

Clean Coal Technology

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(Deferral and Rescission)

Proposed Appropriation Language

Of the funds made available under this heading for obligation in prior years, [\$97,000,000] \$237,000,000 [shall not be available until October 1, 2004, and \$88,000,000] are rescinded[: *Provided*, That funds made available in previous appropriations Acts shall be available for any ongoing projects regardless of the separate request for proposal under which the project was selected].

Explanation of Change

The proposed language changes the amount to be rescinded from \$88,000,000 in FY 2004 to \$237,000,000 in FY 2005. The unneeded balances resulted from withdrawn projects in the Clean Coal Technology program.

Clean Coal Technology

Overview

Appropriation Summary by Program

(dollars in thousands)

	FY 2003 Comparable Appropriation	FY 2004 Comparable Appropriation	FY 2005 Base	FY 2005 Request	FY 2005 Request vs Base	
					\$ Change	% Change

Clean Coal Technology

Clean Coal Technology	-47,000	-98,000	-98,000	-140,000	-42,000	-42.8%
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Detailed Funding Table

(dollars in thousands)

	FY 2003 Comparable Appropriation	FY 2004 Comparable Appropriation	FY 2005 Base	FY 2005 Request	FY 2005 Request vs Base	
					\$ Change	% Change

Clean Coal Technology

Advance appropriation	40,000	87,000	87,000	97,000	-10,000	-10.3%
Rescission	0	-88,000	-88,000	-237,000	-149,000	-62.8%
Deferral of Unobligated Balances	-87,000	-97,000	-97,000	0	+97,000	+100%
Clean Coal Technology	-47,000	-98,000	-98,000	-140,000	-42,000	-42.8%

Mission

The Clean Coal Technology program is a government and industry co-funded effort to provide technical and operational data of innovative coal technologies demonstrated at commercial scale. Beginning in 1985, the Department administered five competitive solicitations selecting projects with the potential to satisfy the requirements of the energy markets while improving the environmental performance of coal-based technologies. To date, more than thirty projects have been successfully completed, providing the marketplace with valuable performance data for a variety of applications.

For FY 2003, an appropriation of \$40 million was made available while the availability of \$87 million was deferred to FY 2004. For FY 2004, an appropriation of \$87 million was made available, \$88 million was rescinded, and the availability of \$97 million was deferred to FY 2005. For FY 2005, the Department proposes to rescind \$237 million of unneeded balances that resulted from withdrawn projects. The net

appropriation is -\$140 million after accounting for the advance appropriation of \$97 million of previously deferred funds.

Benefits

The importance of demonstrating technologies that improve the performance and extend the service of the Nation's reliable coal-based generating capacity is vital for supporting today's economy. The CCT Program is establishing the engineering and scientific foundation for the next generation of clean coal technologies that will be capable of near zero emissions and generation efficiencies twice that of the existing coal fleet.

Strategic Goals

The Department’s Strategic Plan identifies four strategic goals one each for defense, energy, science, and environmental aspect of the mission plus seven general goals that tie to the strategic goals. The Fossil Energy Research and Development appropriation supports the following goals:

General Goal 4, Energy Security: Improve energy security by developing technologies that foster a diverse supply of reliable, affordable and environmentally sound energy by providing for reliable delivery of energy, guarding against energy emergencies, exploring advanced technologies that make a fundamental improvement in our mix of energy options, and improving energy efficiency.

The programs funded by the Fossil Energy appropriation have the following three Program Goals which contribute to the General Goals in the “goal cascade”:

Program Goal 04.55.00.00: Zero Emissions Coal-Based Electricity and Hydrogen Production: Create public/private partnerships to provide technology to ensure continued electricity production from the extensive U.S. fossil fuel resource, including control technologies to permit reasonable-cost compliance with emerging regulations, and ultimately, by 2015, zero emission plants (including carbon) that are fuel-flexible, and capable of multi-product output and efficiencies over 60 percent with coal and 75 percent with natural gas.

Contribution to General Goals

Clean Coal Technology contributes to General Goal 4 through demonstrating technologies that improve the performance and extend the service of the nation’s reliable coal-based generating capacity.

Funding by General Goal

(dollars in thousands)

	FY 2003	FY 2004	FY 2005	\$ Change	% Change
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Goal 4, Energy Security

Clean Coal Technology

Clean Coal Technology	-47,000	-98,000	-140,000	-42,000	-42.8%
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Funding Profile by Subprogram

(dollars in thousands)

	FY 2003 Comparable Appropriation	FY 2004 Comparable Appropriation	FY 2005 Base	FY 2005 Request	FY 2005 Request vs Base	
					\$ Change	% Change
Clean Coal Technology Cooperative Agreements	-47,000	-98,000	-98,000	-140,000	-42,000	-42.8%
Program Direction.....	0	0	0	0	0	0.0%
Total, Clean Coal Technology	-47,000	-98,000	-98,000	-140,000	-42,000	-42.8%

Mission

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For FY 2003, an appropriation of \$40 million was made available while the availability of \$87 million was deferred to FY 2004. For FY 2004, an appropriation of \$87 million was made available, \$88 million was rescinded, and the availability of \$97 million was deferred to FY 2005. For FY 2005, the Department proposes to rescind \$237 million of unneeded balances that resulted from withdrawn projects. The net appropriation is -\$140 million after accounting for the advance appropriation of \$97 million of previously deferred funds.

