Advanced Coal Technologies

State Incentives

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States With Incentives

• Colorado, Illinois, Indiana, Kansas, Kentucky, Minnesota, Ohio, Pennsylvania, Texas, Wyoming

• Emerging action: Mississippi, New Mexico, Virginia, West Virginia
Colorado

  - Approves the development of IGCC facilities upon a showing of feasibility, environmental benefits, and cost-effectiveness.
Kansas

- SB 303: Approved May 2006
- Tax credits for the development of new coal gasification facilities
Kentucky

- KRS Chapter 278

- Requires the Public Service Commission to approve certain long-term contracts by utilities for synthetic gas from coal
Illinois

- Governor Blagojevich's "Opportunity Returns" program
- Up to $300 million in bond funds for new gasification facilities (20 ILCS 605/605-332)
- Jan. 9, 2006: $5 million public-private support for $1.1 billion IGCC Taylorville Energy Center
Illinois Coal - More Agency Grants

- *Competitiveness* Program: $50k-$1.5 mil
- *Demonstration* Program: $1 mil-$30 mil
- *Research* Program: $3.5 mil given in 2005
- *Development* Program: Industry match
- *Revival* Program: Based on retail occupation sales tax
Illinois

- "High Impact Business" program (20 ILCS 655/5.5)

- Tax incentives for new large businesses or for power plants, including gasification

- Credits on or exemptions to Illinois sales and use tax, income tax, retailers' occupation tax, and electricity excise tax
Utility Generation and Clean Coal Technology (IC 8-1-8.8)

(1) Financial incentives for “clean coal and energy projects” using Illinois Basin coal or gas:

- Clean coal technology at new or existing facilities
- Advanced technologies that reduce regulated air emissions from existing generating facilities
These financial incentives for “clean coal and energy projects” include:

- Cost recovery
- Return on equity
- Other financial incentives the IURC considers appropriate
2002

(2) Financial incentives for “new energy generating facilities” criteria:

- New or expanded energy generating facilities using coal or gases from the Illinois Basin
- Use of clean coal technologies not necessary

Incentives:

- Cost recovery for construction, repowering, expansion, operation or maintenance
- Pollution control equipment added to utility's rate base
Indiana: 2005 Legislation, Part 1

• Coal Gasification Investment Tax Credit
  – P.L. 191-2005 (IC 6-3.1-29)

  – Allows a state tax liability credit for a qualified investment in an IGCC power plant
Indiana: 2005 Legislation, Part 2

- P.L. 174-2005 (IC 4-4-30-5 and 8-1-8.8-2)
  - Requires that the Center for Coal Technology research investigate the use of coal bed methane as a renewable energy source and in the production of renewable or alternative fuels
  - Allows financial incentives available for “clean coal and energy projects” to include projects that use coal bed methane
Indiana: Technology Research

The Energy Center – Purdue University

• Will develop technology to convert coal into combustible gases and liquids
Minnesota

- 2003 statute (216B.1694) provided incentives for proposed Mesaba Energy gasification plant

- Entitles developer Excelsior Energy to sign 450 MW power purchase agreement with Xcel

- CPCN exemption for generation and transmission

- Grant of $2,000,000/year for 5 years- development, engineering
Ohio Air Quality Development Agency and Ohio Coal Development Office offer:

- Conduit financing
- Loan, loan guarantees, grants
- Tax incentives
- Funding for demonstration projects
Pennsylvania

• Alternative Energy Portfolio Standards Act (73 P.S. s 1647.2, SB 1030 of 2004)

• Load-serving entities must provide 18% of their electricity using alternative sources by the year 2020-- including IGCC
Pennsylvania

Energy Deployment for a Growing Economy ("EDGE")

- Low interest loans for IGCC
- Permits long-term power purchase contracts to assist with financing
- Current repowering negotiations with EPA
Texas

- 2005: Legislature funded site screening process for potential FutureGen plant
- Approved $22 million in grants and incentives for low-emission projects
- Expedited permitting for FutureGen-type projects
Wyoming


- Creates a sales and use tax exemption for equipment purchased to make new coal gasification or coal liquefaction facilities operational.
States With Emerging Action

- **Mississippi**: Bond issuance for gasification
- **New Mexico**: Tax credit for IGCC, fuel cells, renewables
- **Virginia, West Virginia**: Promote gasification research in state energy plan
Carbon Capture and Sequestration

• New Mexico: Advancement of CCS technology
• Four Western states promote CCS policies
• California: SB 1368 pushes utilities to rely on clean sources, including CCS
• New York: Funds CCS research
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