SUMMARY OF MAY 17, 2007, DISCUSSION DRAFT
COAL-TO-LIQUIDS PROJECTS

Sec. ____. STANDBY LOANS FOR QUALIFYING COAL-TO-LIQUIDS PROJECTS.

Amends section 1702 of the Energy Policy Act of 2005 to add a new subsection (k) authorizing the Department of Energy to enter into agreements with up to 6 coal-to-liquids projects. Provides that an agreement must set a price floor and ceiling. Requires that when the price of crude oil falls below the agreed upon floor price, the federal government make a loan disbursement to the facility operator to be repaid when the price of oil rises above the agreed upon ceiling or after 20 years (or 75 percent of its project useful life, if less). Authorizes the Secretary of Energy to enter into a profit-sharing agreement, and requires the project to make an up front payment of the loan cost to the U.S. Treasury.

To qualify, a project must demonstrate the capture, and sequestration or disposal or use of, the carbon dioxide produced in the conversion process. Each applicant must submit a carbon dioxide sequestration plan certified by the Administrator of the Environmental Protection Agency (in consultation with the Secretary of Energy) as meeting specified life cycle carbon dioxide emissions standards.