

January 9, 2008

The Honorable Jim Nussle, Director
Office of Management and Budget
1650 Pennsylvania Avenue, N.W.
Washington, D.C. 20503

Dear Director Nussle:

As you consider the Fiscal Year (FY) 2009 Budget, we urge you to provide at least \$900 million in federal funding for the Department of Energy's (DOE) coal research, development, demonstration and FutureGen programs that are critical to this country's economy and environmental well being.

The potential for coal to help meet our nation's future energy needs is almost unlimited. With our nation's abundant coal reserves, coupled with its low cost, coal will continue to be a reliable, domestic energy resource even in a world concerned about carbon dioxide (CO₂) emissions and climate change. The challenge will be to find cost-effective ways to use coal in a manner that meets our Nation's environmental and climate goals, preserves our national energy security and continues to provide low cost power and products for the American consumer. Experience dictates that the barriers to continued coal use can be overcome through collaboration between the public and private sector. The DOE "Clean Coal Technology Program" has, over the past 20 years, created new generations of technologies that have drastically reduced emissions of criteria pollutants at a lower cost to the consumer. Coal now faces a new environmental challenge with the threat of climate change. Technology will be the solution to ensuring coal continues to provide the same benefits to the environment and the consumer, but only through strong government support of a focused DOE Clean Coal program.

Congress has begun work on legislation that would attempt to regulate the emissions of carbon dioxide from sources within the U.S., which will have implications for continued coal use in this country. Nevertheless, coal use must continue to grow. Carbon capture and sequestration (CCS) is the critical enabling technology that has the potential to significantly reduce CO₂ emissions while also allowing coal to meet the world's pressing energy needs. If CCS technology is the means by which we anticipate the continued use of our abundant coal reserves to produce low cost electricity, the partnership between government and industry to jointly develop viable CCS technologies has never been more important. This task will require a monumental effort on behalf of both government and industry in terms of the funding to support

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the RD&D programs and the level of commitment necessary to develop these technologies. However, recent budgets do not reflect such a commitment.

The Coal Utilization Research Council (CURC) and the Electric Power Research Institute (EPRI) estimate that, by 2025, with sufficient and focused research, development and demonstration identified in the CURC-EPRI Technology Roadmap, combustion and gasification-based power generation options can be available commercially – with the ability to capture and sequester CO₂ – at a cost of electricity comparable to the cost of new power generation (without CO₂ capture) today. This includes the current work on FutureGen, the first-of-a-kind, global effort to build a near-zero emissions power plant which would capture and sequester at least one million tons of carbon annually while producing electricity and hydrogen. In order to achieve this goal, sufficient public and private funding is required. The necessary federal investment to achieve this goal is \$10 billion through 2025, while the industry investment is expected to be \$7 billion over that same time. However, recent annual budget requests of approximately \$425 million are insufficient to accomplish the goals of the roadmap. CURC and EPRI suggest that at least \$900 million per year federal investment is necessary over the next several years if we are to develop the CCS technologies that will become commercially available by 2025.

Coal will continue to play a vital role in helping America meet its needs for reliable and affordable energy in a climate constrained world, but this will only occur if an expanded commitment to technology development allows coal to overcome its remaining environmental challenges. We urge you to provide sufficient funding in the FY 2009 budget for the DOE research program, the President's Clean Coal Power Initiative, and the President's FutureGen project, all of which are critical to ensure the development of technology solutions to address climate change.

Sincerely,

American Public Power Association
Coal Utilization Research Council
Edison Electric Institute
National Mining Association
National Rural Electric Cooperative
Association
United Mine Workers of America

cc: Mr. Barry Jackson, Assistant to the President for Strategic Initiatives and
External Affairs
The Honorable James L. Connaughton, Chairman, White House Council on
Environmental Quality
The Honorable Samuel W. Bodman, Secretary, U.S. Department of Energy