Minutes of the Meeting of the Clean Coal Review Board

April 22, 2015

Conference Room near 207-N

Stratton Building

Springfield, IL 62706

Agenda: Energy Boost Research Grant at SIUC

Senator Dave Luechtefeld called the meeting to order at 8:40 am.

Senator Luechtefeld: “First of all, you all have the minutes from November 20, 2014 meeting in your booklet. I would ask for a motion to approve those.

Motion made by Joe Angleton, 2nd by Phil Gonet.

Senator Luechtefeld: “Secondly, we probably need to pick a secretary. So if we could have a motion to approve Rep. Terri Bryant as secretary.

Motion made by Rep. Phelps, 2nd by Rep. Costello, all in favor say aye, oppose nay, ayes have it.

Senator Luechtefeld: “As you know, we are here today to do something, I think is historic, to start an energy program at SIU. There is a feeling among some of the members to take not all of this money but take out a half a million dollars to keep it in this fund here. And that seems to be, at least the people I have talked to, think that’s a good idea. So before we do anything else we need to have a motion to take a half a million of this, to put and continue to keep in this fund. Is there a motion to do that?

Motion made by Joe Angleton, all in favor say aye, oppose, ayes have it.

Senator Luechtefeld: I think we would like to start at least, if Tomasz, if you would give a rundown of what we doing this morning.

Tomasz Wiltowski: We sent the agenda already with the materials but the main is actually to vote and discuss the proposal which was done for SIU to put this energy program and some other activities in place. Everything is in the proposal which the members received four weeks ago.

Senator Luechtefeld: I don’t know about the rest of you but I actually read the proposal and I’m not real sure what is says. This is an issue that I think university people who run universities people who have been there understand a lot better than we do. But there does seem to be an agreement from people like Phil, Joe who are familiar with the coal industry that this is workable and I think they are in support of it. Is there any questions or discussion to go on before we take a vote?

Senator Forby: What happens after they get the money, SIU, what’s the time frame?

Senator Luechtefeld: President or Tomasz.
Joe Angleton: The time frame, what are you looking at.

Tomasz Wiltowski: The time frame is four years which is in the proposal and there is a few pathways to move forward. Now point number one, how we can help coal. Which was always one of my concerns when someone is complaining about coal it is mainly carbon dioxide. No one is saying that burning coal or processing coal there is some impurities because those problems are already solved. Now if you remember a couple years ago there was a grant to Sargas of making the Mattoon and carbon dioxide underground storage. I just talked to Paul Gandola, the president, who was in our meeting last year. And we have the plan for 1 dollar only to bring a nice test site to Carterville for carbon dioxide processing, chemical utilization if I can use this term. So, in terms of research I would like to move forward with it because actually if you look at what is going on around the world, there is a great interest of processing carbon dioxide which is coming from different sources not only from coal combustion. Now we do have expertise on the campus, some of my colleagues are working on this. This is one of the ideas, and the second idea is to “Boost” energy research on campus. Coal is priority number one for us but coal in a different way not combustion but chemical looping. I just got the numbers for the approved Department of Energy (DOE) budget, for coal processing (modern technologies for coal) they got almost 420 million dollars for this idea which is growing. And of course speaking of energy, we have already had several meetings how we can make this new department. It won’t be done in a few minutes because this will require hiring tenure track positions, which cannot be done at this time because of the budget. But the concept is hiring a few non tenure track with this idea that when situation is better they could be changed to tenure. So step by step, the energy department or whatever you want to call it is on our mind. But definitely coal, carbon dioxide, safety in coal mining, which is another priority and we do have colleagues that are doing this research, such as Dr. Chugh with dust control. How we can help coal right now, my answer is we have to make coal processing whatever the processing is environmentally acceptable and the only problem with coal people have is carbon dioxide. So when we build this kind of opportunity on campus, which there are a few centers around the world, which are doing this. We have a nice opportunity to grow, and I don’t want to use the word famous but being recognized in this area. It’s a pretty hot topic.

