

TITLE IV—COAL

Subtitle A—Clean Coal Power Initiative

- Sec. 401. Authorization of appropriations.
- Sec. 402. Project criteria.
- Sec. 403. Report.
- Sec. 404. Clean coal centers of excellence.
- Sec. 405. Integrated coal/renewable energy system.

Subtitle B—Federal Coal Leases

- Sec. 411. Repeal of the 160-acre limitation for coal leases.
- Sec. 412. Mining plans.
- Sec. 413. Payment of advance royalties under coal leases.
- Sec. 414. Elimination of deadline for submission of coal lease operation and reclamation plan.
- Sec. 415. Application of amendments.

1 **TITLE IV—COAL**
2 **Subtitle A—Clean Coal Power**
3 **Initiative**

4 **SEC. 401. AUTHORIZATION OF APPROPRIATIONS.**

5 (a) CLEAN COAL POWER INITIATIVE.—There is au-
6 thORIZED to be appropriated to the Secretary to carry out
7 the activities authorized by this subtitle \$200,000,000 for
8 each of fiscal years 2006 through 2014, to remain avail-
9 able until expended.

10 (b) REPORT.—Not later than March 31, 2006, the
11 Secretary shall submit to Congress a report that includes
12 an 8-year plan containing—

13 (1) a detailed assessment of whether the aggre-
14 gate assistance levels provided under subsection (a)
15 are the appropriate assistance levels for the clean
16 coal power initiative;

1 (2) a detailed description of how proposals for
2 assistance under the clean coal power initiative will
3 be solicited and evaluated, including a list of all ac-
4 tivities expected to be undertaken;

5 (3) a detailed list of technical milestones for
6 each coal and related technology that will be pursued
7 under the clean coal power initiative; and

8 (4) a detailed description of how the clean coal
9 power initiative will avoid problems enumerated in
10 Government Accountability Office reports on the
11 Clean Coal Technology Program of the Department,
12 including problems that have resulted in unspent
13 funds and projects that failed either financially or
14 scientifically.

15 **SEC. 402. PROJECT CRITERIA.**

16 (a) IN GENERAL.—To be eligible to receive assistance
17 under this subtitle, a project shall advance efficiency, envi-
18 ronmental performance, and cost competitiveness well be-
19 yond the level of technologies that are in commercial serv-
20 ice or have been demonstrated on a scale that the Sec-
21 retary determines is sufficient to demonstrate that com-
22 mercial service is viable as of the date of enactment of
23 this Act.

24 (b) TECHNICAL CRITERIA FOR CLEAN COAL POWER
25 INITIATIVE.—

1 (1) GASIFICATION PROJECTS.—

2 (A) IN GENERAL.—In allocating the funds
3 made available under section 401(a), the Sec-
4 retary shall ensure that at least 80 percent of
5 the funds are used only to fund projects on
6 coal-based gasification technologies, including—

- 7 (i) gasification combined cycle;
8 (ii) gasification fuel cells;
9 (iii) gasification coproduction; and
10 (iv) hybrid gasification or combustion.

11 (B) TECHNICAL MILESTONES.—

12 (i) PERIODIC DETERMINATION.—

13 (I) IN GENERAL.—The Secretary
14 shall periodically set technical mile-
15 stones specifying the emission and
16 thermal efficiency levels that coal gas-
17 ification projects under this subtitle
18 shall be designed, and reasonably ex-
19 pected, to achieve.

20 (II) RESTRICTIVE MILE-
21 STONES.—The technical milestones
22 shall become more restrictive during
23 the period of the clean coal power ini-
24 tiative.

4

1 (ii) 2020 GOALS.—The Secretary shall
2 establish the periodic milestones so as to
3 achieve by the year 2020 coal gasification
4 projects able—

5 (I) to remove at least 99 percent
6 of sulfur dioxide;

7 (II) to emit not more than .05
8 lbs of NO_x per million Btu;

9 (III) to achieve substantial reduc-
10 tions in mercury emissions; and

11 (IV) to achieve a thermal effi-
12 ciency of at least—

13 (aa) 60 percent for coal of
14 more than 9,000 Btu;

15 (bb) 59 percent for coal of
16 7,000 to 9,000 Btu; and

17 (cc) 50 percent for coal of
18 less than 7,000 Btu.

