

82

**AMENDMENT TO H.R. 3221**

**OFFERED BY MR. REHBERG OF MONTANA**

In title IX, after subtitle F, insert the following and make the necessary conforming changes in the table of contents:

1           **Subtitle G—Coal to Liquids**

2   **SEC. 9511. SHORT TITLE.**

3           This subtitle may be cited as the “Coal Liquid Fuel  
4 Act”.

5   **SEC. 9522. STANDBY LOANS FOR QUALIFYING COAL-TO-LIQUIDS PROJECTS.**

6           Section 1702 of the Energy Policy Act of 2005 (42  
7 U.S.C. 16512) is amended by adding at the end the fol-  
8 lowing new subsection:  
9

10          “(k) STANDBY LOANS FOR QUALIFYING CTL  
11 PROJECTS.—

12                 “(1) DEFINITIONS.—For purposes of this sub-  
13 section:

14                         “(A) CAP PRICE.—The term ‘cap price’  
15 means a market price specified in the standby  
16 loan agreement above which the project is re-  
17 quired to make payments to the United States.

1           “(B) FULL TERM.—The term ‘full term’  
2           means the full term of a standby loan agree-  
3           ment, as specified in the agreement, which shall  
4           not exceed the lesser of 30 years or 90 percent  
5           of the projected useful life of the project (as de-  
6           termined by the Secretary).

7           “(C) MARKET PRICE.—The term ‘market  
8           price’ means the average quarterly price of a  
9           petroleum price index specified in the standby  
10          loan agreement.

11          “(D) MINIMUM PRICE.—The term ‘min-  
12          imum price’ means a market price specified in  
13          the standby loan agreement below which the  
14          United States is obligated to make disburse-  
15          ments to the project.

16          “(E) OUTPUT.—The term ‘output’ means  
17          some or all of the liquid or gaseous transpor-  
18          tation fuels produced from the project, as speci-  
19          fied in the loan agreement.

20          “(F) PRIMARY TERM.—The term ‘primary  
21          term’ means the initial term of a standby loan  
22          agreement, as specified in the agreement, which  
23          shall not exceed the lesser of 20 years or 75  
24          percent of the projected useful life of the  
25          project (as determined by the Secretary).

1           “(G) QUALIFYING CTL PROJECT.—The  
2           term ‘qualifying CTL project’ means—  
3                   “(i) a commercial-scale project that  
4                   converts coal to one or more liquid or gas-  
5                   eous transportation fuels; or  
6                   “(ii) not more than one project at a  
7                   facility that converts petroleum refinery  
8                   waste products, including petroleum coke,  
9                   into one or more liquids or gaseous trans-  
10                  portation fuels,  
11           that demonstrates the capture, and sequestra-  
12           tion or disposal or use of, the carbon dioxide  
13           produced in the conversion process, and that,  
14           on the basis of a carbon dioxide sequestration  
15           plan prepared by the applicant, is certified by  
16           the Administrator of the Environmental Protec-  
17           tion Agency, in consultation with the Secretary,  
18           as producing fuel with life cycle carbon dioxide  
19           emissions at or below the average life cycle car-  
20           bon dioxide emissions for the same type of fuel  
21           produced at traditional petroleum based facili-  
22           ties with similar annual capacities.  
23                  “(H) STANDBY LOAN AGREEMENT.—The  
24           term ‘standby loan agreement’ means a loan  
25           agreement entered into under paragraph (2).

1           “(2) STANDBY LOANS.—

2           “(A) LOAN AUTHORITY.—The Secretary  
3           may enter into standby loan agreements with  
4           not more than 10 qualifying CTL projects, at  
5           least one of which shall be a project jointly or  
6           in part owned by two or more small coal pro-  
7           ducers. Such an agreement—

8                   “(i) shall provide that the Secretary  
9                   will make a direct loan (within the mean-  
10                  ing of section 502(1) of the Federal Credit  
11                  Reform Act of 1990) to the qualifying  
12                  CTL project; and

13                   “(ii) shall set a cap price and a min-  
14                   imum price for the primary term of the  
15                   agreement.

16           “(B) LOAN DISBURSEMENTS.—Such a loan  
17           shall be disbursed during the primary term of  
18           such agreement whenever the market price falls  
19           below the minimum price. The amount of such  
20           disbursements in any calendar quarter shall be  
21           equal to the excess of the minimum price over  
22           the market price, times the output of the  
23           project (but not more than a total level of dis-  
24           bursements specified in the agreement).

