

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

\$1 BILLION IN TAX CREDITS ALLOCATED TO CLEAN COAL PROJECTS

IR-2006-184, Nov. 30, 2006

WASHINGTON — The Internal Revenue Service announced that it has allocated nearly \$1 billion of tax credits to nine planned clean coal projects.

The Energy Policy Act of 2005 authorized \$1.65 billion in tax credits for clean coal projects. The Act allocated \$800 million of credits to integrated gasification combined cycle (IGCC) projects, \$500 million to non-IGCC advanced coal electricity generation projects and \$350 million to gasification projects. The \$800 million allocated to IGCC projects is required to be allocated in relatively equal amounts among bituminous coal, sub-bituminous coal and lignite projects. Within these caps, the IRS is required, after consultation with the Department of Energy, to allocate the credit to specific projects.

The projects receiving credits are located in nine different states. Credits were allocated to two IGCC bituminous coal projects (\$133.5 million each), an IGCC lignite project (\$133 million), two non-IGCC advanced coal electricity generation projects (\$125 million each) and four gasification projects (amounts ranging from \$40.663 million to \$130 million).

Approximately \$650 million of additional tax credits will be available for allocation to clean coal projects in 2007. Of this total, \$267 million will be available for IGCC sub-bituminous coal projects, \$133 million will be available for IGCC lignite projects, \$250 million will be available for non-IGCC advanced coal electricity generation projects and \$337,000 will be available for gasification projects. The application period for the 2007 allocation is now open and will remain open until Oct. 1, 2007. IRS Notices 2006-24 and 2006-25 provide complete instructions for submitting an application for the 2007 credit allocation. Under those notices, the application for DOE certification for the 2007 allocation is due to DOE on or before June 30, 2007. The IRS expects, however, that the notices will be modified to provide that the application for DOE certification for the 2007 allocation is due to DOE on or before June 1, 2007.