

OFFICE OF COAL DEVELOPMENT OVERVIEW

MISSION: DCEO's Office of Coal Development is dedicated to the development and use of Illinois' extensive coal resources as a fuel source for the 21st century. Coal not only plays a vital role as an energy source, but the industries involved in the mining, transportation and use of coal provide thousands of jobs for Illinoisans and economic stability to many communities across the state.

OBJECTIVES: The Office of Coal Development promotes and supports the Illinois coal industry by:

- financing coal technology research, development and demonstration in the areas of coal extraction and preparation, power generation, coal gasification, flue gas cleaning, carbon management and coal chemistry;
- finding new uses and markets for coal and coal byproducts;
- encouraging businesses to improve miner safety and coal extraction, preparation and transportation systems within Illinois;
- advocating the use of proven clean coal technologies as a means of compliance with the Clean Air Act Amendments of 1990 and other environmental regulations;
- developing appropriate policies and strategies for compliance with state and federal initiatives including the Clean Air Act Amendments, global-warming policy and electric utility industry restructuring;
- promoting a comprehensive, long-range energy policy in which Illinois coal plays an major role;
- conducting education and awareness campaigns on the advantages and socioeconomic value of Illinois coal to Illinois citizens and communities through the media, schools and special projects;
- identifying new domestic and international markets for Illinois coal, and helping Illinois coal producers penetrate those new markets;
- changing public perception and dispelling myths about coal and its utilization; and

• **OCD CHIEF:** Bill Hoback
Office of Coal Development
Department of Commerce and Economic Opportunity
620 E. Adams Street
Springfield, IL 62701-1615
Phone: 217/782-6370
Fax: 217/558-2647
TDD: 800/785-6055

ILLINOIS COAL COMPETITIVENESS PROGRAM

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| DESCRIPTION: | The Coal Competitiveness Program encourages communities and businesses to improve miner safety and the coal extraction, preparation and transportation systems within Illinois. The program is aimed at improving the efficiency of the Illinois coal industry, enhance the competitive position of Illinois coal in domestic and international markets, and open new markets for Illinois coal and coal byproducts. |
| STATUS: | The Fiscal Year 2009 Request for Application to this program was issued on July 23, 2008. In Fiscal Year 2008, DCEO awarded \$12 million in state funds for 11 coal production and utilization projects, leveraging more than \$851.7 million of private investment in infrastructure improvements and expansions. Since its inception in 1996, the program has produced more than \$1.8 billion in private infrastructure investments across Illinois. |
| ELIGIBILITY: | Any entity may apply. Projects may require a host site, private and public cost-sharing partners, etc., prior to proposal consideration. Projects must have significant economic benefits for Illinois. |
| TYPE OF FUNDING: | Grants are typically between \$50,000 and \$1,500,000 and are issued by DCEO. DCEO typically provides up to 20 percent of the total project cost. Grants are restricted to the state fiscal period. |
| SOURCE OF FUNDS: | Approximately \$15 million from the Coal Technology Development Assistance Fund is appropriated annually for the Coal Competitiveness Program. |
| FUNDING CYCLE: | DCEO issues an annual solicitation each fiscal year. Following proposal review and selection, grants are awarded in late winter or spring. Unsolicited proposals may be submitted at any time during the year. |
| APPLICATION: | Application procedures are available on the DCEO Web site at http://www.illinoisbiz.biz/dceo/Bureaus/Coal/Grants/ . Paper copies may be obtained from the DCEO contact. |
| DCEO CONTACT: | John McCarthy Office of Coal Development Department of Commerce and Economic Opportunity 620 E. Adams Street Springfield, IL 62701-1615 Phone: 217/785-1671 Fax: 217/558-2647 TDD: 800/785-6055 |

