

GAO

Testimony

For Release
on Delivery
Expected at
1:30 p.m. EDT
Wednesday
June 22, 1988

Views on DOE's Clean Coal
Technology Program

Summary Statement of
John W. Sprague, Associate Director
Resources, Community, and Economic
Development Division

Before the
Subcommittee on Energy and Power
Committee on Energy and Commerce
House of Representatives



136149

042570/136149

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the Department of Energy's (DOE) Clean Coal Technology program. My testimony today will provide information about the program's implementation, the relationship between the program and the U.S.-Canadian envoys' report on acid rain, how pending acid rain control legislation and the program are related, and congressional direction. Our work is ongoing and our views are preliminary and subject to change.

DOE has entered into cooperative agreements with sponsors of seven projects totaling \$227.5 million in federal funds and \$529.8 million in nonfederal funds. The sponsors had difficulty in finalizing financial and other business arrangements which delayed completing negotiations. For round two of the program, DOE has placed more emphasis on financial arrangements. DOE also had trouble getting sponsors to agree to repay federal costs and to provide proprietary information, which delayed completing negotiations. We expect that DOE will face similar problems on cost recoupment and proprietary data provisions during round two.

The U.S.-Canadian envoys recommended that a commercial demonstration program focus on retrofitting existing utility plants to reduce emissions to abate acid rain. Although DOE and the Environmental Protection Agency disagree on what constitutes retrofit technology, DOE plans to give special emphasis to the envoys' recommendation during round two of the program.

The Congress is considering many acid rain control bills with varying compliance dates and emission reduction levels. Acid rain control legislation could have an impact on the commercialization and market penetration of clean coal technologies if emission reduction schedules are not carefully linked with the commercial availability of clean coal technologies.

Although DOE is conducting the Clean Coal Technology program under two broad 1974 acts, appropriations committees have provided some direction since the program was initiated in 1985. The broadly stated statutory provisions allow DOE to use wide discretion in implementing the program for purposes other than emission reduction. If the Congress wants the program to be an integral part of an acid rain control program, it may want to include this provision when enacting acid rain control legislation.

In summary, DOE has taken action to solve some problems experienced in round one of the Clean Coal Technology program, but others still remain. The major issue, however, is whether emerging clean coal technologies will be commercially available to achieve emission reductions or other requirements within the time frames established in any bill the Congress may enact. While we are not expressing an opinion on any of the many bills before the Congress, the Congress should take into consideration the potential role that emerging technologies funded under the program can play in reducing emissions to control acid rain.