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April 15, 2015

The Honorable Orrin Hatch
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable John Thune
Co-Chair Business Income Tax
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ben Cardin
Co-Chair Business Income Tax
509 Hart Senate Office Building
Washington, DC 20510

The Honorable Dean Heller
Co-Chair Community Development and
Infrastructure
324 Hart Senate Office Building
Washington, DC 20510

The Honorable Michael Bennet
Co-Chair Community Development and
Infrastructure
261 Russell Senate Office Building
Washington, DC 20510

RE: Comments to the Business Income Tax Working Group and the Community Development and Infrastructure Working Group

Dear Chairman Hatch, Ranking Member Wyden, and Senators Thune, Cardin, Heller, and Bennet:

The Coal Utilization Research Council (CURC) is organized to promote research, development, demonstration and widespread deployment of technologies that will support continued and long-term use of coal. Our mission is to educate and advocate for coal-related technology development and use that will continue cost-effective and environmentally acceptable means by which America’s most abundant fossil fuel resource can be used to provide low cost energy and coal-derived products for America’s economy as well as worldwide. CURC’s members include electric utilities, coal production companies, universities, research organizations, trade associations, state mineral resources agencies, and manufacturers of equipment.

Members of CURC believe that the continued and expanded utilization of America's coal resources, in an environmentally responsible manner, is in the public interest. The production and use of coal resources provides affordable, reliable and clean electricity. In addition, coal can be a source for liquid and gaseous fuels and chemical feed stocks, and is an important source of jobs and economic growth. Our country has benefitted greatly from the development and application of coal-related technology. For example, America's coal-fueled power plants are among the cleanest in the world and the newest additions to the coal fleet are also among the most efficient in converting coal to useful energy. Members of CURC are committed to sustaining this successful track record through the advancement of technologies that will reduce the carbon dioxide (CO₂) footprint from coal, lowering, even further, other conventional pollutants like SO₂, NO_x and particulate matter, reducing water use and effluent discharges, and increasing the efficiency of today's coal systems.

To guide the collective thinking of long term investments in coal technology development, members of the Coal Utilization Research Council (CURC), together with the Electric Power Research Institute (EPRI), have developed an Advanced Coal Technology Roadmap that defines the research, development and demonstration necessary for coal to be cost competitive with, and have similar performance characteristic as, other low emitting power platforms and energy conversion technologies.

The Technology Roadmap describes technologies needed to acquire a set of benefits from coal that we view as important and achievable through advancements in technology. We are nearly complete in the preparation and release of a new update to the Roadmap to reflect several uncertainties in the U.S. market for new coal power generation as well as advancements in transformational technology development. For advanced coal technology development and deployment to succeed, there is a need for a governmental program (legislative and regulatory) that addresses the financing of each phase of development of new technology: research, deployment, construction, and operation.

CURC has developed a three part program as a comprehensive proposal to develop and commercialize coal-based technologies including carbon capture and storage:

- Part 1 – technology to improve operation of the existing coal fleet;
- Part 2 – application of advanced technologies to the construction and operation of new coal power plants;
- Part 3 – implementation of the CURC-EPRI Roadmap, which outlines an aggressive research, development, and deployment program to quickly develop and commercialize both so-called second generation CCS as well as “transformational” (next generation) coal-fueled power plants.

An overall strategy for advanced coal technology has to include tax incentives to spur research and development of advanced coal and carbon capture technology; to demonstrate and deploy

technologies for coal to electricity, liquids and other commercial products; and to implement an innovative financing program that will advance capture and use of carbon dioxide (CO₂) for enhanced oil recovery (EOR). Several of these elements are consistent with a bill recently proposed by Senators Heitkamp and Kaine (S.601).

The existing tax incentives for clean coal and CCS technology, including Sections 48A, 48B, 48C, and 45Q, have encouraged the initial research and development into advanced coal technologies. Unfortunately, they have not moved them into the commercialization phase with financing being one of the major stumbling blocks for this next phase of deployment. We applaud the Committee's effort with regard to tax reform and appreciate the opportunity to offer CURC's comments on the importance of tax incentives to the development and deployment of advanced coal technologies. CURC would be happy to serve as a resource for the Committee as it continues its important work.

Respectfully,

A handwritten signature in black ink that reads "Ben Yamagata". The signature is written in a cursive, flowing style.

Ben Yamagata
Executive Director