation will add substantial and uncertain costs on to coal-fired electricity production.
- Additionally, Texas has a valuable resource in its lignite deposits, which competes favorably with Powder River Basin coal on a tonnage basis to meet Texas' coal demand. Texas' lignite resource, its coal capacity, and its ability to respond rapidly to market conditions are all threatened by potential federal carbon legislation, resulting in adverse implications for the Texas coal industry, generation companies, and Texas electric customers, who should have the ability to benefit from an electric supply that is made more diverse and cost-effective with coal in the generation portfolio.

Background

Montana's electricity market is dominated by coal-fired power plants, accounting for about two-thirds of the state's electricity generation. Even though new generating stations built around the country in recent years have relied on natural gas or wind, coal continues to provide nearly half of the nation's electricity. A September 2009 EIA report showed that "year-to-date, coal-fired plants contributed 45 percent of the nation's electric power."³

Montana currently has five coal-fired power plants. Montana's plants provide about 911 thousand megawatt hours (MWh) in net electricity generation -- this compares to 1,174

³ "Electric Power Monthly September 2009: With data for June 2009", Energy Information Administration, Office of Coal, Nuclear, Electric and Alternate Fuels, page 1.

thousand MWh from hydropower.⁴ In Montana, three of the top 10 largest plants by generation capacity in 2007 were coal-fired plants including: Colstrip, JE Corette, and the Hardin facility. (Montana-Dakota Utilities operates the other two facilities, Lewis and Clark Station and Glendive Station.) The Colstrip Steam Electric Station generates about 2,100 megawatts of electricity.

NorthWestern Energy, which serves 320,000 electric and natural gas customers in Montana, gets a substantial amount of its power from coal-fired power plants, about 60 percent. In January 2009, NorthWestern Energy's ownership interest in Colstrip Unit 4, a 740 megawatt demonstrated-capacity coal-fired power plant, was put into rate base. NorthWestern Energy's energy supply sources include 111 megawatts from Colstrip Unit 4, with the remaining requirements being met with market purchases from third parties.

In the last four years, as many as six additional coal-fired power plants have been proposed in Montana. Those proposals have been met with controversy due to concerns about climate change, air quality, zoning, and regulatory uncertainty. Earlier this year a group of Montana electric cooperatives dropped plans to build a new coal-fired power plant, the Highwood Generating Station, near Great Falls. Instead of a coal plant, the cooperatives have said they will power the plant with natural gas. Across the country, regulatory uncertainty over the direction of federal carbon regulations has reduced efforts to build new coal-fired generation. Coal-fired power plants emit carbon dioxide, a greenhouse gas. Carbon dioxide emissions are at the center of climate change discussions.

Since 1976, coal has been the least expensive fossil fuel used to generate electricity, according to the EIA. The delivered price of coal at electric utilities has increased for the last eight consecutive years. In 2007 it increased to \$36.11 per short ton (\$1.78 per million Btu), an increase of 5.7 percent. Those increases have continued. The average price paid for coal in June 2009 was \$2.23 per MMBtu, down 0.9 percent from the price paid in May. It was 6.7 percent higher when compared with the June 2008 price of \$2.09 per MMBtu. A report released in 2009 shows that coal, however, remains the least expensive. In 2008, for example, coal averaged \$2.05 per MMBtu, compared to \$15.72 for liquid fuel, and \$9.11 for natural gas.⁵

Over 90 percent of the coal consumed in Montana in recent years has been used to generate electricity. Minor amounts of residential and commercial heating and some industrial use account for the remainder. Montana coal consumption has been more or less stable since the late 1980's, after the Colstrip 4 generating unit came on line. In recent years, about three-quarters of production has been shipped by rail to out-of-state utilities. Most of the remaining quarter is burned in-state to produce electricity, primarily at Colstrip. Prior to deregulation, about 40 percent of the electricity generated in Montana with coal went to Montana customers, and 60 percent was shipped by wire to out-of-state utilities. No public data are available now, but it's likely that the majority of coal burned in Montana still produces electricity for export.