Rep. Bryant: I would like to ask a few questions. Last time was my first meeting and so there was some questions about the energy department, number 1 what assurances are there that the department of energy will continue to do coal because those questions were will we go off in the direction of clean energy and coal will get left out? So do we have assurances that coal will continue?

Tomasz Wiltowski: Yes, yes we do.

Rep. Bryant: And the other question is are you talking about like ADM already has a program in place where they are using the carbon dioxide.

Tomasz Wiltowski: No, actually they are producing carbon dioxide. They do have a test site which was funded by DOE for underground coal storage so called coal sequestration. The money from DOE for this they are practically ending right now. If instead of doing this we could do something else with carbon dioxide not only coal sequestration which is really expensive. I would like to jump into this new area with carbon dioxide. Which we are planning a meeting on our campus with everyone that is involved in carbon dioxide and colleagues from University of Missouri, Washington University, those Midwest places, because my long term goal is to make kind of a consortium.

Senator Luechtefeld: President Dunn would you like to.
President Randy Dunn: Yes, if I could, I might expand a bit on one thing Tomasz commented on. Clearly coming out of the meeting in November one of the concerns was not having some administrative unit, whether it is a department or institute or something that was this department of energy idea that was tangible on campus. So as Tomasz and his team reworked the proposal in tandem with a number of folks on the board, we knew we had to address that in some fashion. The idea of this administrative unit, institute, department attach what term you wish the idea is it be interdisciplinary. We are going to have folks from the College of Engineering obviously heavily involved because that is where a lot of the coal work come out of to start with. But under the idea of the expanded approach to energy that is likely gonna pull in folks for instance from College of Ag, College of Science, and if you recall while the focus of the work would be anchored to coal we are looking at that probably more broadly than what we do now. It’s not just the notion of how you do extraction and work on some of the science that Tomasz has talked about but we are trying to look at the full continuum to think about business application, policy work, that type of thing. So it really expands it. So all that is a prelude to a couple of things I want to make sure we are clear on referenced by your question. We’re going to go forward with a proposal to create this interdisciplinary institute, that’s going to happen. That clearly was a concern of the board that there had to be some unit to exist in this interdisciplinary realm that we could point to. So we are going to go forward with that. What we can’t say is that it will be called the department of, one of the challenges with that is if your pulling in from Ag, Science, Engineering and possibly Business, we are pulling in from minimally four colleges, to say there is a department gets into this warfare of who owns the department and how you assign tenured faculty and all of that. So our discussion had been alright we have to do this interdisciplinary unit, whether we call it a center, institute, a cross departmental initiative or whatever but a tangible administrative unit on the campus will go forward. We will take it to the board of higher ed, we will support that all the way through. And with what this grant will provide to us, were very confident that will be able to get that accomplished. So what was a concern we are trying to respond to, there will be an administrative unit on campus with that notion of energy in the title, cross discipline, it will exist. Secondly, you heard him talk tenure track faculty, not hiring. You all know the situation were dealing with the state budget. Tenure track faculty with the university is a recurring cost. This isn’t recurring money, this is a onetime money to start this. So the idea here is to start with non-tenure start faculty, start them on term contracts to get the work underway but over time as the center or what have you exists with board of higher ed approval, then we could go out and higher those tenure track faculty. Were in a position right now that we can’t do much of anything. I won’t say we are at a freeze but close. Let me add one more thing, coal. Remember this Representative, this isn’t to replace or supplant what already exists at the coal research center or Advanced Coal and Energy Research Center (ACERC) continues its work. Coal remains key to a research enterprise that has taken place for nearly 40 years at SIU Carbondale, that doesn’t disappear, this is an additive and broadens out the notion of energy research. But the ties it has to ACERC, I guess that would be one thing I would suggest to you we are not getting out of the coal business. That enterprise remains and will be strong.

Rep. Bryant: Ok

Joe Angleton: The exciting thing is, sequestration is not working, the federal government didn’t support Future Gen. Tomasz and his idea in theory of what we can do with carbon dioxide, I think that is the future in helping save coal if we say in the same environmental mode that were in today. I think it is very exciting and look forward to it being implemented.
President Dunn: The idea of the interdisciplinary approach is to do that work, I have nothing to do with the research. Tomasz and his team know this work and know what to do. But what, if I can say the role administratively is you have to do that work with chemists, physicists, with engineers not only from mining, but from mechanical and this becomes and means administratively you have to have someone that says we are going to come together and work together and here is how we are going to get it done. So we are committed and going forward with this proposal to create this unit.

