

110TH CONGRESS  
1ST SESSION

# S. 154

To promote coal-to-liquid fuel activities.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 4, 2007

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

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## 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       Energy Act of 2007”.

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 reactions known as  
3           Fischer-Tropsch, to produce synthetic fuel suit-  
4           able for transportation; and

5                   (B) with respect to a facility, the portion  
6           of a facility related to producing the inputs to  
7           the Fischer-Tropsch process, the Fischer-  
8           Tropsch process, finished fuel production, or  
9           the capture, transportation, or sequestration of  
10          byproducts of the use of a feedstock that is pri-  
11          marily domestic coal at the Fischer-Tropsch fa-  
12          cility, including carbon emissions.

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

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

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

20                   “(11) Large-scale coal-to-liquid facilities (as de-  
21          fined in section 2 of the Coal-to-Liquid Fuel Energy  
22          Act of 2007) that use a feedstock, the majority of  
23          which is the coal resources of the United States, to  
24          produce not less than 10,000 barrels a day of liquid  
25          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) ALTERNATIVE FUNDING.—If no appropria-  
11 tions are made available under paragraph (1), an eli-  
12 gible applicant may elect to provide payment to the  
13 Secretary, to be delivered if and at the time the ap-  
14 plication is approved, in the amount of the estimated  
15 cost of the loan guarantee to the Federal Govern-  
16 ment, as determined by the Secretary.

17 “(3) LIMITATIONS.—

18 “(A) IN GENERAL.—No loan guarantees  
19 shall be provided under this title for projects  
20 described in paragraph (1) after (as determined  
21 by the Secretary)—

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

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

4           “(B) INDIVIDUAL PROJECTS.—

5           “(i) IN GENERAL.—A loan guarantee  
6           may be provided under this title for any  
7           large-scale coal-to-liquid facility described  
8           in paragraph (1) that produces no more  
9           than 20,000 barrels of coal-to-liquid fuel  
10          per day.

11          “(ii) NON-FEDERAL FUNDING RE-  
12          QUIREMENT.—To be eligible for a loan  
13          guarantee under this title, a large-scale  
14          coal-to-liquid facility described in para-  
15          graph (1) that produces more than 20,000  
16          barrels per day of coal-to-liquid fuel shall  
17          be eligible to receive a loan guarantee for  
18          the proportion of the cost of the facility  
19          that represents 20,000 barrels of coal-to-  
20          liquid fuel per day of production.

21          “(4) REQUIREMENTS.—

22          “(A) GUIDELINES.—Not later than 180  
23          days after the date of enactment of this sub-  
24          section, the Secretary shall publish guidelines

1 for the coal-to-liquids loan guarantee applica-  
2 tion process.

3 “(B) APPLICATIONS.—Not later than 1  
4 year after the date of enactment of this sub-  
5 section, the Secretary shall begin to accept ap-  
6 plications for coal-to-liquid loan guarantees  
7 under this subsection.

8 “(C) DEADLINE.—Not later than 1 year  
9 from the date of acceptance of an application  
10 under subparagraph (B), the Secretary shall  
11 evaluate the application and make final deter-  
12 minations under this subsection.

13 “(5) REPORTS TO CONGRESS.—The Secretary  
14 shall submit to the Committee on Energy and Nat-  
15 ural Resources of the Senate and the Committee on  
16 Energy and Commerce of the House of Representa-  
17 tives a report describing the status of the program  
18 under this subsection not later than each of—

19 “(A) 180 days after the date of enactment  
20 of this subsection;

21 “(B) 1 year after the date of enactment of  
22 this subsection; and

23 “(C) the dates on which the Secretary ap-  
24 proves the first and fifth applications for coal-

1           to-liquid loan guarantees under this sub-  
2           section.”.

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

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

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

15           (c) APPLICATION.—To be eligible to receive a loan  
16 under subsection (b), the eligible recipient shall submit to  
17 the Secretary an application at such time, in such manner,  
18 and containing such information as the Secretary may re-  
19 quire.