Montana is in tune with federal efforts to deal with climate change and the potential impacts to Montana's energy supply and the cost and use of coal-fired generation. Earlier this year, the U.S. House approved the American Clean Energy and Security Act of 2009, which is now before the Senate. An extremely over-simplified explanation of the legislation is that it would limit or "cap" the amount of greenhouse gases. Credits or allowances would then be

⁴ http://tonto.eia.doe.gov/state/state_energy_profiles.cfm?sid=MT

⁵ "Electric Power Monthly September 2009: With data for June 2009", Energy Information Administration, Office of Coal, Nuclear, Electric and Alternate Fuels, page 70, Table 4.2.

distributed to industries that remit those gases. Industries would have to respond by reducing emissions or buying credits from other holders.

Historically, Montana has produced about twice as much electricity as was consumed in the state. As an example, in 2000, Montana exported 41 percent of the electricity that it produced, according to a state inventory. That same year, emissions associated with electricity consumption were 9.5 million metric tons of CO₂ equivalent--significantly lower than emissions associated with electricity production, which were 17.1 million metric tons of CO₂ equivalent.⁶ These numbers also may require additional scrutiny because much of the energy exported in Montana is generated by hydroelectric facilities. An EIA report (released in 2008) shows 35.1 million metric tons of CO₂ being emitted in Montana, 19.1 million metric tons resulting from electric power.⁷ Between 1990 and 2006, CO₂ emissions from the electric power sector have grown by about 29 percent, according to the report.⁸

Federal tracking of carbon dioxide emissions is based on a voluntary national registry. Power plants subject to the 1990 Clean Air Act acid rain program, however, report certain emissions, including CO₂, to the Environmental Protection Agency (EPA). In Montana, those operations include five coal-fired power plants. Based on the EPA Clean Air Markets reporting shown in **Table 1**, those plants emitted about 21.7 million tons of CO₂ in 2008, a drop from 22.4 million tons of CO₂ in 2007.⁹ (Glendive is a combustion turbine that only runs at peak load.)

Table 1

EPA Clean Air Markets: CO ₂ Tons				
Facility	2008	2007	2006	2005
Colstrip	19,213,973	19,382,297	18,240,485	19,219,042
Glendive	2,510.9	62,645	30,824	37,715
Hardin	817,202.4	950,823	3,293	(not in operation)
Corette	1,236,843.6	1,522,727	1,528,248	1,268,273
Lewis and Clark	499,855.5	501,257	503,041	441,038

Source: EPA: Clean Air Data and Markets.

In August, NorthWestern Energy released a newsletter that included a warning that the proposed cap-and-trade legislation would increase household customers' bills by \$225 a year. NorthWestern Energy has said under the draft federal legislation it would not receive enough allowances, forcing it to buy allowances and increase its costs. Those costs would be passed

⁶Montana GHG Inventory and Reference Case Projections 1990-2020, Center for Climate Strategies, principal authors: Alison Bailie, Stephen Roe, Holly Lindquist, and Alison Jamison, September 2007, page 5.

⁷<http://www.eia.doe.gov/environment.html>

⁸<http://www.eia.doe.gov/oiaf/1605/ggrpt/carbon.html>

⁹ Clean Air Markets, Environmental Protection Agency, 2008 data.

on to ratepayers. Montana's electric cooperatives, which also rely largely on coal-fired power, also have expressed concern. East of the Continental Divide, cooperatives rely on coal for as much as 80 percent of their supply. One cooperative estimated a 45 percent increase in customers' bills.¹⁰ Other organizations have argued that the utility analysis, specifically NorthWestern's analysis, is incorrect. The EPA, for example, has estimated an increase of \$80 to \$111 a year per household.¹¹

