



## Department of Energy

Washington, DC 20585

July 3, 2014

His Excellency Zhang Yuqing  
Deputy Administrator  
National Energy Administration  
People's Republic of China

Dear Deputy Administrator Zhang:

As we have discussed, the United States and China share an interest in reducing greenhouse gas emissions to limit the risks posed by global climate change. Technology development, demonstration, and deployment are core functions of the U.S. Department of Energy's Office of Fossil Energy, and we are open to new ways to work with the National Energy Administration and others in China to achieve those goals. Today, I am writing to seek your support for one of the premier carbon capture, utilization, and storage (CCUS) demonstration projects in the United States.

The Texas Clean Energy Project (TCEP), which is being developed by Seattle-based Summit Power Group, is an integrated gasification combined cycle facility that will incorporate carbon capture and storage technology in a first-of-its-kind commercial clean coal power plant. Low-carbon power (400 megawatts), urea, and carbon dioxide (CO<sub>2</sub>) for enhanced oil recovery (EOR) will be produced from TCEP. TCEP is a key part of the U.S. CCUS portfolio, and DOE has invested \$450 million into the project.

As you are aware, the United States and China are the largest coal producers and users in the world. Thus, we share common concerns, interests, and responsibilities to use coal in a sustainable and environmentally-acceptable manner. CCUS technology is one of the most important tools in the U.S. strategy in combating climate change. It is important to demonstrate CCUS on a commercial scale. The use of CO<sub>2</sub> injection for EOR and co-production of water also fits well into China's desire for energy security and its search for diversified sources of fossil energy.

To that end, Summit Power has identified Chinese partners to participate in and to help finance TCEP. Thus far, Export-Import Bank of China has agreed to provide additional project finance. Huanqiu Contracting and Engineering Corporation, a subsidiary of the China National Petroleum Corporation, will provide the engineering services.

TCEP has also been proposed as a counter-facing project for the Huaneng GreenGen Phase 2 Project under the U.S.-China Climate Change Working Group CCUS initiative. Under the counter-facing project arrangement, Summit Power and Huaneng will help each other in the planning and operation of TCEP and Phase 2 of GreenGen by sharing non-proprietary information and results from the respective projects. Huaneng will also assist Summit Power in the commissioning of the TCEP plant.



I hope that the National Energy Administration will welcome this collaborative partnership. For your reference, I have enclosed a power point presentation prepared by Summit Power, which provides an overview of TCEP. I look forward to our mutual support for this project and to seeing you in Denver, Colorado at the U.S.-China Oil and Gas Industry Forum later this year.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Smith", written in a cursive style.

Christopher A. Smith  
Principal Deputy Assistant Secretary  
Office of Fossil Energy

Enclosure