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February 15, 2008

The Honorable David M. Walker
Comptroller General of the United States
U.S. Government Accountability Office
441 G. Street, N.W.
Washington, DC 20548

Dear Mr. Walker:

On January 31, 2008, the Department of Energy (DOE) announced a significant departure from its clean coal initiative, FutureGen. Originally conceived in 2003, FutureGen was touted as a pollution-free power plant of the future intended to showcase cutting-edge technologies to address climate change and advance the President's hydrogen initiative.

The recent FutureGen announcement takes the program in a dramatically different direction. The reasons for this abrupt change in the FutureGen program are unclear. However, the Administration claims that increases in cost estimates for the program were a contributing factor in this decision. We wish to have a better understanding of the developments in the program that led to this recent decision and an examination of the Administration's rationale and plans for restructuring this program. There is a need to accelerate the development of carbon capture and sequestration technologies and we want to ensure the Department's approach to this challenge will deliver the capability we need in the most cost-effective and rapid time frame possible.

The Department has indicated that the revised program will now place an emphasis on early validation of clean coal technologies through multiple demonstrations of CCS technologies at commercially operated electric generating plants. Plans for DOE and the FutureGen Alliance to construct and operate a single flagship zero-emission power plant have been eliminated.

As part of the January 31, 2008 announcement, DOE issued a Request for Information (RFI) on its new path forward to demonstrate advanced technology for electricity production from coal. The Department's schedule seeks public comments on the RFI by March 3, 2008 and includes the issuance of a competitive Funding Opportunity Announcement three months later. DOE expects to evaluate the proposals and select

projects by December 2008. Given this major remodeling of the FutureGen initiative and the aggressive timeline forward, the Science and Technology Committee requests that GAO undertake an in-depth review of the FutureGen program including the following issues:

- Congress appropriated approximately $174 million for the FutureGen initiative between FY 2003 and FY 2008. How has DOE allocated the appropriated dollars over this time period? What methods did DOE use to estimate the costs of the FutureGen program? What factors account for the increases in cost estimates that DOE reports as a major reason for restructuring the FutureGen initiative? What costs, if any, are associated with the decision to terminate the existing FutureGen program and any contracts or cooperative agreements associated with it?

- DOE anticipates that up to $1.3 billion would be needed in Fiscal Year 2007 through Fiscal Year 2020 to fund the multiple carbon capture and sequestration demonstration projects envisioned for the restructured program. How reliable is the cost estimate for the revised program? How many demonstrations of CCS technologies will the Department be able to fund with $1.3 billion through Fiscal Year 2020?

- DOE also announced a goal of 90 percent CO_2 capture and sequestration for the power train demonstrations with the intent of storing at least one million metric tons of CO_2 per year during the demonstration period. Can these goals be met?

- What will be the role of the FutureGen Alliance, if any, under this revised initiative?

- Will this new FutureGen program be duplicative of the work already being conducted through the Department's Clean Coal Power Initiative or other carbon capture and sequestration programs?

- DOE has stated that the restructured FutureGen initiative will not exceed the original FutureGen targeted emissions levels for sulfur dioxide, nitrogen oxide, particulate matter and mercury. Is it likely the restructured program will achieve this goal?

Please contact Jean Fruci and Michelle Dallafior with the Science and Technology Subcommittee on Energy and Environment staff (202-225-8844) to discuss in detail the specific scope of work and timeline for completing this request. Thank you for your consideration and attention to this request.

Sincerely,

BART GORDON
Chairman

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Chairman
Subcommittee on Energy & Environment

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Vice Chairman

JERRY COSTELLO
Committee Member

Cc: The Honorable Ralph Hall
Ranking Member

The Honorable Bob Inglis
Ranking Member
Subcommittee on Energy & Environment