

DOE/TIC--10561

NOTICE
This report was prepared as an account of work sponsored by the United States Government. Neither the United States nor the United States Department of Energy, nor any of their employees, nor any of their contractors, subcontractors, or their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness or usefulness of any information, apparatus, product or process disclosed, or represents that its use would not infringe privately owned rights.



FINAL REPORT

Incentives for Synthetic Fuels

by

George C. Sponsler, President
International Planning Management Corporation
7910 Woodmont Avenue, Suite 1103
Bethesda, Maryland 20014

The views and conclusions contained in this document are those of the authors and should not be interpreted as necessarily representing the official policies of the U.S. Government.

Prepared under FEA Contract CO-05-50216-00

July 31, 1975

MASTER

DISTRIBUTION OF THIS DOCUMENT IS UNLIMITED

CONTENTS

	<u>Page</u>
I. EXECUTIVE SUMMARY	1
A. Introduction	1
B. Incentives Statements	6
C. Overview of Responses	10
D. Incentive Popularity	13
E. Suggested Modifications	22
F. Legislative Implications	26
G. Principal Conclusions and Recommendations	28
II. INDUSTRY COMMENTS	31
A. Specific Comments on Incentives	33
1. Gas Companies	33
a. High BTU Coal Gasification	33
b. Low BTU Coal Gasification	36
2. Oil Companies	38
a. High and Low BTU Coal Gasification	38
b. Oil from Shale	41
c. General	45
3. Utilities	47
a. Low BTU Coal Gasification	47
b. General	47
4. Others	48
a. High and Low BTU Coal Gasification	48
b. Oil from Shale	48
B. Specific Comments on Hypothetical Terms and Conditions and Suggestions for Changes in the Incentives	50
1. Gas Companies	50
a. High BTU Coal Gasification	50
b. Low BTU Coal Gasification	55
2. Oil Companies	56
a. High and Low BTU Coal Gasification	56
b. Oil from Shale	59
c. General	63
3. Utilities	65
a. Low BTU Coal Gasification	65

	<u>Page</u>
4. Others.	67
a. High and Low BTU Coal Gasification.	67
b. Oil from Shale	67
C. General Comments on Incentives	69
1. Gas Companies	69
2. Oil Companies	70
3. Utilities	72
4. Others.	73
D. Miscellaneous Comments	74
1. Gas Companies	74
2. Oil Companies	81
3. Utilities	87
4. Others.	90
Appendix A - Letter from Frank G. Zarb	A-1
Appendix B - Sample Interview Arrangement Letter.	B-1
Appendix C - Outline of Hypothetical Terms and Conditions	C-1