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

24           (e) REPAYMENT OF LOAN.—

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

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

13          (f) REQUIREMENTS.—

14           (1) GUIDELINES.—Not later than 180 days  
15          after the date of enactment of this Act, the Sec-  
16          retary shall publish guidelines for the coal-to-liquids  
17          loan application process.

18           (2) APPLICATIONS.—Not later than 1 year  
19          after the date of enactment of this Act, the Sec-  
20          retary shall begin to accept applications for coal-to-  
21          liquid loans under this section.

22          (g) REPORTS TO CONGRESS.—Not later than each of  
23          180 days and 1 year after the date of enactment of this  
24          Act, the Secretary shall submit to the Committee on En-  
25          ergy and Natural Resources of the Senate and the Com-

1 mittee on Energy and Commerce of the House of Rep-  
2 resentatives a report describing the status of the program  
3 under this section.

4 (h) AUTHORIZATION OF APPROPRIATIONS.—There is  
5 authorized to be appropriated to carry out this section  
6 \$200,000,000, to remain available until expended.

7 **SEC. 5. LOCATION OF COAL-TO-LIQUID MANUFACTURING**  
8 **FACILITIES.**

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

18 **SEC. 6. STRATEGIC PETROLEUM RESERVE.**

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

22 (1) by redesignating subsections (f), (g), (j),  
23 (k), and (l) as subsections (a), (b), (e), (f), and (g),  
24 respectively; and



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

3           “(c) STUDY OF MAINTAINING COAL-TO-LIQUID  
4 PRODUCTS IN RESERVE.—Not later than 1 year after the  
5 date of enactment of the Coal-to-Liquid Fuel Energy Act  
6 of 2007, the Secretary and the Secretary of Defense  
7 shall—

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

11          “(2) submit to the Committee on Energy and  
12          Natural Resources and the Committee on Armed  
13          Services of the Senate and the Committee on Energy  
14          and Commerce and the Committee on Armed Serv-  
15          ices of the House of Representatives a report de-  
16          scribing the results of the study.

17          “(d) CONSTRUCTION OF STORAGE FACILITIES.—As  
18          soon as practicable after the date of enactment of the  
19          Coal-to-Liquid Fuel Energy Act of 2007, the Secretary  
20          may construct 1 or more storage facilities in the vicinity  
21          of pipeline infrastructure and at least 1 military base.”.

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

25                 (1) in subsection (a)—

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

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

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

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

8 “(4) coal-to-liquid products (as defined in sec-  
9 tion 2 of the Coal-to-Liquid Fuel Energy Act of  
10 2007), as the Secretary determines to be appro-  
11 priate, in a quantity not to exceed 20 percent of the  
12 total quantity of petroleum and petroleum products  
13 in the Reserve.”;

14 (2) in subsection (b), by redesignating para-  
15 graphs (3) through (5) as paragraphs (2) through  
16 (4), respectively; and

17 (3) by redesignating subsections (f) and (h) as  
18 subsections (d) and (e), respectively.

19 (c) CONFORMING AMENDMENTS.—Section 167 of the  
20 Energy Policy and Conservation Act (42 U.S.C. 6247) is  
21 amended—

22 (1) in subsection (b)—

23 (A) by redesignating paragraphs (2) and  
24 (3) as paragraphs (1) and (2), respectively; and

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

4 (2) in subsection (d), in the matter preceding  
5 paragraph (1), by striking “section 160(f)” and in-  
6 serting “section 160(e)”.

7 **SEC. 7. AUTHORIZATION TO CONDUCT RESEARCH, DEVELOP-**  
8 **MENT, TESTING, AND EVALUATION OF AS-**  
9 **SURED DOMESTIC FUELS.**

10 Of the amount authorized to be appropriated for the  
11 Air Force for research, development, testing, and evalua-  
12 tion, \$10,000,000 may be made available for the Air Force  
13 Research Laboratory to continue support efforts to test,  
14 qualify, and procure synthetic fuels developed from coal  
15 for aviation jet use.

