

**CHAIRMAN’S MARK  
APRIL 7, 2003**

**TITLE II—COAL**

**Subtitle A—Clean Coal Power Initiative**

1 **SEC. 201. AUTHORIZATION OF APPROPRIATIONS.**

2           CLEAN COAL POWER INITIATIVE.— There is authorized to be appropriated to the Secretary of  
3 Energy (in this subtitle, referred to as “Secretary”) to carry out the activities authorized by this subtitle  
4 \$200,000,000 for each of the fiscal years 2003 through 2011, to remain available until expended.

5 **SEC. 202. PROJECT CRITERIA.**

6           (a) IN GENERAL.—The Secretary shall not provide funding under this subtitle for any project  
7 that does not advance efficiency, environmental performance, and cost competitiveness well beyond the  
8 level of technologies that are in operation or have been demonstrated as of the date of the enactment of  
9 this Act.

10           (b) TECHNICAL CRITERIA FOR GASIFICATION.—In allocating the funds made available under  
11 section 201, the Secretary shall ensure that at least 80 percent of the funds are used for coal-based  
12 gasification technologies or coal-based projects that include gasification combined cycle, gasification  
13 fuel cells, gasification co-production, or hybrid gasification/combustion. The Secretary shall set technical  
14 milestones specifying emissions levels that coal gasification projects must be designed to and reasonably  
15 expected to achieve. The milestones shall get more restrictive through the life of the program. The  
16 milestones shall be designed to achieve by 2020 coal gasification projects able to—

- 17                   (1) remove 99 percent of sulfur dioxide;
- 18                   (2) emit no more than .05 lbs of NOx per million BTU;
- 19                   (3) achieve substantial reductions in mercury emissions; and
- 20                   (4) achieve a thermal efficiency of —
  - 21                           (A) 60 percent for coal of more than 9,000 Btu;
  - 22                           (B) 59 percent for coal of 7,000 to 9,000 Btu; and

1 (C) 57 percent for coal of less than 7,000 Btu.

2 (c) TECHNICAL CRITERIA FOR OTHER PROJECTS.— For projects not described in subsection  
3 (b), the Secretary shall set technical milestones specifying emissions levels that the projects must be  
4 designed to and reasonably expected to achieve. The milestones shall get more restrictive through the  
5 life of the program. The milestones shall be designed to achieve by 2010 projects able to—

- 6 (1) remove 97 percent of sulfur dioxide;  
7 (2) emit no more than .08 lbs of NO<sub>x</sub> per million BTU;  
8 (3) achieve substantial reductions in mercury emissions; and  
9 (4) achieve a thermal efficiency of—

10 (A) 45 percent for coal of more than 9,000 Btu;

11 (B) 44 percent for coal of 7,000 to 9,000 Btu; and

12 (C) 42 percent for coal of less than 7,000 Btu.

13 (d) EXISTING UNITS.—In the case of projects at existing units, in lieu of the thermal efficiency  
14 requirements set forth in paragraphs (b)(4) and (c)(4), the projects shall be designed to achieve an  
15 overall thermal design efficiency improvement compared to the efficiency of the unit as operated, of not  
16 less than—

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

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

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

20 (e) PERMITTED USES.—In allocating funds made available in this section, the Secretary may  
21 allocate funds to projects that include, as part of the project, the separation and capture of carbon  
22 dioxide.

23 (f) CONSULTATION.—Before setting the technical milestones under subsections (b) and (c), the  
24 Secretary shall consult with the Administrator of the Environmental Protection Agency and interested  
25 entities, including coal producers, industries using coal, organizations to promote coal or advanced coal  
26 technologies, environmental organizations, and organizations representing workers.

27 (g) FINANCIAL CRITERIA.—The Secretary shall not provide a funding award under this title  
28 unless the recipient has documented to the satisfaction of the Secretary that—

1 (1) the award recipient is financially viable without the receipt of additional Federal  
2 funding;

3 (2) the recipient will provide sufficient information to the Secretary for the Secretary to  
4 ensure that the award funds are spent efficiently and effectively; and

5 (3) a market exists for the technology being demonstrated or applied, as evidenced by  
6 statements of interest in writing from potential purchasers of the technology.

7 (h) FINANCIAL ASSISTANCE.—The Secretary shall provide financial assistance to projects that  
8 meet the requirements of this section and are likely to—

9 (1) achieve overall cost reductions in the utilization of coal to generate useful forms of  
10 energy;

11 (2) improve the competitiveness of coal among various forms of energy; and

12 (3) demonstrate methods and equipment that are applicable to 25 percent of the  
13 electricity generating facilities that use coal as the primary feedstock as of the date of the  
14 enactment of this Act.

15 (i) FEDERAL SHARE.—The Federal share of the cost of a coal or related technology project  
16 funded by the Secretary shall not exceed 50 percent.

