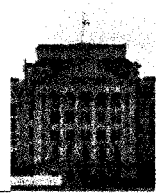


Advanced Coal Technologies

State Incentives

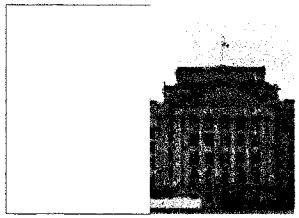
National Conference of State Legislatures

EXHIBIT 3
DATE 2-1-07
HB

States With Incentives

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

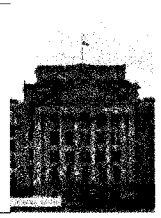
- Emerging action: Mississippi, New Mexico, Virginia, West Virginia



Colorado

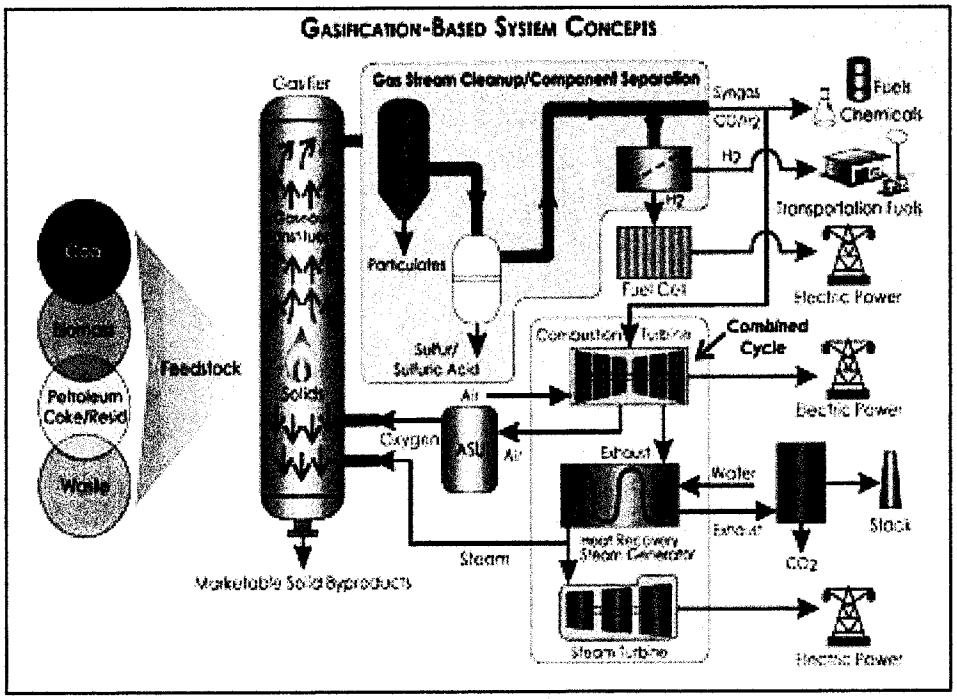
- Colo. Rev. Stat. § 40-2-123 (2006)

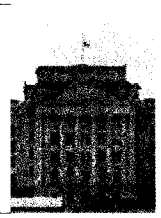
- Approves the development of IGCC facilities upon a showing of feasibility, environmental benefits, and cost-effectiveness.



Kansas

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





Kentucky

- KRS Chapter 278.5085
- 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
- *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

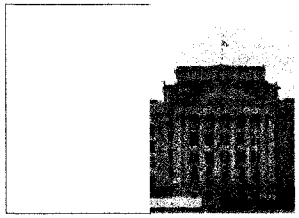
Illinois

- "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

Indiana: 2002 Legislation, Part 1

- 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



Indiana: '02 Legislation, More on Part 1

- These financial incentives for "clean coal and energy projects" include:
    - Cost recovery
    - Return on equity
    - Other financial incentives the IURC considers appropriate