Because of Montana's coal reserves the state has been recognized nationally for its interest in carbon sequestration and clean coal technologies -- particularly efforts to convert coal into synthetic petroleum products or natural gas. In August 2008, the state announced an agreement between the Crow Nation and Australian-American Energy Company LLC (AAEC) for development of a coal to liquids project in southeastern Montana. (Terra Nova Minerals Inc. has announced plans to purchase Australian Energy Co., the major lease holder in AAEC.) The Many Stars Project would convert 38,000 tons of coal per day into 50,000 barrels per day of diesel, jet fuel, and naphtha. While the Many Stars Project is on the table, the U.S. Air Force dropped plans for a coal-to-liquid fuel plant at Malmstrom Air Force Base at Great Falls. The project was part of a plan to provide a non-petroleum-based fuel source for the Air Force.

Over the last 20 years, the Montana Legislature also has looked closely at the issue of clean coal technology. In 1991, the Clean Coal Technology program was approved. House Bill No. 701 created a clean coal demonstration account in the coal tax trust fund. It put \$5 million a year for 6 years into the fund, and when a company applied for a loan, the next Legislature made a decision whether or not to award the loan. The Department of Natural Resources and Conservation (DNRC) designated legitimate projects. Projects had to show "efficiency in electricity generation and reduced pollutant emissions compared to current coal burning methods". Loans were made to projects that showed matching funds on a 4:1 ratio.

The bill was directed toward a clean coal demonstration project proposed at the Corette Plant in Billings. The project was aimed at reducing emissions and integrating a coal cleaning process. The \$400 million project was to be paid primarily with a federal grant from the Department of Energy. During a 1993 special session, the Legislature repealed the program. Elimination of the program was part of the DNRC's 10 percent budget reduction, which was mandated by the regular 1993 session. The project in Billings also did not receive federal funding, and the DNRC reported a lack of interest in the program.

The "Jobs and Energy Development Incentives Act" approved during the 2007 May Special Session of the Legislature, provides tax incentives for development of clean and renewable energy. (Title 15, chapter 24, part 31, MCA) A look at the details of that act is included below in the "Coal taxation, regulations, and incentives" portion of the report.

During the 2007-2008 interim, the Energy and Telecommunications Interim Committee (ETIC) spent a great deal of time reviewing the issue of carbon sequestration. The ETIC didn't ultimately bring legislation to the 2009 Legislature. However, the committee issued several findings including:

- The Big Sky Carbon Sequestration Partnership, based in Bozeman, is examining the feasibility of both geological and terrestrial sequestration in Montana.
- The costs of carbon capture and sequestration are uncertain and may be

¹⁰ "Co-ops worry about costs of cap-and-trade approach," Billings Gazette, Tom Lutey, June 1, 2009.

¹¹ EPA Analysis of the American Clean Energy and Security Act of 2009, June 23, 2009, page 13, <http://www.epa.gov/climatechange/economics/economicanalyses.html>

determined in part by successful commercial demonstrations of carbon capture and storage, by carbon market prices, and by state and federal decisions regulating carbon emissions.

The 2009 Legislature approved carbon sequestration legislation, in the form of Senate Bill No. 498. The legislation requires the state to seek primacy over a carbon sequestration program, when the federal government finalizes its carbon sequestration rules under the Underground Injection Control Program -- which it is expected to do by 2011.

Montana is the fifth largest producer of coal in the United States, with over 43 million tons mined in 2007. Almost all the mining occurs in the Powder River Basin south and east of Billings. There are currently six major coal mines in Montana, operating in Big Horn, Musselshell, Richland, and Rosebud counties. With the exception of the small lignite mine at Savage, Montana production is entirely low-sulfur subbituminous coal, with 17-18 million Btu per ton. Like most Western coal, Montana coal is cleaner but lower in heat content than coal mined in the East.

Coal production on state trust lands increased 63.7 percent in fiscal year 2008 to 4,720,487 tons mined compared to 2,883,432 tons mined the previous year. The production totals were the highest recorded on state trust lands over the past decade. During the last year, Montana's coal resources, particularly the Otter Creek Project area, have received much attention. This issue is addressed in depth in the "Maximizing state land use for energy generation" report provided in September.

