

SCR

45

HOUSE COMMITTEE REPORT

(9)

Date referred: 3/4/88

FURTHER REFERRALS:

DATE: 4-7-88

The Resources Committee has considered SCR 45

Encouraging the state to join the Clean Coal Technology Coalition and assist acceptance of state projects in the clean coal technology program.

RECOMMENDS:

replace with HCS SCR 45 (res) the same title
 attached amendment(s) a new title

do pass
 do not pass
 no recommendation
 individual recommendations
 additional referral to the

Finance Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

fiscal impact same as previous fiscal note published _____
 zero fiscal note same as previous zero fiscal note published _____
 zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Sam Cent
Cliff Davidson
Mike Ancone
Paul Shuster
Adelheid Herriman

Sam Cent
Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCSCSSCR 45 (Res)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Clean Coal Technology
Sponsor: Coghill
Requestor: _____

Agency Affected: Natural Resources
BRU: Mining
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.0	10.0	10.0	10.0	10.0	10.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Staff Phone: 465-3711
Division: House Resources Committee Date: 4/7/88
Co-Chair
Approved by Commissioner: J. C. [Signature] Date: 4/7/88
Agency: House Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsors: Coghill, Faiks,
Fanning, et al.

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR SENATE CONCURRENT RESOLUTION NO. 45 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Encouraging the state to join the Clean
6 Coal Technology Coalition and assist
7 acceptance of state projects in the
8 clean coal technology program.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS coal is a major source of energy worldwide; and

11 WHEREAS Alaska contains more than 40 percent of the total known coal
12 reserves of the United States; and

13 WHEREAS the coal mining industry is an important sector of Alaska's
14 economy with immense potential for growth and further development; and

15 WHEREAS it is crucial that emissions from power generation be managed
16 in a manner that minimizes the pollution of our air and water; and

17 WHEREAS Alaska's vast coal resources contain only a fraction of the
18 sulfur contained in most other sources of coal worldwide; and

19 WHEREAS the combustion of coal that contains high levels of sulfur in
20 the generation of electrical power contributes to the production of sul-
21 furic acid in the atmosphere; and

22 WHEREAS this atmospheric phenomenon is known as "acid rain"; and

23 WHEREAS the Congress of the United States created the Clean Coal
24 Technology Reserve Fund to support the development of clean coal tech-
25 nologies; and

26 WHEREAS the Congress has appropriated nearly \$400,000,000 from the
27 fund to the Department of Energy for award to several demonstration proj-
28 ects proposing new clean coal technologies; and

29 WHEREAS legislation has been introduced in the Congress to provide
HCS SCR 45(Res)

1 \$3.5 billion over the next 10 years to the fund; and

2 WHEREAS in 1987, the President requested Congress to appropriate \$2.5
3 billion to the clean coal program to honor a commitment made by this coun-
4 try to Canada to implement recommendations of the two countries regarding
5 acid rain; and

6 WHEREAS the Clean Coal Technology Coalition is an organization com-
7 posed of utilities, coal producers, manufacturers, industrials, state
8 governments, universities, and others interested in advancing the use of
9 clean coal technologies; and

10 WHEREAS clean coal technology involves a wide range of research and
11 development advances that may lead to burning coal more efficiently and
12 with greatly reduced emission levels; and

13 WHEREAS the state is proximately located to Pacific Rim countries,
14 possesses low sulfur coal reserves, and is dedicated to expanding knowledge
15 of the Arctic and resource-use technologies through the University of
16 Alaska; and

17 WHEREAS the development of technologies that can use Alaskan coal
18 provides an unparalleled opportunity to expand export markets for state
19 coal;

20 BE IT RESOLVED by the Alaska State Legislature that the governor is
21 respectfully requested to seek state membership in the Clean Coal Tech-
22 nology Coalition; and be it

23 FURTHER RESOLVED that the governor is respectfully requested to direct
24 the commissioner of natural resources to assist projects in the state that
25 seek qualification in the Clean Coal Technology Reserve Fund program admin-
26 istered by the United States Department of Energy.

