

ANNEX III
TO THE AGREEMENT
BETWEEN
THE DEPARTMENT OF ENERGY OF THE UNITED STATES OF AMERICA
AND
THE MINISTRY OF INDUSTRY, COMMERCE AND HANDICRAFT
OF THE REPUBLIC OF ITALY
TO COOPERATE IN THE FIELD OF FOSSIL ENERGY

WHEREAS, the Department of Energy of the United States of America (hereinafter referred to as "DOE") and the Ministry of Industry, Commerce and Handicraft of the Republic of Italy (hereinafter referred to as "MICA") have entered into an Agreement of Cooperation in the field of energy research and development on May 26, 1995 (hereinafter referred to as the "Agreement");

WHEREAS, DOE and MICA (hereinafter referred to as the "parties") have a mutual interest in exchanging experience and views on opportunities for expanded fossil energy utilization, including clean coal research, development, and demonstration technologies, and in pursuing general collaboration in these areas;

WHEREAS, the Parties recognize the contributions of fossil fuel technologies, including advanced power systems technology development, to fuel diversity, enhancing mutual environmental protection and energy security, and expanding opportunities for international trade; and

WHEREAS, the Parties will mutually benefit from collaboration in the deployment and use of fossil fuel and fossil fuel technologies;

NOW, THEREFORE, the Parties agree to enter into this Annex in accordance with Article IV of the Agreement.

ARTICLE I
MANAGEMENT

The Assistant Secretary for Fossil Energy shall be responsible for the implementation of this Annex for DOE. The Director General for Energy Sources will be responsible for the implementation of this Annex for MICA.

Each Party shall designate one Program Coordinator for this Annex; these Program Coordinators shall provide technical management and coordinate activities under this Annex. Each task undertaken under this Annex shall be covered by a work plan that is approved by both of the Coordinators, each of whom shall then designate a Co-Project Officer for that specific task.

ARTICLE II
SCOPE

The Parties agree to cooperate in a manner that will facilitate joint activities and market deployment of fossil energy technologies in an environmentally responsible way. Pursuant to Article II of the Agreement, these joint activities may include, but need not be limited to:

- (1) Consultations by senior program officials to permit joint planning of cooperative projects for which the participating organizations agree to share the tasks, the costs, or both;
- (2) Joint technical evaluation of fossil energy technologies. In recognition of the important role of coal in the Italian fuel mix, the Parties shall cooperate to facilitate the application of these technologies to resolve issues concerning coal use;
- (3) Exchange of technical and economic data, including clean coal data regarding power systems, fuel upgrading, and environmental control options, and co-sponsorship of conferences and seminars specifically related to:
 - Advanced power systems, combustion technologies, and developmental components and sub-systems, such as air-blown gasification, pressurized fluidized-bed combustion, externally fired combined-cycle systems, hot-gas cleanup, and the combustion of coal-water mixtures;

- Advanced coal preparation, conversion and utilization technologies, such as the manufacture of ultraclean coal-water mixtures, coal-water slurry transport systems, and direct and indirect coal liquefaction processes;
 - Environmental control technologies, such as wet and dry SO₂ scrubbers, NO_x reduction processes, including low NO_x burners and reburning technologies, combined SO₂ and NO_x control systems, selective catalytic and non-catalytic reduction (SCR and SNCR), high-efficiency particulate removal systems, and processes for by-product and ash utilization and/or waste management;
- (4) Joint review of appropriate research and development projects, both those in progress in the United States and Italy and those that are deemed meritorious for initiation to benefit the enhanced use of coal in Italy, followed by an agreed-upon plan to implement the findings and recommendations culminating from the review;
 - (5) Exchange visits to mutually agreed-upon United States and Italian commercial and clean coal technology research, development, and demonstration program facilities pertaining to the technical areas and issues described above;
 - (6) Training and internship program support for personnel in the aforementioned fossil energy technologies to strengthen related human resources and institutional government, university, and industry laboratory infrastructure, and to facilitate joint government and industry activities;
 - (7) Joint development of technical assistance programs to facilitate industrial partnerships between fossil energy industries of the United States and Italy;
 - (8) For developing and transitional economies, collaboration, including between the appropriate governmental and industrial entities, to provide them with technology transfer, information on appropriate technology including clean coal technologies, environmental protection, quality of life and sustainable development, and assistance with the privatization and restructuring of their energy sectors.

ARTICLE III

EXPENSES

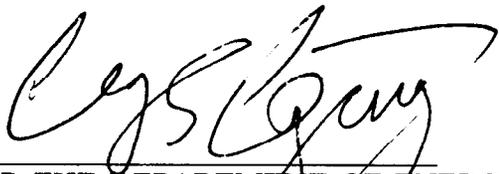
Each Party shall independently bear the costs that it incurs under this Annex unless otherwise agreed to in writing.

ARTICLE IV

GENERAL PROVISIONS

Cooperation under this Annex shall be subject to all of the provisions of the Agreements, the terms and conditions of which, including Annex I, "Intellectual Property," and Annex II, "Security Obligations," are hereby incorporated by reference.

SIGNED in Rome, Italy, this 7th day of May, 1997:



FOR THE DEPARTMENT OF ENERGY
OF THE UNITED STATES OF AMERICA



FOR THE MINISTRY OF INDUSTRY,
COMMERCE, AND HANDICRAFT OF
THE REPUBLIC OF ITALY