19 (2) OTHER PROJECTS.—

20 (A) ALLOCATION OF FUNDS.—The Sec-
21 retary shall ensure that up to 20 percent of the
22 funds made available under section 401(a) are
23 used to fund projects other than those described
24 in paragraph (1).

25 (B) TECHNICAL MILESTONES.—

1 (i) PERIODIC DETERMINATION.—

2 (I) IN GENERAL.—The Secretary
3 shall periodically establish technical
4 milestones specifying the emission and
5 thermal efficiency levels that projects
6 funded under this paragraph shall be
7 designed, and reasonably expected, to
8 achieve.

9 (II) RESTRICTIVE MILE-
10 STONES.—The technical milestones
11 shall become more restrictive during
12 the period of the clean coal power ini-
13 tiative.

14 (ii) 2010 GOALS.—The Secretary shall
15 set the periodic milestones so as to achieve
16 by the year 2010 projects able—

17 (I) to remove at least 97 percent
18 of sulfur dioxide;

19 (II) to emit no more than .08 lbs
20 of NO_x per million Btu;

21 (III) to achieve substantial reduc-
22 tions in mercury emissions; and

23 (IV) to achieve a thermal effi-
24 ciency of at least—

1 (aa) 45 percent for coal of
2 more than 9,000 Btu;

3 (bb) 44 percent for coal of
4 7,000 to 9,000 Btu; and

5 (cc) 40 percent for coal of
6 less than 7,000 Btu.

7 (3) CONSULTATION.—Before setting the tech-
8 nical milestones under paragraphs (1)(B) and
9 (2)(B), the Secretary shall consult with—

10 (A) the Administrator of the Environ-
11 mental Protection Agency; and

12 (B) interested entities, including—

13 (i) coal producers;

14 (ii) industries using coal;

15 (iii) organizations that promote coal
16 or advanced coal technologies;

17 (iv) environmental organizations; and

18 (v) organizations representing work-
19 ers.

20 (4) EXISTING UNITS.—In the case of projects
21 at units in existence on the date of enactment of this
22 Act, in lieu of the thermal efficiency requirements
23 described in paragraphs (1)(B)(ii)(IV) and
24 (2)(B)(ii)(IV), the milestones shall be designed to
25 achieve an overall thermal design efficiency improve-

1 ment, compared to the efficiency of the unit as oper-
2 ated, of not less than—

3 (A) 7 percent for coal of more than 9,000
4 Btu;

5 (B) 6 percent for coal of 7,000 to 9,000
6 Btu; or

7 (C) 4 percent for coal of less than 7,000
8 Btu.

9 (5) PERMITTED USES.—In carrying out this
10 subtitle, the Secretary may fund projects that in-
11 clude, as part of the project, the separation and cap-
12 ture of carbon dioxide.

13 (c) FINANCIAL CRITERIA.—The Secretary shall not
14 provide financial assistance under this subtitle for a
15 project unless the recipient documents to the satisfaction
16 of the Secretary that—

17 (1) the recipient is financially viable without the
18 receipt of additional Federal assistance;

19 (2) the recipient will provide sufficient informa-
20 tion to the Secretary to enable the Secretary to en-
21 sure that the funds are spent efficiently and effec-
22 tively; and

23 (3) a market exists for the technology being
24 demonstrated or applied, as evidenced by statements

1 of interest in writing from potential purchasers of
2 the technology.

3 (d) FINANCIAL ASSISTANCE.—The Secretary shall
4 provide financial assistance to projects that, as determined
5 by the Secretary—

6 (1) meet the requirements of subsections (a),
7 (b), and (c); and

8 (2) are likely—

9 (A) to achieve overall cost reductions in
10 the use of coal to generate useful forms of en-
11 ergy;

12 (B) to improve the competitiveness of coal
13 among various forms of energy in order to
14 maintain a diversity of fuel choices in the
15 United States to meet electricity generation re-
16 quirements; and

17 (C) to demonstrate methods and equip-
18 ment that are applicable to 25 percent of the
19 electricity generating facilities, using various
20 types of coal, that use coal as the primary feed-
21 stock as of the date of enactment of this Act.