17 (j) APPLICABILITY.—No technology, or level of emission reduction, shall be treated as  
18 adequately demonstrated for purposes of section 111 of the Clean Air Act, achievable for purposes of  
19 section 169 of that Act, or achievable in practice for purposes of section 171 of that Act solely by  
20 reason of the use of such technology, or the achievement of such emission reduction, by one or more  
21 facilities receiving assistance under this title.

22 **SEC. 203. REPORTS.**

23 (a) TEN-YEAR PLAN.—By September 30, 2004, the Secretary shall transmit to Congress a  
24 report, with respect to section 202(a), a 10-year plan containing—

25 (1) a detailed assessment of whether the aggregate funding levels provided under  
26 section 201 are appropriate funding levels for that program;

27 (2) a detailed description of how proposals will be solicited and evaluated, including a  
28 list of all activities expected to be undertaken;

1 (3) a detailed list of technical miles stones for each coal and related technology that will  
2 be pursued; and

3 (4) a detailed description of how the program will avoid problems enumerated in  
4 General Accounting Office reports on the Clean Coal Technology Program, including problems  
5 that have resulted in unspent funds and projects that failed either financially or scientifically.

6 (b) TECHNICAL MILESTONES.—Not later than 1 year after the date of the enactment of this  
7 Act, and once every 2 years thereafter through 2011, the Secretary, in consultation with other  
8 appropriate Federal agencies, shall transmit to the Congress, a report describing—

9 (1) the technical milestones set forth in section 212 and how those milestones ensure  
10 progress toward meeting the requirements of subsections (b)and (c)of section 212; and

11 (2) the status of projects funded under this title.

12 **SEC. 204. CLEAN COAL CENTERS OF EXCELLENCE.**

13 As part of the program authorized in section 211, the Secretary shall award competitive,  
14 merit-based grants to universities for the establishment of Centers of Excellence for Energy Systems of  
15 the Future. The Secretary shall provide grants to universities that can show the greatest potential for  
16 advancing new clean coal technologies.

17 **Subtitle B—Federal Coal Leases**

18 **SEC. 211. REPEAL OF THE 160-ACRE LIMITATION FOR COAL LEASES.**

19 Section 3 of the Mineral Leasing Act (30 U.S.C. 203) is amended by striking all the text in the  
20 first sentence after “upon” and inserting the following:

21 “a finding by the Secretary that it (1) would be in the interest of the United States, (2) would not  
22 displace a competitive interest in the lands, and (3) would not include lands or deposits that can  
23 be developed as part of another potential or existing operation, secure modifications of the  
24 original coal lease by including additional coal lands or coal deposits contiguous or cornering to  
25 those embraced in such lease, but in no event shall the total area added by such modifications to  
26 an existing coal lease exceed 320 acres, or add acreage larger than that in the original lease.”.

27 **SEC. 212. MINING PLANS.**

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

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

(2) by adding at the end the following:

“(B) The Secretary may establish a period of more than forty years if the Secretary determines that the longer period will ensure the maximum economic recovery of a coal deposit, or the longer period is in the interest of the orderly, efficient, or economic development of a coal resource.”.

**SEC. 213. PAYMENT OF ADVANCE ROYALTIES UNDER COAL LEASES.**

Section 7(b) of the Mineral Leasing Act of 1920 (30 U.S.C. 207(b)) is amended by striking all after “Secretary.” through to “a lease.” and inserting:

“The aggregate number of years during the period of any lease for which advance royalties may be accepted in lieu of the condition of continued operation shall not exceed twenty. The amount of any production royalty paid for any year shall be reduced (but not below 0) by the amount of any advance royalties paid under such lease to the extent that such advance royalties have not been used to reduce production royalties for a prior year.”.

**SEC. 214. ELIMINATION OF DEADLINE FOR SUBMISSION OF COAL LEASE OPERATION AND RECLAMATION PLAN.**

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

**SEC. 215. APPLICATION OF AMENDMENTS.**

The amendments made by this Act apply with respect to any coal lease issued on or after the date of enactment of this Act, and, with respect to any coal lease issued before the date of enactment of this Act, upon the date of readjustment of the lease as provided for by section 7(a) of the Mineral Leasing Act, or upon request by the lessee, prior to such date.

**Subtitle C—Powder River Basin Shared Mineral Estates**

**SEC. 221. RESOLUTION OF FEDERAL RESOURCE DEVELOPMENT CONFLICTS IN THE POWDER RIVER BASIN.**

The Secretary of the Interior shall—

(1) undertake a review of existing authorities to resolve conflicts between the development of Federal coal and the development of Federal and non-Federal coalbed methane in the Powder River Basin in Wyoming and Montana; and

1                   (2) not later than 6 months after the of enactment of this Act, report to the Congress on  
2 alternatives to resolve these conflicts and identification of a preferred alternative with specific  
3 legislative language, if any, required to implement the preferred alternative.