16 **SEC. 8. COAL-TO-LIQUID LONG-TERM FUEL PROCUREMENT**  
17 **AND DEPARTMENT OF DEFENSE DEVELOP-**  
18 **MENT.**

19 Section 2398a of title 10, United States Code is  
20 amended—

21 (1) in subsection (b)—

22 (A) by striking “The Secretary” and in-  
23 serting the following:

24 “(1) IN GENERAL.—The Secretary”; and

25 (B) by adding at the end the following:

1           “(2) COAL-TO-LIQUID PRODUCTION FACILI-  
2 TIES.—

3           “(A) IN GENERAL.—The Secretary of De-  
4 fense may enter into contracts or other agree-  
5 ments with private companies or other entities  
6 to develop and operate coal-to-liquid facilities  
7 (as defined in section 2 of the Coal-to-Liquid  
8 Fuel Energy Act of 2007) on or near military  
9 installations.

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

15           (2) in subsection (d)—

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

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

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

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

1 **SEC. 9. REPORT ON EMISSIONS OF FISCHER-TROPSCH**  
2 **PRODUCTS USED AS TRANSPORTATION**  
3 **FUELS.**

4 (a) **IN GENERAL.**—In cooperation with the Adminis-  
5 trator of the Environmental Protection Agency, the Sec-  
6 retary of Defense, the Administrator of the Federal Avia-  
7 tion Administration, and the Secretary of Health and  
8 Human Services, the Secretary shall—

9 (1) carry out a research and demonstration pro-  
10 gram to evaluate the emissions of the use of Fischer-  
11 Tropsch fuel for transportation, including diesel and  
12 jet fuel;

13 (2) evaluate the effect of using Fischer-Tropsch  
14 transportation fuel on land and air engine exhaust  
15 emissions; and

16 (3) in accordance with subsection (e), submit to  
17 Congress a report on the effect on air quality and  
18 public health of using Fischer-Tropsch fuel in the  
19 transportation sector.

20 (b) **GUIDANCE AND TECHNICAL SUPPORT.**—The Sec-  
21 retary shall issue any guidance or technical support docu-  
22 ments necessary to facilitate the effective use of Fischer-  
23 Tropsch fuel and blends under this section.

24 (c) **FACILITIES.**—For the purpose of evaluating the  
25 emissions of Fischer-Tropsch transportation fuels, the  
26 Secretary shall—

1           (1) support the use and capital modification of  
2 existing facilities and the construction of new facili-  
3 ties at the research centers designated in section  
4 417 of the Energy Policy Act of 2005 (42 U.S.C.  
5 15977); and

6           (2) engage those research centers in the evalua-  
7 tion and preparation of the report required under  
8 subsection (a)(3).

9           (d) REQUIREMENTS.—The program described in sub-  
10 section (a)(1) shall consider—

11           (1) the use of neat (100 percent) Fischer-  
12 Tropesch fuel and blends of Fischer-Tropsch fuels  
13 with conventional crude oil-derived fuel for heavy-  
14 duty and light-duty diesel engines and the aviation  
15 sector; and

16           (2) the production costs associated with domes-  
17 tic production of those fuels and prices for con-  
18 sumers.

19           (e) REPORTS.—The Secretary shall submit to the  
20 Committee on Energy and Natural Resources of the Sen-  
21 ate and the Committee on Energy and Commerce of the  
22 House of Representatives—

23           (1) not later than 180 days after the date of  
24 enactment of this Act, an interim report on actions  
25 taken to carry out this section; and

1           (2) not later than 1 year after the date of en-  
2           actment of this Act, a final report on actions taken  
3           to carry out this section.

4           (f) AUTHORIZATION OF APPROPRIATIONS.—There  
5           are authorized to be appropriated such sums as are nec-  
6           essary to carry out this section.

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