

109TH CONGRESS
2^D SESSION

S. 3623

To promote coal-to-liquid fuel activities.

IN THE SENATE OF THE UNITED STATES

JUNE 29, 2006

Mr. BUNNING (for himself, Mr. OBAMA, Mr. LUGAR, Mr. BURNS, Mr. PRYOR, Ms. MURKOWSKI, and Mr. BOND) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To promote coal-to-liquid fuel activities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Coal-to-Liquid Fuel
5 Promotion Energy Act of 2006”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) COAL-TO-LIQUID.—The term “coal-to-liq-
9 uid” means—

10 (A) with respect to a process or tech-
11 nology, the use of a feedstock, the majority of

1 which is the coal resources of the United
2 States, using the class of chemical reactions
3 known as Fischer-Tropsch, to produce synthetic
4 fuel suitable for transportation; and

5 (B) with respect to a facility, the portion
6 of a facility related to supplying inputs to the
7 Fischer-Tropsch process, Fischer-Tropsch fin-
8 ished fuel production, or the capture, transpor-
9 tation, or sequestration of byproducts of the use
10 of coal at the Fischer-Tropsch facility, including
11 carbon emissions.

12 (2) SECRETARY.—The term “Secretary” means
13 the Secretary of Energy.

14 **SEC. 3. COAL-TO-LIQUID FUEL LOAN GUARANTEE PRO-**
15 **GRAM.**

16 (a) ELIGIBLE PROJECTS.—Section 1703(b) of the
17 Energy Policy Act of 2005 (42 U.S.C. 16513(b)) is
18 amended by adding at the end the following:

19 “(11) Large-scale coal-to-liquid facilities (as de-
20 fined in section 2 of the Coal-to-Liquid Fuel Pro-
21 motion Energy Act of 2006) that use a feedstock,
22 the majority of which is the coal resources of the
23 United States, to produce not less than 10,000 bar-
24 rels a day of liquid transportation fuel.”.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
2 1704 of the Energy Policy Act of 2005 (42 U.S.C. 16514)
3 is amended by adding at the end the following:

4 “(c) COAL-TO-LIQUID PROJECTS.—

5 “(1) IN GENERAL.—There are authorized to be
6 appropriated such sums as are necessary to provide
7 the cost of guarantees for projects involving large-
8 scale coal-to-liquid facilities under section
9 1703(b)(11).

10 “(2) LIMITATIONS.—

11 “(A) IN GENERAL.—No loan guarantees
12 shall be provided under this title for projects
13 described in paragraph (1) after (as determined
14 by the Secretary)—

15 “(i) the tenth such loan guarantee is
16 issued under this title; or

17 “(ii) production capacity covered by
18 such loan guarantees reaches 100,000 bar-
19 rels per day of coal-to-liquid fuel.

20 “(B) INDIVIDUAL PROJECTS.—

21 “(i) IN GENERAL.—A loan guarantee
22 may be provided under this title for any
23 large-scale coal-to-liquid facility described
24 in paragraph (1) that produces no more

1 than 20,000 barrels of coal-to-liquid fuel
2 per day.

3 “(ii) NON-FEDERAL FUNDING RE-
4 QUIREMENT.—To be eligible for a loan
5 guarantee under this title, a large-scale
6 coal-to-liquid facility described in para-
7 graph (1) that produces more than 20,000
8 barrels of coal-to-liquid fuel per day shall
9 be required to provide non-Federal funding
10 for the proportional cost of the loan guar-
11 antee for production that exceeds 20,000
12 barrels of coal-to-liquid fuel per day.”.

13 **SEC. 4. COAL-TO-LIQUID FACILITIES LOAN PROGRAM.**

14 (a) DEFINITION OF ELIGIBLE RECIPIENT.—In this
15 section, the term “eligible recipient” means an individual,
16 organization, or other entity that owns, operates, or plans
17 to construct a coal-to-liquid facility that will produce at
18 least 10,000 barrels per day of coal-to-liquid fuel.

19 (b) ESTABLISHMENT.—The Secretary shall establish
20 a program under which the Secretary shall provide loans,
21 in a total amount not to exceed \$20,000,000, for use by
22 eligible recipients to pay the Federal share of the cost of
23 obtaining any services necessary for the planning, permit-
24 ting, and construction of a coal-to-liquid facility.

1 (c) APPLICATION.—To be eligible to receive a loan
2 under subsection (b), an owner or operator of a coal-to-
3 liquid facility shall submit to the Secretary an application
4 at such time, in such manner, and containing such infor-
5 mation as the Secretary may require.

6 (d) NON-FEDERAL MATCH.—To be eligible to receive
7 a loan under this section, an eligible recipient shall use
8 non-Federal funds to provide a dollar-for-dollar match of
9 the amount of the loan.

10 (e) REPAYMENT OF LOAN.—

11 (1) IN GENERAL.—To be eligible to receive a
12 loan under this section, an eligible recipient shall
13 agree to repay the original amount of the loan to the
14 Secretary not later than 5 years after the date of the
15 receipt of the loan.

