

Summary of Key Coal Provisions in EPAAct 2005

The Clean Coal Power Initiative (Subtitle A): Authorizes \$200 million per year from 2006 to 2014 for federal government cost share program administered to conduct demonstrations of commercial scale advanced clean coal technologies.

The Clean Air Coal Program (Subtitle C): Authorizes a \$3 billion commercial deployment program in the form of loans, cost sharing, or cooperative agreements to encourage the generation of new sources of advanced coal based power and upgrade existing sources of coal based power by retrofitting existing plants with pollution control equipment to improve air quality.

Coal R&D Program (Title IX - Subtitle F , Section 962): Authorizes approximately of \$1.1 billion over three years in funding for the Department of Energy clean coal R&D program.

Carbon Capture Research and Development Program (Title IX - Subtitle F, Section 963): Authorizes \$90 million over three years for a DOE program to develop carbon capture technologies that can be applied to the existing fleet of coal units.

Incentives for Innovative Technologies (Title XVII): Establishes a loan guarantee program to provide incentives for “innovative energy technologies” that avoid, reduce or sequester air pollutants or greenhouse gases and employ improved technologies in comparison to those in commercial use. Eligible projects include renewable systems, advanced fossil energy technologies (including coal gasification), hydrogen fuel cell technology, and advanced nuclear energy facilities, among others. There is no cap on the amount of funds used for this program.

Clean Coal Tax Incentives

Power Sector Tax Credits (Title XII - Section 1307, Sec. 48(A)): Creates two new investment tax credits for integrated coal gasification combined cycle (IGCC) and advanced combustion facilities. IGCC projects may receive a 20 percent credit and is capped at \$800 million. Other advanced coal-based projects may receive a 15 percent credit and is capped at \$500million. The credits are available only to projects certified by the Secretary of Treasury, in consultation with the Secretary of Energy.

Industrial Gasification Tax Credit (Title XII - Section 1307, Sec. 48(B)): Creates a 20 percent investment tax credit for certified industrial gasification projects. The total amount of gasification credits allocable is limited to \$350 million. A maximum of \$650 million of credit-eligible investment may be allocated to any single gasification project.

Seven Year Amortization for Pollution Control Equipment (Title XII - Section 1309): Authorizes a seven year recovery period for the cost of certain certified air pollution control facilities used in connection with an electric generation plant which is primarily coal fired and which was not in operation before January 1, 1976. The total cost of this provision over 10 years is \$1.165 billion.