22 (e) FEDERAL SHARE.—The Federal share of the cost
23 of a coal or related technology project carried out using
24 funds made available under this subtitle shall not exceed
25 50 percent.

1 (f) APPLICABILITY.—No technology, or level of emis-
2 sion reduction, solely by reason of the use of the tech-
3 nology, or the achievement of the emission reduction, by
4 1 or more facilities receiving assistance under this Act,
5 shall be considered to be—

6 (1) adequately demonstrated for purposes of
7 section 111 of the Clean Air Act (42 U.S.C. 7411);

8 (2) achievable for purposes of section 169 of
9 that Act (42 U.S.C. 7479); or

10 (3) achievable in practice for purposes of sec-
11 tion 171 of that Act (42 U.S.C. 7501).

12 **SEC. 403. REPORT.**

13 Not later than 1 year after the date of enactment
14 of this Act, and once every 2 years thereafter through
15 2012, the Secretary, in consultation with other appro-
16 priate Federal agencies, shall submit to Congress a report
17 describing—

18 (1)(A) the technical milestones described in sec-
19 tion 402; and

20 (B) how those milestones ensure progress to-
21 ward meeting the requirements of subsections
22 (b)(1)(B) and (b)(2)(B) of section 402; and

23 (2) the status of projects that receive assistance
24 under this subtitle.

1 **SEC. 404. CLEAN COAL CENTERS OF EXCELLENCE.**

2 (a) IN GENERAL.—As part of the clean coal power
3 initiative, the Secretary shall award competitive, merit-
4 based grants to institutions of higher education for the
5 establishment of centers of excellence for energy systems
6 of the future.

7 (b) BASIS FOR GRANTS.— The Secretary shall award
8 grants under this section to institutions of higher edu-
9 cation that show the greatest potential for advancing new
10 clean coal technologies.

11 **SEC. 405. INTEGRATED COAL/RENEWABLE ENERGY SYS-**
12 **TEM.**

13 (a) IN GENERAL.—Subject to the availability of ap-
14 propriations, the Secretary may provide loan guarantees
15 for a project to produce energy from coal of less than
16 7,000 Btu/lb using appropriate advanced integrated gasifi-
17 cation combined cycle technology, including repowering of
18 existing facilities, that—

19 (1) is combined with wind and other renewable
20 sources;

21 (2) minimizes and offers the potential to se-
22 quester carbon dioxide emissions; and

23 (3) provides a ready source of hydrogen for
24 near-site fuel cell demonstrations.

25 (b) REQUIREMENTS.—The facility—

26 (1) may be built in stages;

1 (2) shall have a combined output of at least
2 200 megawatts at successively more competitive
3 rates; and

4 (3) shall be located in the Upper Great Plains.

5 (c) TECHNICAL CRITERIA.—Technical criteria de-
6 scribed in section 402(b) shall apply to the facility.

7 (d) FEDERAL COST SHARE.—The Federal cost share
8 for the facility shall not exceed 50 percent.

9 (e) INVESTMENT TAX CREDITS.—

10 (1) IN GENERAL.—The loan guarantees pro-
11 vided under this section do not preclude the facility
12 from receiving an allocation for investment tax cred-
13 its under section 【48A】 of the Internal Revenue
14 Code of 1986 (as added by 【section _____】).

15 (2) OTHER FUNDING.—Use of the investment
16 tax credit described in paragraph (1) does not pro-
17 hibit the use of other clean coal program funding.