ILLINOIS COAL RESEARCH PROGRAM

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| DESCRIPTION: | DCEO oversees the largest state-sponsored coal research program in the United States. This program is administered by DCEO and is under the technical oversight of the Illinois Clean Coal Institute (ICCI). |
| STATUS: | To date, the Coal Research Program has provided grants totaling more than \$61.5 million in state, federal and private industry funds to more than 15 universities and other research institutions engaged in coal research activities focusing on, carbon management, advanced coal mining technologies, power generation and plant efficiencies, coal gasification, flue gas cleaning, carbon management and coal chemistry. In FY2008, DCEO awarded \$3 million in state funds to conduct 27 research projects. |
| ELIGIBILITY: | Any entity may apply. Selection criteria are set forth in the annual Request for Proposals. Proposals undergo a rigorous peer review. Preference is given to Illinois applicants. Unsolicited proposals may be submitted at any time. |
| TYPE OF FUNDING: | Subgrants are typically between \$60,000 and \$250,000 and are issued by Southern Illinois University-Carbondale. Grant periods are limited to 24 months. |
| SOURCE OF FUNDS: | Approximately \$2.0 million from the Coal Technology Development Assistance Fund is made available to the ICCI for research projects. |
| FUNDING CYCLE: | The annual program cycle begins in April of each year with a Request for Proposals issued by the ICCI. Proposal review and project selection is typically completed by the end of August. Unsolicited proposals may be submitted at any time. |
| APPLICATION: | Application procedures and the RFP are available on the ICCI Web site at http://www.icci.org/proposals.html . Paper copies may be obtained from: Dr. Francois Botha Illinois Clean Coal Institute 5776 Coal Drive, Suite 200 Carterville, IL 62918-3328 Phone: 618/985-3500 |
| DCEO CONTACT: | Daniel T. Wheeler Office of Coal Development Department of Commerce and Economic Opportunity 620 E. Adams Street Springfield, IL 62701-1615 Phone: 217/558-2645 Fax: 217/558-2647 TDD: 800/785-6055 |

ILLINOIS COAL DEVELOPMENT PROGRAM

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| DESCRIPTION: | The Coal Development Program seeks to advance promising clean coal technologies beyond the research stage towards commercialization. The program provides a 50/50 match with private industry dollars to support market-driven needs of the industry. Development processes include technology maturation, technology transfer and related studies. |
| STATUS: | To date, more than \$13.6 million has been awarded to 66 projects. In FY2008, DCEO awarded \$1 million in state funds to conduct 4 development projects. |
| ELIGIBILITY: | Any entity may apply; preference is given to Illinois applicants. These projects must be past the R&D stage and must have a significant amount of cost-sharing. Typically the development proposal is submitted by an organization with special commercial technical expertise in the area proposed, but the program benefits Illinois coal producers and electric utilities. |
| TYPE OF FUNDING: | Grants are issued by the Illinois Clean Coal Institute (ICCI) and are typically \$250,000 to \$600,000. Grant periods are limited to 24 months. |
| SOURCE OF FUNDS: | Funds from the Coal Technology Development Assistance Fund are issued to the ICCI for this program. The fund receives 1/64 th of the revenues collected by the Public Utility Tax. |
| FUNDING CYCLE: | The annual program cycle begins in April of each year with a Request for Proposals issued by the ICCI. Proposal review and project selection is typically completed by the end of August. Unsolicited proposals may be submitted at any time. |
| APPLICATION: | Application procedures are available on the ICCI Web site at http://www.icci.org/proposals.html . Paper copies may be obtained from: Dr. Francois Botha Illinois Clean Coal Institute 5776 Coal Drive, Suite 200 Carterville, IL 62918-3328 Phone: 618/985-3500 |
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ILLINOIS COAL DEMONSTRATION PROGRAM

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| DESCRIPTION: | The state of Illinois is committed to bringing state-of-the-art, advanced coal-use technologies to commercial readiness. To that end, the Coal Demonstration Program provides partial funding for selected large-scale demonstration of advanced coal systems for utility and industrial use. Not only are these efforts bringing a new generation of clean coal techniques to the commercial marketplace, but also each project provides near-term benefits to the state and local communities through increased employment, personal income and tax revenues. |
| STATUS: | Since its inception in 1981, Illinois has provided over \$146.3 million from the Coal and Energy Development Bond Fund for 31 projects. |
| ELIGIBILITY: | Any entity may apply. Funds are intended for capital projects located in Illinois that have significant economic benefits for the state. Projects typically require a host site, power purchase agreements, private and public cost-sharing partners, etc., prior to proposal consideration. |
| TYPE OF FUNDING: | Grants are typically between \$1 million and \$30 million and are issued by DCEO. Grant periods and appropriations may cross fiscal years. |
| SOURCE OF FUNDS: | DCEO is authorized to issue \$183 million in Illinois Coal and Energy Development Bond funds to finance selected projects. A project-specific appropriation must be made and projects are subject to final approval by the governor. |
| FUNDING CYCLE: | Unsolicited proposals may be submitted at any time during the year. Funding of selected proposals may be substantially delayed due to the need for legislative action to establish a funding appropriation. |
| APPLICATION: | Application procedures are available on the DCEO Web site at http://www.illinoisbiz.biz/dceo/Bureaus/Coal/Grants/ . Paper copies may be obtained from the DCEO contact person. |
| DCEO CONTACT: | Paul Pierre-Louis Office of Coal Development Department of Commerce and Economic Opportunity 100 West Randolph, Suite 3-4000 Chicago, IL 60601-3219 Phone: 312/814-3630 Fax: 312/814-5247 TDD: 800/419-0667 |

