

**Responses to questions related to:**  
**IRS Notice 2007-52, Qualifying Advanced Coal Project Program,**  
**IRS Notice 2007-53, Qualifying Gasification Program**  
**September 21, 2007**

**1. DOE Review Process**

- a. What process/procedure will the DOE/IRS use to verify and confirm an Applicant's technical ability to meet § 48A requirements, where "requirements" indicates performance standards set forth in Energy Policy Act of 2005 (EPAct) and any subsequent amendments thereto (*i.e.*, ability to meet emissions performance standards and other Title XIII "requirements")?
- b. It is strongly in the public interest to ensure proper evaluation and/or validation of an Applicant's technology and its capability to achieve the technology goals set forth in the law. What process/procedure will the DOE/IRS use in analyzing an Applicant's technical ability to achieve the performance goals specified as "Program Policy Factors" (e.g., carbon dioxide capture and sequestration percentage level and timing of said capture and sequestration; capture and sequestration below 50%; use of advanced technologies optimizing plant for future carbon dioxide capture; hereinafter "Performance Objectives")?

Response 1a - DOE conducts a thorough review/evaluation of each Application to ensure that it complies with the requirements of EPACT, any subsequent amendments, and the instructions per the IRS Notices. DOE uses internal and external experts (technical and financial) to evaluate each Application. In order to be certified, all projects must meet the statutory EPACT requirements regarding efficiency, emissions performance, financial feasibility, and the schedule deadlines (2 year and 5 year deadlines for § 48A).

Response 1b – The Program Policy Factors will only be applied: 1) for projects that meet all the requirements of EPACT and are certifiable, and 2) if there are more certifiable applications than there are available tax credits for a pool. The same procedures and requirements discussed in Response 1a will be used for review/evaluation of projects that propose to capture and sequester CO<sub>2</sub>.

- c. Will the DOE *validate* an Applicant's likelihood of achieving stated Performance Objectives prior to Certification, or simply *evaluate* hypothetical feasibility of an Applicant's stated Performance Objectives?

Response 1c - DOE uses the Applicants' proposal to conduct the evaluation. As such, it is the responsibility of the Applicant to provide evidence sufficient to demonstrate the extent to which the proposed project will meet the Primary and Secondary Ranking Factors.

- d. Will the IRS perform an independent validation of an Applicant's Performance Objectives after DOE Certification of an Applicant's stated Performance Objectives? If yes, when will the validation occur and what process/procedure will the IRS use?

DOE is answering only questions related to DOE certifications. Other questions should be directed to the IRS by calling Jaime Park or Charles Ramsey at (202) 622-3110, or by faxing the questions to them at (202) 622-4779.

## 2. Performance Validation and the IRS Closing Agreement

- a. In the event that the DOE Certifies an application and the IRS and Applicant execute a Closing Agreement, what process/procedure will be used to:
  - i. Validate the Applicant's stated Performance Objectives if the DOE and IRS only evaluate the technology in relation to the Performance Objectives prior to execution of a Closing Agreement?
  - ii. Ensure that the Applicant meets stated Performance Objectives after the DOE and/or IRS perform either an evaluation or a validation of stated Performance Objectives prior to execution of a Closing Agreement?
- b. What ongoing process/procedure will DOE and/or IRS use to ensure a DOE Certified Applicant is meeting EAct requirements or Performance Objectives relied upon in evaluating Program Policy Factor criteria?
  - i. Under this process/procedure, at what point will an Applicant forfeit allocated project credits should the DOE and/or IRS determine that an Applicant is not meeting, or can no longer meet, application requirements or Performance Objectives relied upon in evaluating Program Policy Factor criteria?
  - ii. Should an Applicant provide the DOE and IRS with information regarding any significant change in plans as required under Notice 2007-52 § 7.03, and those changes indicate that the Applicant will not meet EAct requirements or stated Performance Objectives, what action(s) will the DOE and/or IRS take?
  - iii. If a DOE Certified Applicant has said it will capture and sequester 50 percent or more carbon dioxide (and therefore that Applicant ranked higher than it otherwise would have during initial review of its application under Notice 2007-52), at what point will that DOE Certified Applicant forfeit allocated project credits should the DOE and/or IRS determine that the Applicant will not achieve capture and sequestration of 50 percent or more carbon dioxide emissions at the beginning of plant operations?
- c. In the event that EAct requirements or Performance Objectives are not met at the time of initial plant startup, how long does the plant have to implement the required procedures to meet the Performance Objectives?
- d. Should the beginning date for the allocation round conducted in 2007–08 described in § 4.02(8) of Notice 2007-52 read “October 3, 2007” rather than “October 3, 2006”?

DOE is answering only questions related to DOE certifications. Other questions should be directed to the IRS by calling Jaime Park or Charles Ramsey at (202) 622-3110, or by faxing the questions to them at(202) 622-4779