

COAL UTILIZATION RESEARCH COUNCIL

June 15, 2007

The Honorable John D. Dingell
Chairman, Committee on Energy
And Commerce
2125 Rayburn HOB
Washington DC 20515

The Honorable Rick Boucher
Chairman, Subcommittee on Energy
and Air Quality
2125 Rayburn HOB
Washington DC 20515

Co-Chairmen

Dwight H. Evans
President
External Affairs Group
Southern Company

J. Brett Harvey
President and CEO
CONSOL Energy, Inc.

Treasurer

Marshall Mazer
The Babcock & Wilcox Company

Executive Director

Ben Yamagata

Dear Chairman Dingell and Subcommittee Chairman Boucher:

On behalf of the membership of the Coal Utilization Research Council, I want to express my appreciation for your invitation to respond to questions regarding the potential benefits, concerns and perspectives associated with a possible “portfolio standards” bill. As you have explained, such a bill would require the Nation’s retail electric industry to obtain a percentage of the power it delivers from designated generation sources. We have reviewed the questions posed in your letter and concluded that CURC, as an organization seeking to promote the development and utilization of clean coal technologies, does not have the expertise to formulate meaningful and helpful responses to your questions. While CURC is able to comment upon technology-related matters relative to a portfolio standard our organization has not been engaged in the discussions about such standards.

We would like to take the opportunity, however, to offer some observations about a portfolio standards bill. These observations might, at least collaterally, respond to some of the questions posed.

As your letter states, a purpose in adopting a portfolio standard might be to “transition [the Nation] to cleaner, more efficient energy supplies,” Renewable energy resources may achieve these purposes; other forms of energy, including coal that is converted via technology to useful energy, can also support such a transition. By focusing a portfolio standard on renewable energy resources only another policy – enhancing the use of renewables – would be adopted. While such a focus may be laudable, promoting other forms of clean and efficient energy supplies would seem to be equally important and perhaps even more compelling given the need for energy diversity and affordable energy.

New clean coal technology presents a promising opportunity to generate electricity more efficiently and more cleanly. Indeed, we believe that advanced clean coal technologies will not only convert coal to useful energy more efficiently than currently available technology but with far fewer emissions of criteria pollutants. Also, technology is being developed to capture the carbon dioxide emitted from coal use and to use or permanently store the CO₂ safely and economically. In addition, employing new clean coal technologies and continuing reliance upon coal to generate electricity assures the added advantages of electricity reliability, security and grid management.

1050 Thomas Jefferson St., NW
Suite 700
Washington, DC 20007

(202) 298-1850
(202) 338-2416 FAX

CURC@VNF.COM
www.coal.org

If a decision is made to pursue a portfolio standards bill we would commend for your consideration the adoption of a program structure that encourages the use of advanced clean coal technologies. Giving preferential treatment to one form of clean energy over another will defeat the overall policy objective – to transition to cleaner, more efficient energy supplies. For example, a restrictive portfolio standard likely will drive decisions on which energy supply to acquire. If energy derived through the use of advanced clean coal technology is not eligible then a decision to construct a new clean coal technology electricity generating facility (or to purchase energy from such a facility) will not be pursued. Why? Because mandating power from certain designated generation sources means that the marginal dollar used for construction or procurement of higher priced energy, will be spent upon the mandated power. Without the option to choose among clean and efficient energy sources, marginal dollars will not be spent on new clean coal technology-derived electricity. As a result, the Nation may not acquire the benefit of new technologies that could cost effectively and cleanly utilize our abundant coal resources. Coal might be relied upon to generate the majority of our electricity but a restricted portfolio standard – if adopted – will inhibit or stop clean coal technology development and deployment.

If facilities utilizing clean coal technology can accomplish the same purpose as other energy sources in a portfolio standard requirement, such facilities should be treated in the same manner as the resources named as meeting such a standard. One way to achieve this goal would be the following:

Compare the efficiency and emissions of a typical coal fired power plant being built today (which would constitute a baseline) as compared with the efficiencies and emissions of a facility using clean coal technology. To the extent that the clean technology's emissions per megawatt hour are less than the baseline facilities emissions per megawatt hour, credits would be issued to the clean technology facility to offset the portfolio requirements. Further, if, at a later date, carbon capture and storage were employed at the clean coal facility, the emissions per megawatt hour would be recalculated and credits would be adjusted accordingly.

Obviously, this is only a brief description of such a credit program and further details would have to be addressed in legislation to establish and implement such a program. What this discussion is intended to offer is the idea that flexibility should be structured into any “portfolio standard” bill, especially if the same objectives can be accomplished.

We would be happy to assist in any way to help structure a program of this sort.

Sincerely,
The Coal Utilization Research Council