ILLINOIS COAL REVIVAL PROGRAM

DESCRIPTION: The Illinois Coal Revival Program provides financial assistance in the form of grants to assist with the development of new, coal-fired electric generation capacity in Illinois.

STATUS: Final program rules were adopted on August 23, 2002.

ELIGIBILITY: Businesses must propose to construct a new electric generating or expand at an existing electric generating facility, including transmission lines and associated equipment to provide baseload electric power or to construct a coal gasification facility. The proposed new facility or facility expansion must: 1) have an aggregate nameplate generating capacity of 400 megawatts or more for all units at one site, will use coal or gases derived from coal as its primary fuel source at the proposed facility, and will support the creation of at least 150 new Illinois coal-mining jobs, or 2) use coal gasification or IGCC to generate chemical feedstocks, transportation fuels or electricity.

TYPE OF FUNDING: Financial assistance through the program will be provided in the form of a grant based on State Retail Occupation Taxes that will be paid on Illinois coal purchases for new facilities. Qualifying facilities may be eligible for grants roughly equal to the present value of future sales taxes paid on Illinois-mined coal over a 25-year period, up to a maximum amount of \$100 million.

SOURCE OF FUNDS: The Illinois Resource Development and Energy Security Act (Public Act 92-0012) authorizes DCEO to expend \$500 million Coal and Energy Development Bond Funds to promote the development of new, coal-fired electric generation capacity in Illinois. In addition, Public Act 93-0167 provides \$300 million in state-backed revenue bonds, which are designed to lower the borrowing cost of new project development.

FUNDING CYCLE: Unsolicited proposals may be submitted at any time during the year. Funding of selected proposals may be substantially delayed due to the need for legislative action to establish a funding appropriation.

APPLICATION: Application procedures are available on the DCEO Web site at <http://www.illinoisbiz.biz/dceo/Bureaus/Coal/Grants/>. Paper copies may be obtained from the DCEO contact person.

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Department of Commerce and Economic Opportunity
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ILLINOIS COAL EDUCATION PROGRAM

DESCRIPTION: DCEO's Coal Education Program strives to preserve and enhance the marketability of Illinois coal; heighten awareness and understanding of the importance of the coal industry to the socioeconomic structure of Illinois; and create a positive image for the mining and utilization of coal in Illinois. Program activities include the development and distribution of comprehensive coal energy education resource materials for use in Illinois classrooms. DCEO also maintains databases on the characteristics of Illinois coal, coal production and consumption, industry contacts and many other aspects of the coal industry for use by government, industry, and utility officials.

SERVICES PROVIDED: Services are provided through the publication and distribution of coal education resource materials for grades K-4, 5-8 and high school for use by educators in the classroom; promotion of an annual art and essay contest as a learning experience for Illinois school children; and coordination of coal awareness activities for school children and the public. DCEO frequently assists state legislators and administrators with the development and evaluation of energy legislation and policy and the development of strategic plans to maintain and extend Illinois coal markets. Educational efforts aimed at coal industry and electric utility professionals are an integral part of DCEO programs, as well, and include workshops, conferences, technical publications and other outreach efforts.

In its everyday activities throughout the year, DCEO responds to numerous requests for information on the Illinois coal industry, coal utilization and a wide range of miscellaneous energy topics.

DELIVERY METHOD: Materials are distributed at no charge. Participation in educational activities is open to all Illinois teachers and students within the targeted age group. More information is available on the DCEO Web site at <http://www.illinoisbiz.biz/dceo/Bureaus/Coal/Education/> or from the DCEO contact person.

DCEO CONTACT: Linda Dunbar
Office of Coal Development
Department of Commerce and Economic Opportunity
620 E. Adams Street
Springfield, IL 62701-1615
Phone: 217/524-3820
Fax: 217/558-2647
TDD: 800/785-6055