27 COPIES of this resolution shall be sent to the Honorable Steve Cowper,
28 Governor; the Honorable Judith M. Brady, commissioner of natural resources;
29 the Honorable John S. Harrington, Secretary of the U.S. Department of
30 HCS SCR 45(Res)

1 Energy; and to the Honorable Ted Stevens and the Honorable Frank Murkowski,
2 U.S. Senators, and the Honorable Don Young, U.S. Representative, members of
3 the Alaska delegation in Congress.
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American Electric Power
Service Corporation
1 Riverside Plaza
Columbus, OH 43215

SCR 45



James
**AMERICAN
ELECTRIC
POWER**

December 7, 1987

R. E. Disbrow
President and
Chief Operating Officer
614 223 1400

Mr. Curtis McVee
Executive Director
Alaska Miners Association
501 West Northern Lights Blvd.
Suite 203
Anchorage, Alaska 99503

Dear Mr. McVee:

I recently assumed the Chairmanship of the Clean Coal Technology Coalition, an ad hoc group of utilities, coal producers, manufacturers, industrials, state governments, universities and others interested in advancing the use of clean coal technologies. As one whose company is committed to the development of these technologies, I urge you to join this Coalition.

As you may know, the Coalition has enjoyed significant success. Since its organization in early 1985, a \$750 million Clean Coal Technology Reserve Fund has been created to support the development of clean coal technologies; Congress has appropriated nearly \$400 million from that Fund; and the Department of Energy has already awarded federal monies to several projects proposing to demonstrate new clean coal technologies. As a result of the Coalition's efforts this year, Congress is on the verge of appropriating more funding for a second round of clean coal technology projects that would be jointly funded by the private sector and the federal government.

On the Administration front, the Coalition is working with the President's Task Force on Regulatory Relief, chaired by the Vice President, to develop recommendations for changes to existing regulations that will encourage the use of clean coal technologies by the utilities and others.

Another important Coalition initiative has been our participation in the development of legislation introduced by U.S. Senate Majority Leader Robert C. Byrd that would

help to overcome financial and regulatory risks associated with the early commercial deployment of clean coal technologies; The Senator's bill provides \$3.5 billion, over the next ten years, for further cost-shared demonstrations of clean coal technologies and removes federal regulatory disincentives in order to encourage utilities to deploy these technologies. In March of 1987, the President requested that Congress provide a total of \$2.5 billion to the clean coal program to honor a commitment made by this country to Canada to implement recommendations of the two countries' special envoys on acid rain. We are on the verge of obtaining a major national commitment to the development of clean coal technologies.

Continued Congressional and Administration support for the clean coal program, however, is dependent upon a strong private sector commitment to incorporate these important technologies into the commercial marketplace. Membership in the Coalition and participation in the pursuit of the Coalition's ambitious agenda for 1988 are the best, most productive and most visible means of demonstrating that commitment to key leaders in Congress and the Administration.

We can ill afford to depend on others to shoulder the entire burden of advancing these technologies. Senator Byrd, one of the staunchest opponents to enactment of acid rain control legislation and one of the strongest proponents of clean coal technology development, must have our help -- our commitment -- to demonstrate a private sector commitment and to assist in maintaining and enhancing the federal government's efforts toward providing responsible and cost-effective assistance to encourage development and use of promising clean coal technologies.

I have enclosed additional material about the Coalition that I hope you will take a few minutes to review. If you require any further information, I hope you will get in touch with either Ben Yamagata, the Executive Director of the Coalition, or Kateri Callahan, the Executive Assistant to the Coalition.

I look forward to hearing from you and, on behalf of the members of the Coalition, I greatly appreciate your consideration of this matter.

Sincerely,



R. E. Dishrow

Enclosures

IMPORTANCE OF MEMBERSHIP IN THE CLEAN COAL TECHNOLOGY COALITION

This broad-based, national coalition is the only group organized exclusively to advance the demonstration and widespread use of emerging clean coal technologies. The Clean Coal Technology Coalition's important activities in 1987 and 1988 include:

SEEKING FEDERAL FUNDING TO SUPPORT TECHNOLOGY DEMONSTRATIONS AND COMMERCIAL DEPLOYMENT:

The Coalition was instrumental in the creation of the Department of Energy (DOE) clean coal program which is currently funded at nearly \$400 million dollars. The Coalition is seeking another \$850 million appropriation for the program to be available for use in fiscal years 1988 and 1989. The Coalition seeks to involve the federal government in helping industry to overcome the financial and regulatory barriers associated with the early commercial deployment of immature clean coal technologies. We advocate enactment of legislation that would establish a \$3.5 billion, ten year program to cost-share commercial-scale demonstrations of clean coal technologies with private industry.