Rep. Bryant: So my last question then. So if higher ed doesn’t approve this what happens to the money?

President Dunn: The money can still get spent doing the research we just have to go back at them a different way on the proposal. But one of the things that I would say that has happened in the last 6 months is that we came back to campus after last November and I told my folks I really don’t want to go through that again. And we engaged in some conversations about how we get all this accomplished. Conversations took place on the campus with the people who review these programs and sent them up to board of higher ed and they had conversations took place on their side that said hey we are looking at this. We understand the need to have an identifiable unit so we made some adjustments on the SIU side to maybe clear out a bit of bureaucracy. We tried to work a bit of ground with the higher ed side and I believe as this proposal goes forward, we will have support for it. I don’t know that we, and I will take the hit for that a little bit, but I don’t think we had all the discussions we needed to have to have said that back in November.

Joe Angleton: I think the revised proposal is workable now.

Senator Luechtefeld: As you know, I certainly know that I was very frustrated after the last meeting because we thought we would get this done. I was actually glad that happened. I think we have a better proposal now and more people are comfortable with it in particular Phil. Who you know in the coal industry had the most to lose with this and it was important he be comfortable with this. I think he has taken part with Tomasz on working this out and I think he is more comfortable now.

Phil Gonet: And yes, thank you Mr. Chairman. I do appreciate the president listening to us, they listened, they heard what we said. I mean the second line in the executive proposal states:

“In order to turbo boost these efforts, ACERC hereby proposes a strategic plan with the goals to 1) establish and sustain critical mass for a new interdisciplinary academic unit for energy, and 2) provide a mechanism for long-term financial sustainability of the programs established herein.”

So they put that up front and center, they heard what we had to say. And came back with a proposal now that satisfies me. There is some exciting challenges out there which I was going to ask the chairman later to talk about but will bring it up now. Because one of the challenges of this is going to be this $4.6 million gets spent over 4 years and after that time they are supposed to be self-sustainable. One of the challenges there is the Office of Coal Development where some of those funds came from has most of you know that the Governor has zeroed out that funding for the next fiscal year. And one of the chief channels of research funding comes from the Illinois Clean Coal Institute (ICCI) and Dan Wheeler is here from the Office of Coal Development and he’s been the liaison with ICCI for a long time. That’s gonna hurt and gonna make this plan, I kind of want to throw it out. The university did a great job putting this plan together but in the interim we got another challenge thrown at us. One of the funding sources is going away or may go away. You are all going to be voting on the budget and were
homing we can get that 20 million restored. But that is going to be a challenge there. But yes thank you very much for coming back to something we think will work.

Tomasz Wiltowski: Yes and as of today I know what’s happening with ICCI. At least the plan for today assuming the proposal will be approved. Is to help those students being affected by freezing the funds of ICCI. I have already gathered the data of how many students are being affected and by the end of April they will not be paid. The students in my mind are the last people that should be affected by this situation.

Phil Gonet: And these are students or graduate students working on the ICCI research projects.

Tomasz Wiltowski: Yes, so called research assistantship. Which I wasn’t able to make the promise yet because I don’t know what the outcome of today’s voting. But if it is yes, the students will be a priority.

Rep. Costello: I just want to say to be fair to Dr. Dunn that after the last meeting I kind of got the idea that you walked into a situation where some commitments were made that weren’t obviously able to be kept. So thank you for working with us. Getting us to a comfort level to where we’re comfortable making this grant.

President Dunn: I appreciate that Representative. I think the chair is absolutely correct though, as we were able to sit and work through this I think we ended up with a better proposal. We have a number of research centers on campus and what we tell them is we want them to become self-sufficient over about 3 years’ time and that comports pretty nicely to the time frame here. But when we take these on we also have to be willing to do the work that’s required to help them to figure out the funding for the long haul. But we don’t know where ICCI is going, but you heard Tomasz mention the Department of Energy maybe providing us some openings. We are going out to DC next week. Obviously Tomasz make those trips and were going to use this to make leverage for maybe Federal funding or other grants. And we have as good of opportunity here as we have on any of our research centers on campus to make this sustaining over time. And as I say we are committed on the tenure track highers to make sure that there are bodies in there to do the work.

