

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5778

To provide further incentives for the commercialization of coal-to-liquid fuel activities.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 12, 2006

Mr. RAHALL introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Science and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide further incentives for the commercialization of 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 2006”.

6 **SEC. 2. DEFINITION.**

7 In this Act:

1           (1) COAL-TO-LIQUID FUEL.—The term “coal-to-  
2           liquid fuel” means any liquid fuel derived from coal  
3           through the Fischer-Tropsch process.

4           (2) SECRETARY.—The term “Secretary” means  
5           the Secretary of Energy.

6 **SEC. 3. COAL-TO-LIQUID FUEL LOAN GUARANTEE PRO-**  
7 **GRAM.**

8           Section 1703(b) of the Energy Policy Act of 2005  
9           (42 U.S.C. 16513(b)) is amended by adding at the end  
10          the following:

11           “(11) Large-scale coal-to-liquid fuel facilities  
12          (as defined in section 2 of the Coal-to-Liquid Fuel  
13          Energy Act of 2006).”.

14 **SEC. 4. COAL-TO-LIQUID FUEL FACILITIES LOAN PROGRAM.**

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

20          (b) ESTABLISHMENT.—The Secretary shall establish  
21          a program under which the Secretary shall provide loans,  
22          in a total amount not to exceed \$20,000,000, for use by  
23          eligible recipients to pay the Federal share of the cost of  
24          obtaining any services necessary for the planning, permit-  
25          ting, and construction of a coal-to-liquid fuel 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 fuel facility shall submit to the Secretary an applica-  
4 tion at such time, in such manner, and containing such  
5 information 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 fuel facility described in subsection (a),  
20 including 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  
24 are authorized to be appropriated to carry out this section  
25 \$200,000,000, to remain available until expended.

1 **SEC. 5. STRATEGIC PETROLEUM RESERVE.**

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

5 (1) by redesignating subsections (f), (g), (j),  
6 (k), and (l) as subsections (a), (b), (d), (e), and (f),  
7 respectively; and

8 (2) by inserting after subsection (b) (as redesignig-  
9 nated by paragraph (1)) the following new sub-  
10 section:

11 “(c) STUDY OF MAINTAINING COAL-TO-LIQUID FUEL  
12 PRODUCTS IN RESERVE.—Not later than 1 year after the  
13 date of enactment of the Coal-to-Liquid Fuel Energy Act  
14 of 2006, the Secretary shall—

15 “(1) conduct a study of the feasibility and suit-  
16 ability of maintaining coal-to-liquid fuel products in  
17 the Reserve; and

18 “(2) submit to the Committee on Energy and  
19 Natural Resources and the Committee on Armed  
20 Services of the Senate and the Committee on Energy  
21 and Commerce and the Committee on Armed Serv-  
22 ices of the House of Representatives a report de-  
23 scribing the results of the study.”.

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

1 (1) in subsection (a)—

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

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

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

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

9 “(4) coal-to-liquid fuel products (as defined in  
10 section 2 of the Coal-to-Liquid Fuel Energy Act of  
11 2006), as the Secretary determines to be appro-  
12 priate, in a quantity not to exceed 20 percent of the  
13 total quantity of petroleum products in the Re-  
14 serve.”;

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

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

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

23 (1) in subsection (b)—

24 (A) by redesignating paragraphs (2) and

25 (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. 6. EXTENSION OF EXCISE TAX CREDITS FOR CERTAIN**  
8 **LIQUID FUEL DERIVED FROM COAL.**

9 (a) **ALTERNATIVE FUEL CREDIT.**—Paragraph (4) of  
10 section 6426(d) of the Internal Revenue Code of 1986 (re-  
11 lating to termination) is amended by inserting “(Decem-  
12 ber 31, 2020, in the case of any sale or use involving liquid  
13 fuel derived from coal which is described in paragraph  
14 (2)(E))” before the period at the end.

15 (b) **ALTERNATIVE FUEL MIXTURE CREDIT.**—Para-  
16 graph (3) of section 6426(e) of such Code (relating to ter-  
17 mination) is amended by inserting “(December 31, 2020,  
18 in the case of any sale or use involving liquid fuel derived  
19 from coal which is described in subsection (d)(2)(E))” be-  
20 fore the period at the end.

21 (c) **REFUNDABILITY OF CREDIT.**—Paragraph (5) of  
22 section 6427(e) of such Code (relating to termination) is  
23 amended—

24 (1) by striking “and” at the end of subpara-  
25 graph (C), by striking the period at the end of sub-

1 paragraph (D) and inserting “, and”, and by adding  
2 at the end the following new subparagraph:

3 “(E) any alternative fuel or alternative fuel  
4 mixture (as so defined) involving liquid fuel de-  
5 rived from coal which is described in section  
6 6426(d)(2)(E) sold or used after December 31,  
7 2020.”, and

8 (2) by inserting “or (E)” after “subparagraph  
9 (D)” in subparagraph (C).

10 (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to any sale or use for any period  
12 after September 30, 2006.

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