1           “(C) LOAN REPAYMENTS.—The Secretary  
2           shall establish terms and conditions, including  
3           interest rates and amortization schedules, for  
4           the repayment of such loan within the full term  
5           of the agreement, subject to the following limi-  
6           tations:

7                   “(i) If in any calendar quarter during  
8                   the primary term of the agreement the  
9                   market price is less than the cap price, the  
10                  project may elect to defer some or all of its  
11                  repayment obligations due in that quarter.  
12                  Any unpaid obligations will continue to ac-  
13                  cruce interest.

14                   “(ii) If in any calendar quarter during  
15                   the primary term of the agreement the  
16                   market price is greater than the cap price,  
17                   the project shall meet its scheduled repay-  
18                   ment obligation plus deferred repayment  
19                   obligations, but shall not be required to  
20                   pay in that quarter an amount that is  
21                   more than the excess of the market price  
22                   over the cap price, times the output of the  
23                   project.

24                   “(iii) At the end of the primary term  
25                   of the agreement, the cumulative amount

1 of any deferred repayment obligations, to-  
2 gether with accrued interest, shall be am-  
3 ortized (with interest) over the remainder  
4 of the full term of the agreement.

5 “(3) PROFIT-SHARING.—The Secretary is au-  
6 thORIZED to enter into a profit-sharing agreement  
7 with the project at the time the standby loan agree-  
8 ment is executed. Under such an agreement, if the  
9 market price exceeds the cap price in a calendar  
10 quarter, a profit-sharing payment shall be made for  
11 that quarter, in an amount equal to—

12 “(A) the excess of the market price over  
13 the cap price, times the output of the project;  
14 less

15 “(B) any loan repayments made for the  
16 calendar quarter.

17 “(4) COMPLIANCE WITH FEDERAL CREDIT RE-  
18 FORM ACT.—

19 “(A) UPFRONT PAYMENT OF COST OF  
20 LOAN.—No standby loan agreement may be en-  
21 tered into under this subsection unless the  
22 project makes an payment to the United States  
23 that the Office of Management and Budget de-  
24 termines is equal to the cost of such loan (de-  
25 termined under 502(5)(B) of the Federal Credit

1 Reform Act of 1990). Such payment shall be  
2 made at the time the standby loan agreement is  
3 executed.

4 “(B) MINIMIZATION OF RISK TO THE GOV-  
5 ERNMENT.—In making the determination of the  
6 cost of the loan for purposes of setting the pay-  
7 ment for a standby loan under subparagraph  
8 (A), the Secretary and the Office of Manage-  
9 ment and Budget shall take into consideration  
10 the extent to which the minimum price and the  
11 cap price reflect historical patterns of volatility  
12 in actual oil prices relative to projections of fu-  
13 ture oil prices, based upon publicly available  
14 data from the Energy Information Administra-  
15 tion, and employing statistical methods and  
16 analyses that are appropriate for the analysis of  
17 volatility in energy prices.

18 “(C) TREATMENT OF PAYMENTS.—The  
19 value to the United States of a payment under  
20 subparagraph (A) and any profit-sharing pay-  
21 ments under paragraph (3) shall be taken into  
22 account for purposes of section 502(5)(B)(iii) of  
23 the Federal Credit Reform Act of 1990 in de-  
24 termining the cost to the Federal Government  
25 of a standby loan made under this subsection.

1           If a standby loan has no cost to the Federal  
2           Government, the requirements of section 504(b)  
3           of such Act shall be deemed to be satisfied.

4           “(5) OTHER PROVISIONS.—

5                 “(A) NO DOUBLE BENEFIT.—A project re-  
6           ceiving a loan under this subsection may not,  
7           during the primary term of the loan agreement,  
8           receive a Federal loan guarantee under sub-  
9           section (a) of this section, or under other laws.

10                “(B) SUBROGATION, ETC.—Subsections  
11           (g)(2) (relating to subrogation), (h) (relating to  
12           fees), and (j) (relating to full faith and credit)  
13           shall apply to standby loans under this sub-  
14           section to the same extent they apply to loan  
15           guarantees.”.