SEEKING FEDERAL REGULATORY CHANGES TO ENCOURAGE COMMERCIAL USE OF EMERGING TECHNOLOGIES:

The Coalition also supports legislation, now pending in Congress, that would provide regulatory relief at the federal level to utilities to encourage their participation in the early commercial deployment of these technologies. The Coalition is also working with the President's Task Force on Regulatory Relief to support modifications to current regulations that now impede use of these technologies.

ASSURING STATE REGULATORY SUPPORT:

The Coalition is working to assure that clean coal technologies are a high priority on individual state's energy agendas, and to convince state regulatory bodies that the use of clean coal technologies is beneficial to ratepayers and the state's overall economy. A major focus of the Coalition for 1988 is likely to be a program intended to persuade states to remove existing regulatory barriers to the use of these technologies, thereby encouraging utilities within the state to undertake clean coal projects.

ADVOCATING INCREASED USE OF COAL:

The Coalition seeks to preserve coal markets and to make coal a fuel of choice for incremental capacity requirements.

ADVOCATING A COST-EFFECTIVE MEANS TOWARD ACHIEVING EMISSIONS REDUCTION:

The Coalition is the principal spokesman for the rapid and widespread commercial use of clean coal technologies as the best means by which to realize the long-term, sustained emissions reductions that are sought by proponents of so-called acid rain legislation -- at a much reduced socio-economic cost to the Nation.

PROVIDING CONGRESSIONAL AND ADMINISTRATION INSIGHT FOR MEMBERS:

The Coalition has gained the respect and trust of key Members of Congress and the Administration, allowing us to impact federal decisions regarding clean coal technologies.

PROVIDING UNIQUE MEMBERSHIP SERVICES:

Membership dues support a number of services including monthly meetings; annual conferences in Washington, D.C.; special meetings with Members of Congress, federal and state officials; periodic newsletters, legislative and regulatory alerts; and analyses of pertinent law, legislation and regulations.

Annual membership dues for the Coalition are \$10,000.00. If preferred, dues can be paid in two \$5,000.00 increments.

CLEAN COAL TECHNOLOGY COALITION

MEMBERSHIP

November 6, 1987

Allied-Signal, Inc.
Allison Gas Turbine Division, General Motors Corporation
Amax Coal Company
American Electric Power Service Corporation
Arch Mineral Corporation
Babcock & Wilcox
Baltimore Gas & Electric Company
Bethlehem Steel Corporation
Centerior Energy
Central Illinois Public Service Company
Combustion Engineering, Inc.
Consolidation Coal Company
Cyprus Coal Company
Duke Power Company
Duquesne Light Company
Edison Electric Institute
Florida Power Corporation/Electric Fuels Corporation
Florida Power & Light Company
General Electric Company
General Public Utilities, Inc.
Illinois Power Company
Indianapolis Power & Light
Industrial Fuels Corporation
Island Creek Corporation
Jersey Central Power & Light Company
M. W. Kellogg Company
Madison Gas and Electric Company
Metropolitan Edison Company
MHD Development Corporation
National Coal Association
National Lime Association
Northern Indiana Public Service Co. (NIPSCO)
Ohio Edison
Oklahoma Gas & Electric Company
Orange and Rockland Utilities, Inc.
Peabody Holding Company, Inc.
Pennsylvania Electric Company
Pennsylvania Power & Light Company
Pittsburg & Midway Coal Mining Co.
Public Service Company of Indiana
Sargent & Lundy
Southern Company Services
Southern Illinois University at Carbondale
Texaco, Inc.
The Commonwealth of Kentucky
The State of Illinois
The State of Indiana

The State of Minnesota
The State of Ohio
The State of West Virginia
TransAlta Utilities Corporation
Union Electric Company
United Mine Workers of America
School of Mines and Energy Development, University of Alabama
University of Southern Indiana
West Virginia University

Alaska State Legislature

Senate Resources Committee

Sen. John B. Jackl, Coahill, Chairman
Sen. Paul Fischer, Vice-Chairman
Sen. Lloyd Jones
Sen. Artiss Staroulewski
Sen. Jim Duncan
Sen. Fred Zharoff
Sen. Dick Eliason

Box V
Juneau, Alaska 99811
(907) 465-4907

M E M O R A N D U M

To: Senate Resource Committee Members

From: Senate Resource Committee Staff *JW*

Subj: SCR 45; Encouraging the state to join the Clean Coal Technology Coalition and assist acceptance of state projects in the clean coal technology program.