The price of Montana coal averaged \$11.79 per ton at the mine in 2007, including taxes and royalties. Since 2002 the price has gradually increased largely because the price of electricity has increased, as well as increased demand because of the California energy crisis, higher natural gas prices, and a drop in hydropower because of prolonged drought in the Pacific Northwest.

Nearly all coal exported from Montana leaves on Burlington Northern Santa Fe lines. Some is later shipped by barge. Transportation costs can double to more than triple the delivered cost of Montana coal bought by out-of-state generating plants. The cost of Montana coal may be further affected by the rail transportation network being better developed in the southern end of the Powder River Basin than in the northern end.

Coal Regulation, Taxation, and Incentives

Article IX, section 5, of the Montana Constitution, coal severance

Provides for the creation of the coal severance tax trust fund and requires the Legislature to dedicate not less than one-fourth of the coal severance tax to the trust, from which interest and income may be appropriated. This provision also requires that the trust principal remain intact unless appropriated by three-fourths of the members of each house of the Legislature. One-half (50 percent) of the severance tax has been dedicated to the coal severance tax trust fund since December 31, 1979.

Article IX, section 1, of the Montana Constitution, clean and healthful

Requires that the state and each person maintain and improve a clean and healthful environment in Montana for present and future generations, requires the Legislature to administer and enforce this duty, and requires the Legislature to provide adequate remedies for the protection of the environmental life support system from degradation and provide adequate remedies to prevent unreasonable depletion and degradation of natural resources.

Title 50, chapter 73, part 1, MCA, coal mining code

Imposes certain duties regarding safety requirements to be administered by the Department of Labor and Industry.

Title 75, chapter 1, parts 1 through 3, MCA, "Montana Environmental Policy Act"

Is not a regulatory act but requires the State of Montana to conduct an environmental review of the impacts of permitting a coal mine and most often a coal-fired generation plan. An environmental review document is required before an agency may issue a permit.

Title 75, chapter 2, parts 1 through 4, MCA, "Clean Air Act of Montana":

Provides for a permitting process administered by the Department of Environmental Quality (DEQ) to ensure compliance with air emission standards that applies to coal-fired energy generation and may apply to coal mining operations.

Title 75, chapter 5, MCA, "Montana Water Quality Act"

Implement a policy of conserving water resources and protecting water quality, establish a permitting process administered by DEQ for discharge of mining and industrial waste water, and provide for enforcement, appeals, and penalties for violation of standards.

Title 82, chapter 4, part 1, MCA, "The Strip and Underground Mine Siting Act"

Authorizes DEQ to review and regulate new strip-mine and underground-mine site location and reclamation plans, imposes permit requirements for strip and underground mines, and provides for the termination and suspension of permits for noncompliance.

Title 82, chapter 4, part 2, MCA, "The Montana Strip and Underground Mine Reclamation Act"

Creates a permitting process for strip and underground coal mining administered by DEQ, requires permit applications to contain comprehensive reclamation plans for all affected lands, and gives investigative and enforcement powers to DEQ.

Title 90, chapter 6, part 2, MCA, coal impact abatement funding

Establishes a fund to provide grants and loans to assist local governments in dealing with the impacts of large-scale development of coal mines and coal-burning energy facilities.

Title 15, chapter 35, MCA, coal severance tax

Imposes a severance tax on coal mine operators that is computed on each quarter year's worth of production as shown on forms provided by the Department of Revenue. Statutes contain the formula by which the tax is to be computed, with rates based on the heating quality of the coal and the amount of coal produced. The 2009 Legislature revised when the Department of Revenue can impute the value of coal and provided that the cost of washing and cleaning coal mined from an underground mine is not included in the contract sales price. The 2009 changes sunset in 2017.

