

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

# H. R. 6249

To authorize the Secretary of Energy to make price floor loans to certain low-carbon coal-to-liquid fuel projects.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 2006

Mr. SHIMKUS (for himself and Mr. BOUCHER) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Science, 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 authorize the Secretary of Energy to make price floor loans to certain low-carbon coal-to-liquid fuel projects.

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. LOW-CARBON COAL-TO-LIQUIDS PROJECTS.**

4       Section 1702 of the Energy Policy Act of 2005 (42  
5 U.S.C. 16512) is amended by adding at the end thereof  
6 the following new subsection:

7       “(k) LOW-CARBON CTL PROJECTS.—(1)(A) The  
8 Secretary may enter into an agreement (in the form of  
9 a price floor loan) with no more than 6 low-carbon CTL

1 projects to guarantee each project a minimum price for  
2 its output of liquid or gaseous transportation fuels in re-  
3 turn for—

4 “(i) payment to the United States of the  
5 cost of such loan (determined under 502(5)(B)  
6 of the Federal Credit Reform Act of 1990); or

7 “(ii) at the election of the borrower, a call  
8 option for the United States equivalent in value  
9 to such payment.

10 “(B) No agreement for a price floor loan may be en-  
11 tered into under this subsection unless the Office of Man-  
12 agement and Budget determines that the cost of such loan  
13 is fully offset by a payment under subparagraph (A)(i) or  
14 by the value of a call option under subparagraph (A)(ii).

15 “(2) For purposes of this subsection:

16 “(A) The term ‘call option’ means a call option  
17 for the United States under which a price floor loan  
18 borrower has a contractual obligation to make pay-  
19 ments to the United States in addition to any repay-  
20 ments of the price floor loan. Such call option pay-  
21 ments in any period shall be equal to the excess of  
22 the petroleum market price over the payback price,  
23 less any loan payments made in that period.

24 “(B) The term ‘low-carbon CTL project’ means  
25 a commercial-scale project that converts coal to one

1 or more liquid or gaseous transportation fuels, is de-  
2 signed to demonstrate and, if determined to be ap-  
3 propriate, demonstrates the capture and sequestra-  
4 tion or disposal or use of an agreed upon portion of  
5 the carbon dioxide produced in the conversion proc-  
6 ess.

7 “(C) The term ‘output’ means some or all of  
8 the liquid or gaseous transportation fuels produced  
9 from the project.

10 “(D) The term ‘price floor loan’ means an obli-  
11 gation to make a nonrecourse direct loan to a low-  
12 carbon CTL project under which—

13 “(i) disbursement is made during any pe-  
14 riod if, and to the extent, a specified petroleum  
15 market price index falls below a floor price  
16 specified in the loan agreement; and

17 “(ii) repayment (with interest) is made  
18 during any period if, and to the extent, such  
19 market price index is above a payback price  
20 specified in the loan agreement.

21 “(3) Subsections (f), (h), and (j) of this section shall  
22 apply to price floor loans to the same extent they apply  
23 to loan guarantees. The value to the Government of any  
24 call option determined under paragraph (1)(B) shall be  
25 taken into account for purposes of section 502(5)(B)(iii)

1 of the Federal Credit Reform Act of 1990 in determining  
2 the cost to the Federal Government of a price floor loan.  
3 If a price floor loan has no cost to the Federal Govern-  
4 ment, the requirements of section 504(b) of such Act shall  
5 be deemed to be satisfied.”.

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