18 **Subtitle B—Federal Coal Leases**

19 **SEC. 411. REPEAL OF THE 160-ACRE LIMITATION FOR COAL** 20 **LEASES.**

21 Section 3 of the Mineral Leasing Act (30 U.S.C. 203)
22 is amended—

23 (1) in the first sentence, by striking “Any per-
24 son” and inserting the following: “(a)(1) Except as

1 provided in paragraph (3), on a finding by the Sec-
2 retary under paragraph (2), any person”;

3 (2) in the second sentence, by striking “The
4 Secretary” and inserting the following:

5 “(b) The Secretary”;

6 (3) in the third sentence, by striking “The min-
7 imum” and inserting the following:

8 “(c) The minimum”;

9 (4) in subsection (a) (as designated by para-
10 graph (1))—

11 (A) by striking “upon” and all that follows
12 and inserting the following: “secure modifica-
13 tions of the original coal lease by including ad-
14 ditional coal lands or coal deposits contiguous
15 or cornering to those embraced in the lease.”;
16 and

17 (B) by adding at the end the following:

18 “(2) A finding referred to in paragraph (1) is a find-
19 ing by the Secretary that the modifications—

20 “(A) would be in the interest of the United
21 States;

22 “(B) would not displace a competitive interest
23 in the lands; and

1 “(C) would not include lands or deposits that
2 can be developed as part of another potential or ex-
3 isting operation.

4 “(3) In no case shall the total area added by modi-
5 fications to an existing coal lease under paragraph (1)—

6 “(A) exceed 320 acres; or

7 “(B) add acreage larger than that in the origi-
8 nal lease.”.

9 **SEC. 412. MINING PLANS.**

10 Section 2(d)(2) of the Mineral Leasing Act (30
11 U.S.C. 202a(2)) is amended—

12 (1) by inserting “(A)” after “(2)”; and

13 (2) by adding at the end the following:

14 “(B) The Secretary may establish a period of
15 more than 40 years if the Secretary determines
16 that—

17 “(i) the longer period will ensure the max-
18 imum economic recovery of a coal deposit; or

19 “(ii) the longer period is in the interest of
20 the orderly, efficient, or economic development
21 of a coal resource.”.

22 **SEC. 413. PAYMENT OF ADVANCE ROYALTIES UNDER COAL**
23 **LEASES.**

24 Section 7(b) of the Mineral Leasing Act of 1920 (30
25 U.S.C. 207(b)) is amended—

1 (1) in the first sentence, by striking “Each
2 lease” and inserting the following: “(1) Each lease”;

3 (2) in the second sentence, by striking “The
4 Secretary” and inserting the following:
5 “(2) The Secretary”;

6 (3) in the third sentence, by striking “Such ad-
7 vance royalties” and inserting the following:
8 “(3) Advance royalties described in paragraph (2)”;

9 (4) in the seventh sentence, by striking “The
10 Secretary” and inserting the following:
11 “(6) The Secretary”;

12 (5) in the last sentence, by striking “Nothing”
13 and inserting the following:
14 “(7) Nothing”;

15 (6) by striking the fourth, fifth, and sixth sen-
16 tences; and

17 (7) by inserting after paragraph (3) (as des-
18 igned by paragraph (3)) the following:

19 “(4) The aggregate number of years during the pe-
20 riod of any lease for which advance royalties may be ac-
21 cepted in lieu of the condition of continued operation shall
22 not exceed 20 years.

23 “(5) The amount of any production royalty paid for
24 any year shall be reduced (but not below 0) by the amount
25 of any advance royalties paid under a lease described in

1 paragraph (4) to the extent that the advance royalties
2 have not been used to reduce production royalties for a
3 prior year.”.

4 **SEC. 414. ELIMINATION OF DEADLINE FOR SUBMISSION OF**
5 **COAL LEASE OPERATION AND RECLAMATION**
6 **PLAN.**

7 Section 7(c) of the Mineral Leasing Act (30 U.S.C.
8 207(c)) is amended by striking “and not later than three
9 years after a lease is issued,”.

10 **SEC. 415. APPLICATION OF AMENDMENTS.**

11 (a) IN GENERAL.—The amendments made by this
12 subtitle apply to any coal lease issued on or after the date
13 of enactment of this Act.

14 (b) COAL LEASES ISSUED BEFORE DATE OF ENACT-
15 MENT.—With respect to any coal lease issued before the
16 date of enactment of this Act, the amendments made by
17 this subtitle apply—

18 (1) on the date of readjustment of the lease as
19 provided under section 7(a) of the Mineral Leasing
20 Act (30 U.S.C. 207); or

21 (2) on request by the lessee, prior to that date.