

1 **Subtitle C—Coal and Related**
2 **Programs**

3 **SEC. 421. AMENDMENT OF THE ENERGY POLICY ACT OF**
4 **1992.**

5 (a) AMENDMENT.—The Energy Policy Act of 1992
6 (42 U.S.C. 13201 et seq.) is amended by adding at the
7 end the following:

8 **“TITLE XXXI—CLEAN AIR COAL**
9 **PROGRAM**

10 **“SEC. 3101. PURPOSES.**

11 “The purposes of this title are to—

12 “(1) promote national energy policy and energy
13 security, diversity, and economic competitiveness
14 benefits that result from the increased use of coal;

15 “(2) mitigate financial risks, reduce the cost of
16 clean coal generation, and increase the marketplace
17 acceptance of clean coal generation and pollution
18 control equipment and processes; and

19 “(3) facilitate the environmental performance of
20 clean coal generation.

21 **“SEC. 3102. AUTHORIZATION OF PROGRAM.**

22 “(a) IN GENERAL.—The Secretary shall carry out a
23 program of financial assistance to—

1 “(1) facilitate the production and generation of
2 coal-based power, through the deployment of clean
3 coal electric generating equipment and processes
4 that, compared to equipment or processes that are
5 in operation on a full scale—

6 “(A) improve—

7 “(i) energy efficiency; or

8 “(ii) environmental performance con-
9 sistent with relevant Federal and State
10 clean air requirements, including those
11 promulgated under the Clean Air Act (42
12 U.S.C. 7401 et seq.); and

13 “(B) are not yet cost competitive; and

14 “(2) facilitate the utilization of existing coal-
15 based electricity generation plants through projects
16 that—

17 “(A) deploy advanced air pollution control
18 equipment and processes; and

19 “(B) are designed to voluntarily enhance
20 environmental performance above current appli-
21 cable obligations under the Clean Air Act and
22 State implementation efforts pursuant to such
23 Act.

1 “(b) FINANCIAL CRITERIA.—As determined by the
2 Secretary for a particular project, financial assistance
3 under this title shall be in the form of—

4 “(1) cost-sharing of an appropriate percentage
5 of the total project cost, not to exceed 50 percent as
6 calculated under section 988 of the Energy Policy
7 Act of 2005; or

8 “(2) financial assistance, including grants, co-
9 operative agreements, or loans as authorized under
10 this Act or other statutory authority of the Sec-
11 retary.

12 **“SEC. 3103. GENERATION PROJECTS.**

13 “(a) ELIGIBLE PROJECTS.—Projects supported
14 under section 3102(a)(1) may include—

15 “(1) equipment or processes previously sup-
16 ported by a Department of Energy program;

17 “(2) advanced combustion equipment and proc-
18 esses that the Secretary determines will be cost-ef-
19 fective and could substantially contribute to meeting
20 environmental or energy needs, including gasifi-
21 cation, gasification fuel cells, gasification coproduc-
22 tion, oxidation combustion techniques, ultra-super-
23 critical boilers, and chemical looping; and

1 “(3) hybrid gasification/combustion systems, in-
2 cluding systems integrating fuel cells with gasifi-
3 cation or combustion units.

4 “(b) CRITERIA.—The Secretary shall establish cri-
5 teria for the selection of generation projects under section
6 3102(a)(1). The Secretary may modify the criteria as ap-
7 propriate to reflect improvements in equipment, except
8 that the criteria shall not be modified to be less stringent.
9 The selection criteria shall include—

10 “(1) prioritization of projects whose installation
11 is likely to result in significant air quality improve-
12 ments in nonattainment air quality areas;

13 “(2) prioritization of projects whose installation
14 is likely to result in lower emission rates of pollution;

15 “(3) prioritization of projects that result in the
16 repowering or replacement of older, less efficient
17 units;

18 “(4) documented broad interest in the procure-
19 ment of the equipment and utilization of the proc-
20 esses used in the projects by owners or operators of
21 facilities for electricity generation;

22 “(5) equipment and processes beginning in
23 2006 through 2011 that are projected to achieve a
24 thermal efficiency of—

1 “(A) 40 percent for coal of more than
2 9,000 Btu per pound based on higher heating
3 values;

4 “(B) 38 percent for coal of 7,000 to 9,000
5 Btu per pound passed on higher heating values;
6 and

7 “(C) 36 percent for coal of less than 7,000
8 Btu per pound based on higher heating values;
9 except that energy used for coproduction or cogen-
10 eration shall not be counted in calculating the ther-
11 mal efficiency under this paragraph; and

12 “(6) equipment and processes beginning in
13 2012 and 2013 that are projected to achieve a ther-
14 mal efficiency of—