Phil Gonet: I guess to fill in the blanks, before the last meeting I had a teleconference with Chancellor Sarvela before he unfortunately passed away and I told him I said the proposal doesn’t say department of energy but don’t change it. Take it to the Clean Coal Review Board meeting at the end of the month and we can discuss it. I want the board and then that didn’t get communicated to the President and I was with him the night before and we didn’t even discuss it. And I assumed that that discussion went on so I want to apologize for kind an attack or blind siding you.

President Dunn: No, No, need to apologize. It’s made better work.

Phil Gonet: But the result is something we can live with.

Joe Angleton: A follow up to what Phil said about the money, the office of Coal Development. It looks like were probably gonna do an interagency agreement for 4 million dollars for the permitting. But if the governor keeps even a skeletal office there, he can still sweep that money at the end of the year. And we can still have support for Coal. And we need to all work together to try our damndest and make sure that gets included. There’s no need for that to go away. Coal is under attack like it has never been before, and we need that office of coal development.
Rep. Phelps: To your point, let’s not forget everything that we have going on right now. You got the Comed bill, you got the clean jobs bill, you got the Exelon bail out, I think it’s the perfect time for us to try and make sure we are in the conversation.

Joe Angleton: You are absolutely right.

Rep. Phelps: Now is the perfect time.

Phil Gonet: The problem with that is, and this is great I have all of you here. It’s hard for us on the Exelon bail out to be to be anything but opposed. I don’t see a compromised position for us there. And the main reason is that they are creating this clean carbon, low carbon portfolio standard, which is similar to the clean coal portfolio standard where you are allowed to raise rates about 2% impact on rate payers. That was set up years ago for Tanasca and Futuregen and in fact Sargas falls under that. And there is a bill in the Senate to help Sargas along which gets pulled into all of this stuff. But Exelon and Comed killed the Tanasca project. We have no clean coal projects going on in Illinois because they came out 125% in opposition. And most of our republican friends in the senate, these are the only two guys who voted for it. And because the business groups, the state chamber and the manufacturers association went against that but it was led by Comed and Exelon. So if it was bad for Tanasca then why is the same process good for Exelon now. And secondly, they won’t open their books. They are saying they are unprofitable, but if they want money, then prove it. And they refuse to open their books. And then there is this latest information is the auctions where they are bidding for capacity. I saw, I didn’t read it, but I guess there is some controversy over maybe the Clinton boost it’s not 50 million but something in between. But that whole thing begs for why do we have to settle this now, let’s get the actual data. And I don’t think any of you want to deal with this, I’m looking at the legislators now, you got a budget problem and everything else, put this off. For the clean jobs bill, I just want someone to ask them how, to explain the 32,000 new jobs that they claim they are going to have each year. Because they have a 100,000 they claim that are green jobs in the state right now but my bet is that 90% of them are furnace repair people who have put in an energy efficient furnace and now they are a clean job. So there is no new jobs, they are just reclassifying the jobs. And now they say 32,000. But the main, but our main opposition, coals main opposition to the clean jobs bill is that it sets up a cap and trade program. And it is getting ahead of the federal carbon plan and I don’t think we need to lead the charge on that. So there is two reasons those two issues should not, and we would oppose any action on that. And I don’t see a compromise, and everyone says what’s in it for coal. Well and I say make all the coal burning power plants in Illinois right now burn Illinois coal. And that’s a stretch. Because first of all, two of my members Arch and Peabody supply them with coal from Wyoming and so I’ve got my members in friction. I want all those plants to burn Illinois coal. 60 million tons of coal come into Illinois each year to be burned in our power plants. That’s 60 million tons that could be coming from Illinois if they put on scrubbers.

Senator McCann: Arch and Peabody could sink some new shafts and sleeves.

