

**Agency: Commerce, Community and Economic Development****Grant Recipient: Community & Economic Dev****Project Title:****Project Type:** Planning and Research

# Alaska Industrial Development & Export Authority - Coal to Liquids Certification Project

**State Funding Requested: \$500,000**  
One-Time Need**House District:** Statewide (1-40)**Brief Project Description:**

Certification by the Air Force of Alaska coals as a precursor to a \$5 Billion Coal-to-Liquids facility to be located in Alaska.
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**Funding Plan:**

Total Project Cost:	\$1,125,000
Funding Already Secured:	(\$625,000)
FY2012 State Funding Request:	(\$500,000)
Project Deficit:	\$0

*Funding Details:*

\* *Technology partner Accelergy Corporation will contribute a \$500,000 payment for this certification upon a grant match being provided by the State of Alaska.*

\* *PacRim Coal,LP will provide bulk coal samples at no direct cost to the certification, a value estimated at \$125,000.*

**Detailed Project Description and Justification:**

The privately-financed \$5 billion Alaskan Coal-to-Liquids Project is intended to produce 60,000 barrels per day of aviation fuels for the Alaska commercial and military markets, and requires no government subsidies or grants. However, the certification of Alaska coals by the Air Force Research Lab is a precursor to this project start-up. This certification process will cost \$1 million in direct third-party costs. Technology partner Accelergy Corporation is willing to contribute \$500,000 towards these direct costs, and other participants are willing to contribute an additional \$125,000 of in-kind support. The certification remains with the Alaskan coal i.e. the Alaskan coal will be the beneficiaries of this USAF certification.

The coal certification is a gated, three-phase process that will take about a year. (Gated means that if any phase is unsuccessful, which is not expected, subsequent phases will not be funded). Main activities of each phase and the expenditure by phase:

- I. Lab testing and process optimization - \$250,000
- II. Autoclave production of distillates - \$320,000
- III. USAF Tier 1-2 Testing - \$430,000

The Alaska Industrial Development and Export Authority has agreed to oversee the certification process, and audit the expenditures. Accelergy Corporation will work with the Authority in completing this project under this grant providing the proprietary technical expertise for the project. The certification process is expected to take about one calendar year.

The full-scale Coal-To-Liquids project and this coal certification has numerous advantages for the State of Alaska:

- \* Largest private investment project (at \$5 billion) since TAPS,
- \* Produce 60,000 bpd of competitively-priced aviation fuels,
- \* Will also produce 40,000 bpd of petrochemicals for value-added or export,
- \* Can also produce bio-safe, bio-degradable diesel fuels for Village use,
- \* Project will have 2000+ construction and 700 operational jobs,
- \* Project will compliment Alaska's in-state refiners' efforts; not compete,
- \* Lower average jet fuel costs will reverse decline in AIA air cargo growth,
- \* Project can generate 200MW to 400MW of inexpensive waste heat electric power,
- \* Project can be an industrial natural gas user justifying a North Slope/Cook Inlet gas line,
- \* The full-scale project would pay State royalties on 6 million tons of coal & 200 million SCFD of natural gas annually; State corporate taxes on sales revenues of around \$4 billion annually, and effectively double the tax base of the Kenai Peninsula Borough or Mat-Su Valley.

### Project Timeline:

The coal certification process will take about a calendar year. Assuming the State funds are available at the beginning of the State's fiscal year:

- 1 Jul 2011 - \$125,000
- (est) 1 Sep 2011 - \$160,000
- (est) 1 Nov 2011 - \$215,000
- (est) Jun 2012 - Certification complete.

### Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Funding is for certification of Alaska-owned coals - no O&M requirement.

### Grant Recipient Contact Information:

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Has this project been through a public review process at the local level and is it a community priority?  Yes  No