Benefits

The importance of demonstrating technologies that improve the performance and extend the service of the Nation's reliable coal-based generating capacity is vital for supporting today's economy. The CCT Program is establishing the engineering and scientific foundation for the next generation of clean coal technologies that will be capable of near zero emissions and generation efficiencies twice that of the existing coal fleet.

Detailed Justification

(dollars in thousands)

	FY 2003	FY 2004	FY 2005
Clean Coal Technology	-47,000	-98,000	-140,000
▪ Cooperative Agreements	-47,000	-98,000	-140,000

For FY 2005, the Department proposes to rescind \$237 million of unneeded balances that resulted from

withdrawn projects. Continue construction for the Kentucky Pioneer gasification project and complete operation of the fuel cell portion of the project at the Wabash River site. Complete testing and reporting for the Clean Coal Diesel project and JEA Circulating Fluid Bed Combustor project. *Participants include: JEA, Kentucky Pioneer Energy, Ltd. with Fuel Cell Energy and Global Energy, and TIAX.*

For FY 2004, an appropriation of \$87 million was made available, \$88 million was rescinded, and the availability of \$97 million was deferred to FY 2005. Initiate construction for the Kentucky Pioneer gasification project and initiate operation of the fuel cell portion of the project at the Wabash River site. Continue demonstration phase for the JEA Circulating Fluid Bed Combustor project. Initiate 2-cylinder engine testing using coal slurry for the Clean Coal Diesel project. Complete final reports for the Advanced Coal Conversion project. *Participants include: JEA, Kentucky Pioneer Energy, Ltd. with Fuel Cell Energy and Global Energy, Western Syncoal LLC, and TIAX.*

For FY 2003, an advance appropriation of \$40 million was made available while the availability of \$87 million was deferred until FY 2004. Continued permitting efforts for the Kentucky Pioneer gasification project and fabrication of the fuel cell portion of the project. Continued test operations on the JEA Circulating Fluid Bed Combustor project. Restructured Clean Coal Diesel project to perform 2-cylinder testing using coal water slurry. Completed final reports for the LPMEOHTM coal-methanol project and the Tampa Electric gasification project. Continued final report preparation for the Advanced Coal Conversion project. The McIntosh Circulating Fluidized-Bed projects and the Clean Power from Integrated Coal/Ore Reduction (CPICOR) project ended by mutual agreement with the participants. *Participants included: JEA, Kentucky Pioneer Energy, Ltd. with Fuel Cell Energy and Global Energy, CPICOR Management Company, LLC, Tampa Electric Company, City of Lakeland, Western Syncoal LLC, Air Products Liquid Phase Conversion Company, L.P., and TIAX.*

▪ Program Support	0	0	0
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In FY 2005 and FY 2004, activities will continue under the Fossil Energy R&D Program Direction account. In FY 2003 the program direction was funded by prior year balances.

Total, Clean Coal Technology	-47,000	-98,000	-140,000

Explanation of Funding Changes

FY 2005 vs. FY 2004 (\$000)

Funding proposed for FY 2005 represents the return of previously deferred funds	+97,000
Rescind unneeded balances that are the result of withdrawn projects.....	-237,000
Total Funding Change, Clean Coal Technology.....	<u>-140,000</u>

Administrative Provisions, Department of Energy

Proposed Appropriation Language

Appropriations under this Act for the current fiscal year shall be available for hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; purchase, repair, and cleaning of uniforms; and reimbursement to the General Services Administration for security guard services.

From appropriations under this Act, transfers of sums may be made to other agencies of the Government for the performance of work for which the appropriation is made.

None of the funds made available to the Department of Energy under this Act shall be used to implement or finance authorized price support or loan guarantee programs unless specific provision is made for such programs in an appropriations Act.

The Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, private or foreign: Provided, That revenues and other moneys received by or for the account of the Department of Energy or otherwise generated by sale of products in connection with projects of the Department appropriated under this Act may be received by the Secretary of Energy, and, subject to appropriation in advance within two years of such receipt, be used only for plant construction, operation, costs, and payments to cost-sharing entities as provided in appropriate cost-sharing contracts or agreements:

Provided further, That amounts in excess of such appropriation shall be covered into the Treasury as miscellaneous receipts.

No funds provided in this Act may be expended by the Department of Energy to prepare, issue, or process procurement documents for programs or projects for which appropriations have not been made. In addition to other authorities set forth in this Act, the Secretary may accept fees and contributions from public and private sources, to be deposited in a contributed funds account, and prosecute projects using such fees and contributions in cooperation with other Federal, State or private agencies or concerns.

Explanation of Change

Language is unchanged from the FY 2004 proposal.

