

# House Energy & Commerce Committee

  
Ranking Member

*Republicans*

[Bill text here](#)

## Maximizing Benefits of Coal-to-Liquid

- The United States has approximately 270 billion tons of coal reserves. If production of coal-to-liquids fuels were ramped up, we could reduce oil imports by more than 7.5 million barrels per day by 2025.
- Coal-to-liquid technology has been in existence since World War II and currently supplies South Africa with 40 percent of its transportation fuel.
- The bill would allow the Department of Energy to enter agreements with up to six coal liquefaction projects for the purpose of establishing price parameters that will provide the projects with a federal price guarantee
- Under the legislation, if the price of crude oil falls below an agreed-upon price, approximately \$40 per barrel, the federal government would make a payment to the facility owner, thereby establishing a price floor for the facility's product.
- Conversely, if the price of crude oil were to rise above a certain ceiling, beyond today's market price per barrel, the facility operator would have to make payments to the federal government.
- The legislation was established with both a floor and a ceiling to provide the necessary financial certainty to incent the launch of coal-to-liquids projects while simultaneously ensuring that participating facilities are not able to reap windfall profits simply by virtue of their participation in a program that lends federal backing in certain circumstances.
- The exact price levels for the floor and ceiling as well as the amount of the payments would be established as part of each project's agreement with the Department of Energy.
- The novelty of coal-liquefaction technologies to the United States means that obtaining the investment capital for facilities is still somewhat uncertain. This legislation will resolve much of the uncertainty and speed the arrival of coal-to-liquids plants in the United States.