Phil Gonet: And if it comes down to that, Senator, we are for Illinois. We may lose Arch and Peabody down the road because they want to hang on to the market for those plants. There are several challenges, first and for most you can’t pass a law to force them to do that, there has to be incentives. And I don’t know what those incentives are and it might take time to develop those. Another reason to put this on the back burner. This board was formed in 1997 when electricity was deregulated. Commonwealth Edison got a windfall because they sold their coal burning power plants. The plants were fully depreciated. So then they get money, which they should have given back to the rate payers.
Because the rate payers paid for those plants. They were fully depreciated. But they were magnanimous, I don’t know how much money they kept, they gave us 25 million, they gave the environmentalist 225 million. I don’t think that was a fair share. But at that time we weren’t in favor at that time as we are now, and that’s how we got established. So everyone says there is going to be money out there but that money has to come from some place. And it’s not going to come from the state budget.

Rep. Phelps: Where we at after we do this at SIU, which I’m totally in favor of. Where we at with our fund? We won’t stand at zero, right?

Phil Gonet: No, we are leaving about $460,000 out there. Because that is the other thing like Tomasz mentioned the Sargas project that’s in Mattoon. They’re going to capture and then pipe CO2 underground for enhanced oil recovery. Now when oil is at $50 per barrel that’s not as attractive as when it’s a $100 per barrel. But the truth of the matter is, southeastern Illinois is ripe for enhanced oil recovery. And so they are testing in Mattoon, in fact they already have contracts with some of the oil well owners right now to test this out. But their challenge is they need to get the law changed with the IL power agency so they can bid into the purchase power plants. But the IEPA last year said we don’t have the authority to take any clean coal power except for Tanasca and Futuregen. And those two projects don’t exist. So unfortunately I don’t think Sargas is gonna happen this year because it’s linked to the Exelon Bail out.

Senator Luechtefeld: Do we have any quick questions? We have a couple members that have to leave.

Senator McCann: I would just like to ask Dan Wheeler if he has any comments on this proposal.

Dan Wheeler: I am a little disadvantaged because I wasn’t provided the proposal so I don’t know exactly what it says. But one thing I would like to comment to is that as of May 1, the Illinois Clean Coal Institute will cease to exist. And I have been reassured, unfortunately, will probably never be brought back. So my comment would focus on the fact that we run the only coal research development program in Illinois and there might be a few others in the United States that do coal research right now. So that would go away. My concern would be is that the ICCI would be more than willing to cost share projects with this new energy department which would work out great. But financially 2 million for us, or 4 million for us would last about 2 years to do coal research, to have a good coal research program. So my question would be, administratively how are projects selected, how are costs kept down, how are cost share projects being brought in to leverage, because that is what we try to do in our coal research program. Is to leverage outside money, to leverage DOE money, to leverage, just last year we leveraged about 8 million DOE funds. Unfortunately with the ceasing of coal funds or ICCI funds, we are going to lose a lot of those federal monies in the state of Illinois. So I guess the interaction between the monies that are going to SIU and the leveraging of, because really that is what the governor was addressing in some of these private partnerships, is leveraging of other business or other state or other outside funds, private funds. So that would be my only question and I don’t know how that would work.

Senator Luechtefeld: I don’t have an answer for that.

Tomasz Wiltowski: I’m meeting actually with ICCI in a few days.

Dan Wheeler: Well you better do it before April 30.
Senator Luechtelfeld: I will entertain a motion before you leave.

Motion made by Rep. Phelps, 2nd by Senator Forby.

Senator Luechtelfeld: So all in favor say aye, opposed? Thank you.

Anything else to come before the meeting today? Tomasz, anything else to come before the meeting today or Phil.

Phil Gonet: In case you want a copy, if I haven’t given you already, I have a copy of the letter that I sent to Schulz, the director of DCEO just outlining why we think it’s important to keep the Office of Coal Development going. I will just leave one here if I didn’t already.

Senator Luechtelfeld: So if there is nothing more to come before the meeting, I would entertain a motion to adjourn.

Motion made by Phil Gonet, 2nd by Rep. Bryant.