Date: February 29, 1988

This resolution has two resolve clauses. The first encourages the state to join the Clean Coal Technology Coalition. Annual membership for the Coalition ~~are~~ \$10,000.00, but resolutions are not binding on the administration so you will find a zero fiscal note in your packets. The second resolve requests the state's department of natural resources to assist projects in the state, that are seeking research and development funds from the federal Clean Coal Technology Reserve Fund.

You will find in your packets:

1. Senator Coghill's Sponsors' Statement
2. DNR Position Paper and Zero Fiscal Note
3. A letter from the Clean Coal Technology Coalitions Chairman, R.E. Disbrow (President and CEO of American Electric Power Service Corporation); to Curtis McVee, Executive Director of the Alaska Miners Association. This letter includes a goals and objectives paper and list of current members.
4. Two articles by Dr. John Sims entitled:
 - 1) "Despite oil wealth, Alaska is a 'coal state'"
Fairbanks Daily News-Miner, Sept. 29, 1987
 - 2) "Alaska can cash in on 'clean coal' studies"
Fairbanks Daily News-Miner, Feb. 9, 1988

Alaska State Legislature

Senate Resources Committee

Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-Chairman
Sen. Lloyd Jones
Sen. Arliss Sturqlewski
Sen. Jim Duncan
Sen. Fred Zharoff
Sen. Dick Eliason



Box V
Juneau, Alaska 99811
(907) 465-1007

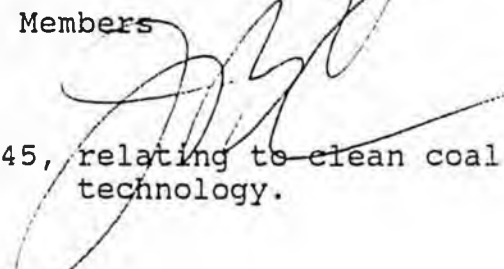
M E M O R A N D U M

To: Senate Resource Committee Members

From: Senator Coghill

Subj: Sponsor Statement on SCR 45, relating to clean coal technology.

Date: February 29, 1988



I introduced this resolution shortly after being made aware of the federal program to develop technologies that result in "clean" emissions from coal fired power plants. Alaska already has clean burning coal, but a technological problem that needs to be solved is the high water content which reduces the BTU output of Alaska coal. It takes special equipment to dry Alaska coal, so this decreases our coals marketability. If Alaskan projects, looking to solve these problems, can qualify for federal research dollars we could see an increase in demand for Alaska coal in pacific rim markets. Not only would Alaska research projects create jobs but so would the long term development of coal resources for export.

I urge your support on this concurrent resolution.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

OFFICE OF THE COMMISSIONER

February 29, 1988

The Honorable Jack Coghill
Chair, Senate Resources Committee
P.O. Box V
Juneau, AK 99811

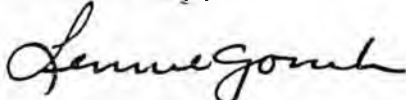
Dear Senator Coghill:

Subject: SCR 45, Encouraging the state to join the Clean Coal Technology Coalition.

Background: This resolution requests the Governor to seek state membership in the Clean Coal Technology Coalition and directs the Commissioner of DNR to seek qualification in the Clean Coal Technology Reserve Fund.

Position: The department believes that a commitment to research directed at adding value to Alaska's coal, for example in coal drying technology, would be a significant component of the state's coal policy. The Clean Coal Technology Coalition provides the best avenue to receive federal funds through the Department of Energy for such research. As a resolution, this bill has no cost of implementation. However, participation in the Clean Coal Technology Coalition requires an annual fee of \$10,000 plus additional operating costs. This amount is not reflected in the department's current priorities.

Sincerely,



Judith M. Brady
Commissioner

for

cc: Rod Swope
Bob Evans

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: SCR 45 Clean Coal Technology
Coalition
Sponsor: Coghill, et. al
Requestor: Senate Resources

Agency Affected: DNR
BRU: Minerals Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This resolution has no cost of implementation; however, membership to the Clean Coal Technology Coalition requires an annual fee of \$10,000 plus additional operating costs.