15 “(A) 45 percent for coal of more than
16 9,000 Btu per pound based on higher heating
17 values;

18 “(B) 44 percent for coal of 7,000 to 9,000
19 Btu per pound passed on higher heating values;
20 and

21 “(C) 40 percent for coal of less than 7,000
22 Btu per pound based on higher heating values;
23 except that energy used for coproduction or cogen-
24 eration shall not be counted in calculating the ther-
25 mal efficiency under this paragraph

1 “(c) PROGRAM BALANCE AND PRIORITY.—In car-
2 rying out the program under section 3102(a)(1), the Sec-
3 retary shall ensure, to the extent practicable, that—

4 “(1) between 25 percent and 75 percent of the
5 projects supported are for the sole purpose of elec-
6 trical generation; and

7 “(2) priority is given to projects that use elec-
8 trical generation equipment and processes that have
9 been developed and demonstrated and applied in ac-
10 tual production of electricity, but are not yet cost-
11 competitive, and that achieve greater efficiency and
12 environmental performance.

13 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to the Secretary to carry
15 out section 3102(a)(1)—

16 “(1) \$250,000,000 for fiscal year 2007;

17 “(2) \$350,000,000 for fiscal year 2008;

18 “(3) \$400,000,000 for each of fiscal years 2009
19 through 2012; and

20 “(4) \$300,000,000 for fiscal year 2013.

21 “(e) APPLICABILITY.—No technology, or level of
22 emission reduction shall be treated as adequately dem-
23 onstrated for purpose of section 111 of the Clean Air Act
24 (42 U.S.C. 7411), achievable for purposes of section 169
25 of that Act (42 U.S.C. 7479), or achievable in practice

1 for purposes of section 171 of that Act (42 U.S.C. 7501)
2 solely by reason of the use of such technology, or the
3 achievement of such emission reduction, by 1 or more fa-
4 cilities receiving assistance under section 3102(a)(1).

5 **“SEC. 3104. AIR QUALITY ENHANCEMENT PROGRAM.**

6 “(a) ELIGIBLE PROJECTS.—Projects supported
7 under section 3102(a)(2) shall—

8 “(1) utilize technologies that meet relevant Fed-
9 eral and State clean air requirements applicable to
10 the unit or facility, including being adequately dem-
11 onstrated for purposes of section 111 of the Clean
12 Air Act (42 U.S.C. 7411), achievable for purposes of
13 section 169 of that Act (42 U.S.C. 7479), or achiev-
14 able in practice for purposes of section 171 of that
15 Act (42 U.S.C. 7501); or

16 “(2) utilize equipment or processes that exceed
17 relevant Federal or State clean air requirements ap-
18 plicable to the unit or facilities included in the
19 projects by achieving greater efficiency or environ-
20 mental performance.

21 “(b) PRIORITY IN PROJECT SELECTION.—In making
22 an award under section 3102(a)(2), the Secretary shall
23 give priority to—

24 “(1) projects whose installation is likely to re-
25 sult in significant air quality improvements in non-

1 attainment air quality areas or substantially reduce
2 the emission level of criteria pollutants and mercury
3 air emissions;

4 “(2) projects for pollution control that result in
5 the mitigation or collection of more than 1 pollutant;
6 and

7 “(3) projects designed to allow the use of the
8 waste byproducts or other byproducts of the equip-
9 ment.

10 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated to the Secretary to carry
12 out section 3102(a)(2)—

13 “(1) \$300,000,000 for fiscal year 2007;

14 “(2) \$100,000,000 for fiscal year 2008;

15 “(3) \$40,000,000 for fiscal year 2009;

16 “(4) \$30,000,000 for fiscal year 2010; and

17 “(5) \$30,000,000 for fiscal year 2011.

18 “(d) APPLICABILITY.—No technology, or level of
19 emission reduction under subsection (a)(2) shall be treated
20 as adequately demonstrated for purpose of Section 111 of
21 the Clean Air Act (42 U.S.C. 7411), achievable for pur-
22 poses of section 169 of that Act (42 U.S.C. 7479), or
23 achievable in practice for purposes of section 171 of that
24 Act (42 U.S.C. 7501) solely by reason of the use of such
25 technology, or the achievement of such emission reduction,

1 by 1 or more facilities receiving assistance under section
2 3102(a)(2).”.

3 (b) TABLE OF CONTENTS AMENDMENT.—The table
4 of contents of the Energy Policy Act of 1992 (42 U.S.C.
5 prec. 13201) is amended by adding at the end the fol-
6 lowing:

“TITLE XXXI—CLEAN AIR COAL PROGRAM

“Sec. 3101. Purposes.

“Sec. 3102. Authorization of program.

“Sec. 3103. Generation projects.

“Sec. 3104. Air quality enhancement program.”.