Indiana: 2002 Legislation, Part 2

- 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

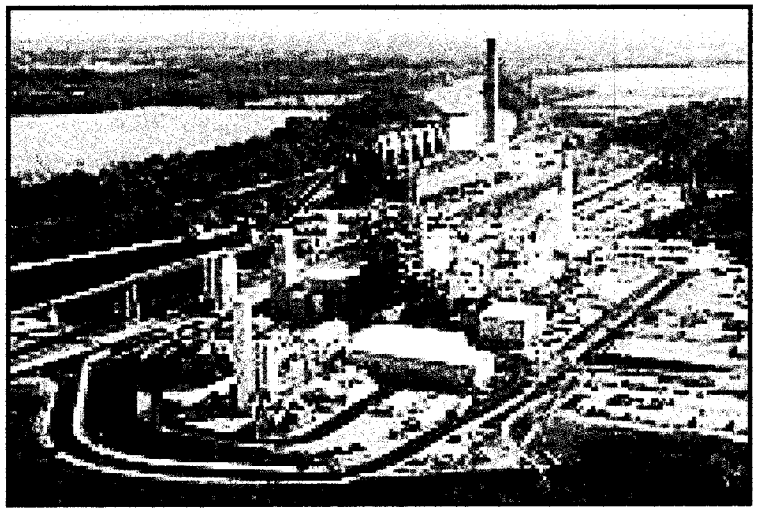
  Incentives:

  - 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



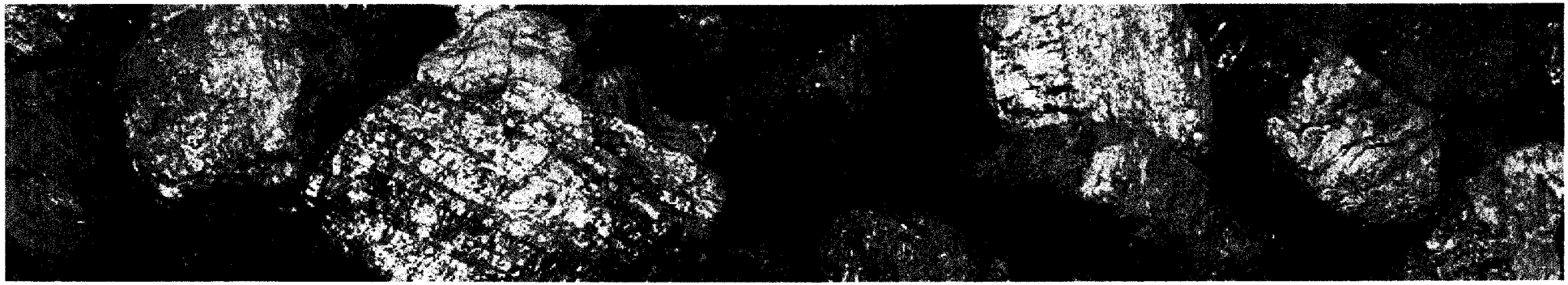
Indiana: 2005 Legislation, Part 2

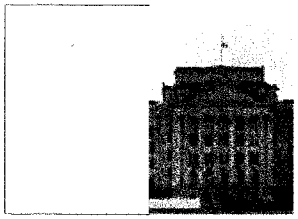
- P.L. 174-2005 (IC 4-4-30-5 and 8-1-8.8-2)
  - Requires that the Center for Coal Technology research investigate the use of coal bed methane as a renewable energy source and in the production of renewable or alternative fuels
  - Allows financial incentives available for "clean coal and energy projects"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

Indiana: Technology Research

The Energy Center – Purdue University

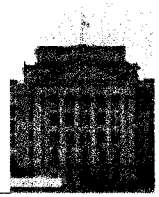
- Will develop technology to convert coal into combustible gases and liquids





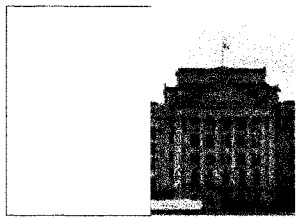
Minnesota

- 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

- Ohio Air Quality Development Agency and Ohio Coal Development Office offer:
  - Conduit financing
  - Loan, loan guarantees, grants
  - Tax incentives
  - Funding for demonstration projects



Pennsylvania

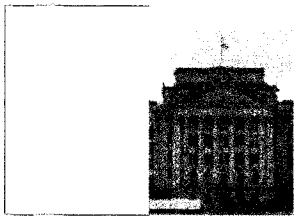
- Alternative Energy Portfolio Standards Act (73 P.S. s 1647.2, SB 1030 of 2004)

- 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

- Wyo. Stat. § 39-15-105 (2006)

- 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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