Prepared by: Lawrence Ostrovsky Phone: 465-2400
Division: Commissioner's Office Date: 02/29/88
Approved by Commissioner: Jennie Gomb Date: 2-29-88
Agency: _____

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Opinion

Tuesday, February 9, 1988

Alaska can cash in on 'clean coal' studies

The term "clean coal" was born in the 1980s. To many it probably sounds incongruous—how, they ask, can you possibly have clean coal? How can that black dusty rock possibly qualify for such a spic-and-span, lily-white image?

Well, for starters "clean coal" is still black and what really is meant by the term is coal which has low sulfur and low ash content. Clean coal is defined as coal which contains low levels of major pollutants. Add the word "technology" and the ballgame becomes greatly expanded.

"Clean coal technology" describes a whole spectrum of activity embracing ways of burning coal more efficiently and with much lower levels of pollution than ever before. It includes programs to retrofit existing power plants with new pollution abatement methods and focuses on technologies to process or beneficiate coal into an upgraded fuel prior to being burned. Clean coal technology is the subject of a major federal program, one which Alaska should push aggressively to participate in. The benefits could be enormous and the outlay minimal.

The CCT program is administered by the Department of Energy



John Sims

Views expressed here do not necessarily represent those of the Daily News-Miner

and is currently funded at almost \$400 million. Appropriations totaling \$850 million are being sought over the next two years with the very real prospect of as much as \$5 billion being allocated before the turn of the century. Congress and the president support the program.

While much of the impetus and certainly the dollar allocations for CCT stem from the great "acid rain" debate with Canada, there are other forces at work. First and foremost is energy security and the acceptance that coal is the dominant energy source which powers our nation—a role which is increasing with time. Equally, social pressures demand that energy be produced as cleanly and safely as possible no matter what is the fuel of choice.

The CCT program is exciting because it could go far towards assuring our energy security while protecting the environment. America is on the leading edge of a whole gamut of scientific and engineering achievements which could translate to major foreign exchange earnings in the future as we sell our technology and the products of that technology to other countries. Alaska could and should be centrally involved, especially as we could be a big winner.

What's in it for Alaska, you may ask? Well, first Alaska is a coal-rich state and it is time to recognize this fact in our public policy and economic expectations. Alaska is a coal state by virtue of the fact that it contains more than 40 percent of the entire U.S. coal resource, totaling trillions of tons and enough to power our nation for thousands of years. Currently, of course, our coal potential is largely undeveloped since only one mine is in production, producing less than 0.2 percent of the total U.S. production of 900 million tons per year.

The vast resource of Alaska coal is low in sulfur compared with other major coal producing centers around the world. That low sulfur content will be recognized as an

attribute and we are seeing signs of this already in international and perhaps inter-state markets. In one sense, we already have the largest resource of "clean" coal in the nation and perhaps the entire world.

In Alaska our problem is not "clean" coal but "wet" coal. The major marketing constraint affecting Alaska coal is the high moisture content of the coal—on average 27 percent for the large coal resources of the Railbelt region. High moisture lowers the heat value, or contained energy, of the coal which in turn affects the power output in plants not designed specifically to cope with the problem. To date only one plant in the Pacific-Rim, at Honam in South Korea, has been retrofitted to accept Alaska coal. There is a reluctance in countries like Japan and Taiwan to build power plants specially designed for Alaska coal. However, remove the moisture from the coal to produce a stable higher heat value product and Alaska coal could then be used in almost any current or proposed power plant. The market spectrum opens up dramatically and, because of its low sulfur, the resulting fuel would command premium prices.

Removing moisture from coal

may sound simple and uncomplicated, but in fact routine drying does not work. Moisture can be driven off quite readily but the resultant dry coal is extremely unstable, will rapidly reabsorb moisture from the air and spontaneously combust. The good news is that new coal technologies produce an upgraded fuel without the unwanted side-effects.

Thus is born an exciting opportunity for Alaska. I believe that the scope of the CCT program could be broadened to provide a federal funding source for qualifying Alaskan projects. The impetus may not be on solving the acid rain problem with our northern neighbor, but rather on cracking a market constraint which could open up enormous opportunities for Alaska as an exporter of "super coal"—a high heat value, low-sulfur fuel derived from an abundant Alaskan resource.

Part of Alaska's destiny is to supply energy to world markets. We can create opportunity—isn't that what economic development, job creation and our nation's best interests all about?

Dr. John Sims served as director of the state Office of Mineral Development and is presently vice-president of marketing for Usibelli Coal Mine.

"Rumors, quips and inside tips"

On the INSIDE

MAILED