16 (2) SOURCE OF FUNDS.—Repayment of a loan
17 under paragraph (1) may be made from any financ-
18 ing or assistance received for the construction of a
19 coal-to-liquid facility described in subsection (a), in-
20 cluding a loan guarantee provided under section
21 1703(b)(11) of the Energy Policy Act of 2005 (42
22 U.S.C. 16513(b)(11)).

23 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
24 authorized to be appropriated to carry out this section
25 \$200,000,000, to remain available until expended.

1 **SEC. 5. LOCATION OF COAL-TO-LIQUID MANUFACTURING**
2 **FACILITIES.**

3 The Secretary, in coordination with the head of any
4 affected agency, shall promulgate such regulations as the
5 Secretary determines to be necessary to support the devel-
6 opment on Federal land (including land of the Department
7 of Energy, military bases, and military installations closed
8 or realigned under the defense base closure and realign-
9 ment) of coal-to-liquid manufacturing facilities and associ-
10 ated infrastructure, including the capture, transportation,
11 or sequestration of carbon dioxide.

12 **SEC. 6. STRATEGIC PETROLEUM RESERVE.**

13 (a) DEVELOPMENT, OPERATION, AND MAINTENANCE
14 OF RESERVE.—Section 159 of the Energy Policy and Con-
15 servation Act (42 U.S.C. 6239) is amended—

16 (1) by redesignating subsections (f), (g), (j),
17 (k), and (l) as subsections (a), (b), (e), (f), and (g),
18 respectively; and

19 (2) by inserting after subsection (b) (as redesign-
20 nated by paragraph (1)) the following:

21 “(c) STUDY OF MAINTAINING COAL-TO-LIQUID
22 PRODUCTS IN RESERVE.—Not later than 1 year after the
23 date of enactment of the Coal-to-Liquid Fuel Promotion
24 Energy Act of 2006, the Secretary and the Secretary of
25 Defense shall—

1 “(1) conduct a study of the feasibility and suit-
2 ability of maintaining coal-to-liquid products in the
3 Reserve; and

4 “(2) submit to the Committee on Energy and
5 Natural Resources and the Committee on Armed
6 Services of the Senate and the Committee on Energy
7 and Commerce and the Committee on Armed Serv-
8 ices of the House of Representatives a report de-
9 scribing the results of the study.

10 “(d) CONSTRUCTION OF STORAGE FACILITIES.—As
11 soon as practicable after the date of enactment of the
12 Coal-to-Liquid Fuel Promotion Energy Act of 2006, the
13 Secretary may construct 1 or more storage facilities—

14 “(1) in the vicinity of pipeline infrastructure
15 and at least 1 military base; but

16 “(2) outside the boundaries of any State on the
17 coast of the Gulf of Mexico.”.

18 (b) PETROLEUM PRODUCTS FOR STORAGE IN RE-
19 SERVE.—Section 160 of the Energy Policy and Conserva-
20 tion Act (42 U.S.C. 6240) is amended—

21 (1) in subsection (a)—

22 (A) in paragraph (1), by inserting a semi-
23 colon at the end;

24 (B) in paragraph (2), by striking “and” at
25 the end;

1 (C) in paragraph (3), by striking the pe-
2 riod at the end and inserting “; and”; and

3 (D) by adding at the end the following:

4 “(4) coal-to-liquid products (as defined in sec-
5 tion 2 of the Coal-to-Liquid Fuel Promotion Energy
6 Act of 2006), as the Secretary determines to be ap-
7 propriate, in a quantity not to exceed 20 percent of
8 the total quantity of petroleum products in the Re-
9 serve.”;

10 (2) in subsection (b), by redesignating para-
11 graphs (3) through (5) as paragraphs (2) through
12 (4), respectively; and

13 (3) by redesignating subsections (f) and (h) as
14 subsections (d) and (e), respectively.

15 (c) CONFORMING AMENDMENTS.—Section 167 of the
16 Energy Policy and Conservation Act (42 U.S.C. 6247) is
17 amended—

18 (1) in subsection (b)—

19 (A) by redesignating paragraphs (2) and
20 (3) as paragraphs (1) and (2), respectively; and

21 (B) in paragraph (2) (as redesignated by
22 subparagraph (A)), by striking “section 160(f)”
23 and inserting “section 160(e)”; and

1 ments with private companies or other entities
2 to develop and operate coal-to-liquid facilities
3 (as defined in section 2 of the Coal-to-Liquid
4 Fuel Promotion Energy Act of 2006) on or
5 near military installations.

6 “(B) CONSIDERATIONS.—In entering into
7 contracts and other agreements under subpara-
8 graph (A), the Secretary shall consider land
9 availability, testing opportunities, and proximity
10 to raw materials.”;

11 (2) in subsection (d)—

12 (A) by striking “Subject to applicable pro-
13 visions of law, any” and inserting “Any”; and

14 (B) by striking “1 or more years” and in-
15 serting “up to 25 years”; and

16 (3) by adding at the end the following:

17 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated such sums as are nec-
19 essary to carry out this section.”.

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