

AMENDMENT TO THE COMMITTEE PRINT**OFFERED BY** Barton

At the end of the bill, insert the following new section:

1 **SEC. 12. STANDBY LOANS FOR QUALIFYING COAL-TO-LIQ-**
2 **UIDS PROJECTS.**

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

6 “(k) **STANDBY LOANS FOR QUALIFYING CTL**
7 **PROJECTS.—**

8 “(1) **DEFINITIONS.—**For purposes of this sub-
9 section:

10 “(A) **CAP PRICE.—**The term ‘cap price’
11 means a market price specified in the standby
12 loan agreement above which the project is re-
13 quired to make payments to the United States.

14 “(B) **FULL TERM.—**The term ‘full term’
15 means the full term of a standby loan agree-
16 ment, as specified in the agreement, which shall
17 not exceed the lesser of 30 years or 90 percent
18 of the projected useful life of the project (as de-
19 termined by the Secretary).

1 “(C) MARKET PRICE.—The term ‘market
2 price’ means the average quarterly price of a
3 petroleum price index specified in the standby
4 loan agreement.

5 “(D) MINIMUM PRICE.—The term ‘min-
6 imum price’ means a market price specified in
7 the standby loan agreement below which the
8 United States is obligated to make disburse-
9 ments to the project.

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

14 “(F) PRIMARY TERM.—The term ‘primary
15 term’ means the initial term of a standby loan
16 agreement, as specified in the agreement, which
17 shall not exceed the lesser of 20 years or 75
18 percent of the projected useful life of the
19 project (as determined by the Secretary).

20 “(G) QUALIFYING CTL PROJECT.—The
21 term ‘qualifying CTL project’ means—

22 “(i) a commercial-scale project that
23 converts coal to one or more liquid or gas-
24 eous transportation fuels blended with re-
25 newable fuel; or

1 “(ii) not more than one project at a
2 facility that converts petroleum refinery
3 waste products, including petroleum coke,
4 into one or more liquids or gaseous trans-
5 portation fuels blended with renewable
6 fuel,

7 that demonstrates the capture, and sequestra-
8 tion or disposal or use of, the carbon dioxide
9 produced in the conversion process, and that,
10 on the basis of a carbon dioxide sequestration
11 plan prepared by the applicant, is certified by
12 the Administrator of the Environmental Protec-
13 tion Agency, in consultation with the Secretary,
14 as producing fuel with life cycle carbon dioxide
15 emissions at or below the average life cycle car-
16 bon dioxide emissions for the same type of fuel
17 produced at traditional petroleum based facili-
18 ties with similar annual capacities.

19 “(H) STANDBY LOAN AGREEMENT.—The
20 term ‘standby loan agreement’ means a loan
21 agreement entered into under paragraph (2).

22 “(2) STANDBY LOANS.—

23 “(A) LOAN AUTHORITY.—The Secretary
24 may enter into standby loan agreements with
25 not more than six qualifying CTL projects, at

1 least one of which shall be a project jointly or
2 in part owned by two or more small coal pro-
3 ducers. Such an agreement—

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

9 “(ii) shall set a cap price and a min-
10 imum price for the primary term of the
11 agreement.

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

21 “(C) LOAN REPAYMENTS.—The Secretary
22 shall establish terms and conditions, including
23 interest rates and amortization schedules, for
24 the repayment of such loan within the full term

1 of the agreement, subject to the following limi-
2 tations:

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

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

20 “(iii) At the end of the primary term
21 of the agreement, the cumulative amount
22 of any deferred repayment obligations, to-
23 gether with accrued interest, shall be am-
24 ortized (with interest) over the remainder
25 of the full term of the agreement.

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

8 “(A) the excess of the market price over
9 the cap price, times the output of the project;
10 less

11 “(B) any loan repayments made for the
12 calendar quarter.

13 “(4) COMPLIANCE WITH FEDERAL CREDIT RE-
14 FORM ACT.—

15 “(A) UPFRONT PAYMENT OF COST OF
16 LOAN.—No standby loan agreement may be en-
17 tered into under this subsection unless the
18 project makes a payment to the United States
19 that the Office of Management and Budget de-
20 termines is equal to the cost of such loan (de-
21 termined under 502(5)(B) of the Federal Credit
22 Reform Act of 1990). Such payment shall be
23 made at the time the standby loan agreement is
24 executed.

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

15 “(C) TREATMENT OF PAYMENTS.—The
16 value to the United States of a payment under
17 subparagraph (A) and any profit-sharing pay-
18 ments under paragraph (3) shall be taken into
19 account for purposes of section 502(5)(B)(iii) of
20 the Federal Credit Reform Act of 1990 in de-
21 termining the cost to the Federal Government
22 of a standby loan made under this subsection.
23 If a standby loan has no cost to the Federal
24 Government, the requirements of section 504(b)
25 of such Act shall be deemed to be satisfied.

1 “(5) OTHER PROVISIONS.—

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

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