Title 15, chapter 38, MCA, "The Montana Resource Indemnity Trust and Ground Water Assessment Act"

Indemnifies the citizens of Montana for the loss of long-term value resulting from the depletion of Montana's mineral resource base and for environmental damage caused by mineral development. This Act establishes a permanent resource indemnity trust, funded through revenue generated from a tax levied on mineral extraction. Proceeds from the trust are to be expended for the purpose of protecting and restoring the environment from damages resulting from mineral development and for supporting a variety of economic development programs to benefit Montana and its citizens. The Act contains provisions that specify the amount of tax to be paid on different types of mineral production.

Title 15, chapter 23, part 7, MCA, coal gross proceeds tax

Provides for a system of reporting by producers and allocation of the tax by the Department of Revenue to local governments and directs the Department of Revenue to tax coal gross proceeds at 5 percent of reported value.

15-6-208, MCA, property tax exemption

Provides an exemption from property taxation of one-half the contract sales price of coal sold by a coal producer who extracts less than 50,000 tons of coal each year.

Title 90, chapter 2, part 11, MCA, reclamation and development grants

Authorizes the Department of Natural Resources and Conservation to fund projects that will indemnify the people of Montana against the effects of coal and other mineral development. The purposes of the program are to repair and mitigate environmental damage resulting from the extraction of nonrenewable resources.

15-35, 103, MCA, severance tax reduction

The severance tax rate on coal recovered from a strip mine using auger mining is reduced, based on legislation approved by the 2009 Legislature. The reduced rate applies to coal recovered from mining operations that would otherwise be uneconomical to recover by strip-mining methods.

15-23-715, MCA, local tax abatement

Allows county commissioners to provide a 50 percent local abatement of coal gross proceeds taxes from a new or expanding underground coal mine. The abatement may last from 5-to-10-years. Allocation of the reduced collection is also outlined.

Title 82, chapter 11, part 1, MCA, geologic carbon sequestration

Provides a potential regulatory framework for the permitting of geologic carbon sequestration projects. The Board of Oil and Gas Conservation has regulatory oversight and is required to seek primacy over carbon dioxide injection wells regulated pursuant to the Underground Injection Control Program. The surface owner also is established as the owner of geologic storage reservoirs, unless documentation, such as deeds, shows otherwise.

Title 69, chapter 13, parts 1 through 3, MCA, common carrier pipelines

Grants common carrier status to pipelines that move carbon dioxide produced in the combustion or gasification of fossil fuels. The right of eminent domain, established in Title 70, chapter 30, may be exercised for public uses, including common carrier pipelines.

69-8-421, MCA, "Electric Utility Generation Reintegration Act"

Requires that until the state or federal government adopts uniformly applicable standards, the Public Service Commission is prohibited from approving acquisitions or leases of facilities or equipment used to generate electricity that is primarily fueled by coal unless a minimum of 50 percent of the CO₂ produced by the facility is captured and sequestered. The bill applies only to electric generating units for a public utility that removed its generation assets from its rate base pursuant to this chapter prior to October 1, 2007 and constructed after January 1, 2007.

Title 15, chapter 24, part 31, MCA, property tax abatement for equipment

Provides an abatement from property taxation of clean advanced coal research and development equipment, up to the first \$1 million of the value of the equipment, of 50 percent of the taxable value for the first 15 years after the equipment is purchased. Equipment placed into service after June 30, 2007, is eligible. The total time may not exceed 19 years, and there are additional conditions. The equipment must be certified by the DEQ.

Title 15, chapter 24, part 31, MCA, property tax abatement for facilities

Provides an abatement from property taxation on coal gasification facilities that sequester at least 65 percent of the carbon dioxide produced at the operation of 50 percent of the taxable value for the first 15 years after the facility commences operation. Construction of the facility must have commenced after June 1, 2007. The total time may not exceed 19 years, and there are additional conditions. Integrated gasification combined cycle facilities that apply for a permit after December 31, 2014, do not qualify.

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