

**AMENDMENT TO H.R. 1338, AS REPORTED  
OFFERED BY MR. ROSKAM OF ILLINOIS**

Page 21, after line 3, insert the following:

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

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

21                  “(2) STANDBY LOANS.—

22                  “(A) LOAN AUTHORITY.—The Secretary  
23                  may enter into standby loan agreements with  
24                  not more than six qualifying CTL projects, at  
25                  least one of which shall be a project jointly or

1 in part owned by two or more small coal pro-  
2 ducers. Such an agreement—

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

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

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

20 “(C) LOAN REPAYMENTS.—The Secretary  
21 shall establish terms and conditions, including  
22 interest rates and amortization schedules, for  
23 the repayment of such loan within the full term  
24 of the agreement, subject to the following limi-  
25 tations:

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

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

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

24          “(3) PROFIT-SHARING.—The Secretary is au-  
25          thorized to enter into a profit-sharing agreement

1 with the project at the time the standby loan agree-  
2 ment is executed. Under such an agreement, if the  
3 market price exceeds the cap price in a calendar  
4 quarter, a profit-sharing payment shall be made for  
5 that quarter, in an amount equal to—

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

9 “(B) any loan repayments made for the  
10 calendar quarter.

11 “(4) COMPLIANCE WITH FEDERAL CREDIT RE-  
12 FORM ACT.—

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

23 “(B) MINIMIZATION OF RISK TO THE GOV-  
24 ERNMENT.—In making the determination of the  
25 cost of the loan for purposes of setting the pay-

1           ment for a standby loan under subparagraph  
2           (A), the Secretary and the Office of Manage-  
3           ment and Budget shall take into consideration  
4           the extent to which the minimum price and the  
5           cap price reflect historical patterns of volatility  
6           in actual oil prices relative to projections of fu-  
7           ture oil prices, based upon publicly available  
8           data from the Energy Information Administra-  
9           tion, and employing statistical methods and  
10          analyses that are appropriate for the analysis of  
11          volatility in energy prices.

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

23                 “(5) OTHER PROVISIONS.—

24                         “(A) NO DOUBLE BENEFIT.—A project re-  
25           ceiving a loan under this subsection may not,

1           during the primary term of the loan agreement,  
2           receive a Federal loan guarantee under sub-  
3           section (a) of this section, or under other laws.

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

