

STATEMENT OF CONSIDERATIONS

ADVANCE WAIVER OF PATENT RIGHTS TO ARIZONA PUBLIC SERVICE (APS). UNDER DOE CONTRACT NO. DE-FC26-06NT42759 FOR "ADVANCED HYDROGASIFICATION PROCESS"; CH-1376; W(A)-06-020

Arizona Public Service has petitioned for an advanced waiver of domestic and foreign patent rights to inventions conceived or first actually reduced to practice under DOE Contract No. DE-FC26-06NT42759. This advanced waiver is intended to apply to all subject inventions of APS's employees, other project participants, and lower tier subcontractors, regardless of tier, except subcontractors eligible to obtain title pursuant to P.L. 96-517 as amended, and National Laboratories.

As brought out in its waiver petition, APS will develop and commercialize the Advanced Hydrogasification Process.

As indicated in its response to Question 3 in its waiver petition, the total value of this agreement is expected to be about \$12,951,522.00. For phases I and II the participants have a 20% cost share and for phase III a 35% cost share. The performance period for this agreement is expected to be one year for phase I and II and three years for phase III.

In response to Question 7 of the waiver petition, APS formulated the project, developed the process design and developed the test plan to evaluate viability of the technology.

As brought out in Question 5, APS and other members of the team have significant background in the technology of the project and hold patents in the technology.

In view of the cost sharing and other equities between APS , other Project Participants, and lower tier subcontractors, it is anticipated that the parties will develop an appropriate allocation of patent rights among the participants to facilitate the expeditious development of the technology forming the subject matter of the agreement. Accordingly DOE will waive title to all subject inventions made by APS' employees, other project participants and lower tier subcontractors, regardless of tier, except inventions made by other project participants or subcontractors eligible to

retain title pursuant to P.L. 96-517, as amended, or National Laboratories, to APS, other participants or subcontractors, as mutually agreed by the parties. Except as otherwise approved in writing by DOE Patent Counsel, a party's acceptance of a subcontract under this agreement, at any tier, shall constitute APS's certification that it has provided that party with a copy of this Statement of Considerations, and that party's notice to DOE that it accepts the terms and conditions of this advanced waiver. Additionally, other project participants and subcontractor who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver conditions. Those terms include the usual Government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes a U.S. Competitiveness clause, (paragraph t), which requires that products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. The Contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived inventions undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

The grant of this waiver is not expected to have any adverse effects on competition or market concentration. In response to Question 10, granting of this waiver will add a new dimension to the coal to gas technologies currently available.

Considering the foregoing, and in view of the statutory objectives to be attained and the factors to be considered, it has been determined that this advance waiver of patent rights will best

serve the interest of the United States and the general public. Subject to APS providing its cost sharing, in aggregate over the term of this, and subsequent phases of the agreement, it is recommended that the waiver be granted.


Mark Dvorscak
Acting Deputy Chief Counsel
Intellectual Property Law Division

Date: 12-7-06


for Joy Alwan
Patent Attorney
Intellectual Property Law Division

Date: 12-7-06

Based on the foregoing Statement of Considerations, it is determined that the interest of the United States and the general public will be best served by a waiver of the United States and foreign rights as set forth therein, and therefore the waiver is granted. This waiver shall not affect any waiver previously granted.

CONCURRENCE:


Clarence L. Miller
Director
Office of Sequestration, hydrogen &
Clean Coal Fuel
E-138/GTN

Date: DECEMBER 13, 2006

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel for Technology
Transfer and Intellectual Property
GC-62

Date: 12-19-06

WAIVER ACTION - ABSTRACT

W(A)-06-020 (CH-1376)

REQUESTOR

Arizona Public Service
(APS)
Cooperative Agreement
No. DE-FC26-06NT42759

CONTRACT SCOPE OF WORK

Advanced Hydrogasification Process

RATIONALE FOR DECISION

20% cost sharing (phase I & II)
35% cost sharing (phase 3)

DISPOSITION