

109TH CONGRESS } <i>1st Session</i>	HOUSE OF REPRESENTATIVES } SENATE	{ REPORT 109—
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ENERGY POLICY ACT OF 2005

_____, 2005.—Ordered to be printed

_____, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 6]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6), to ensure jobs for our future with secure, affordable, and reliable energy, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Energy Policy Act of 2005”.

4 (b) TABLE OF CONTENTS.—The table of contents of
5 this Act is as follows:

TITLE I—ENERGY EFFICIENCY

Subtitle A—Federal Programs

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- Sec. 386. Great Lakes oil and gas drilling ban.
- Sec. 387. Federal coalbed methane regulation.
- Sec. 388. Alternate energy-related uses on the outer Continental Shelf.
- Sec. 389. Oil Spill Recovery Institute.
- Sec. 390. NEPA review.

Subtitle H—Refinery Revitalization

- Sec. 391. Findings and definitions.
- Sec. 392. Federal-State regulatory coordination and assistance.

TITLE IV—COAL

Subtitle A—Clean Coal Power Initiative

- Sec. 401. Authorization of appropriations.
- Sec. 402. Project criteria.
- Sec. 403. Report.
- Sec. 404. Clean coal centers of excellence.

Subtitle B—Clean Power Projects

- Sec. 411. Integrated coal/renewable energy system.
- Sec. 412. Loan to place Alaska clean coal technology facility in service.
- Sec. 413. Western integrated coal gasification demonstration project.
- Sec. 414. Coal gasification.
- Sec. 415. Petroleum coke gasification.
- Sec. 416. Electron scrubbing demonstration.
- Sec. 417. Department of Energy transportation fuels from Illinois basin coal.

Subtitle C—Coal and Related Programs

- Sec. 421. Amendment of the Energy Policy Act of 1992.

Subtitle D—Federal Coal Leases

- Sec. 431. Short title.
- Sec. 432. Repeal of the 160-acre limitation for coal leases.
- Sec. 433. Approval of logical mining units.
- Sec. 434. Payment of advance royalties under coal leases.
- Sec. 435. Elimination of deadline for submission of coal lease operation and reclamation plan.
- Sec. 436. Amendment relating to financial assurances with respect to bonus bids.
- Sec. 437. Inventory requirement.
- Sec. 438. Application of amendments.

TITLE V—INDIAN ENERGY

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Sec. 1295. Conforming amendments.

Subtitle J—Economic Dispatch

Sec. 1298. Economic dispatch.

TITLE XIII—ENERGY POLICY TAX INCENTIVES

Sec. 1300. Short title; amendment to 1986 code.

Subtitle A—Electricity Infrastructure

Sec. 1301. Extension and modification of renewable electricity production credit.

Sec. 1302. Application of section 45 credit to agricultural cooperatives.

Sec. 1303. Clean renewable energy bonds.

Sec. 1304. Treatment of income of certain electric cooperatives.

Sec. 1305. Dispositions of transmission property to implement FERC restructuring policy.

Sec. 1306. Credit for production from advanced nuclear power facilities.

Sec. 1307. Credit for investment in clean coal facilities.

Sec. 1308. Electric transmission property treated as 15-year property.

Sec. 1309. Expansion of amortization for certain atmospheric pollution control facilities in connection with plants first placed in service after 1975.

Sec. 1310. Modifications to special rules for nuclear decommissioning costs.

Sec. 1311. 5-year net operating loss carryover for certain losses.

Subtitle B—Domestic Fossil Fuel Security

Sec. 1321. Extension of credit for producing fuel from a nonconventional source for facilities producing coke or coke gas.

Sec. 1322. Modification of credit for producing fuel from a nonconventional source.

Sec. 1323. Temporary expensing for equipment used in refining of liquid fuels.

Sec. 1324. Pass through to owners of deduction for capital costs incurred by small refiner cooperatives in complying with Environmental Protection Agency sulfur regulations.

Sec. 1325. Natural gas distribution lines treated as 15-year property.

Sec. 1326. Natural gas gathering lines treated as 7-year property.

Sec. 1327. Arbitrage rules not to apply to prepayments for natural gas.

Sec. 1328. Determination of small refiner exception to oil depletion deduction.

Sec. 1329. Amortization of geological and geophysical expenditures.

Subtitle C—Conservation and Energy Efficiency Provisions

Sec. 1331. Energy efficient commercial buildings deduction.

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Subtitle C—Boutique Fuels

Sec. 1541. Reducing the proliferation of boutique fuels.

TITLE XVI—CLIMATE CHANGE

Subtitle A—National Climate Change Technology Deployment

Sec. 1601. Greenhouse gas intensity reducing technology strategies.

Subtitle B—Climate Change Technology Deployment in Developing Countries

Sec. 1611. Climate change technology deployment in developing countries.

TITLE XVII—INCENTIVES FOR INNOVATIVE TECHNOLOGIES

- Sec. 1701. Definitions.
- Sec. 1702. Terms and conditions.
- Sec. 1703. Eligible projects.
- Sec. 1704. Authorization of appropriations.

TITLE XVIII—STUDIES

- Sec. 1801. Study on inventory of petroleum and natural gas storage.
- Sec. 1802. Study of energy efficiency standards.
- Sec. 1803. Telecommuting study.
- Sec. 1804. LIHEAP Report.
- Sec. 1805. Oil bypass filtration technology.
- Sec. 1806. Total integrated thermal systems.
- Sec. 1807. Report on energy integration with Latin America.
- Sec. 1808. Low-volume gas reservoir study.
- Sec. 1809. Investigation of gasoline prices.
- Sec. 1810. Alaska natural gas pipeline.
- Sec. 1811. Coal bed methane study.
- Sec. 1812. Backup fuel capability study.
- Sec. 1813. Indian land rights-of-way.
- Sec. 1814. Mobility of scientific and technical personnel.
- Sec. 1815. Interagency review of competition in the wholesale and retail markets for electric energy.
- Sec. 1816. Study of rapid electrical grid restoration.
- Sec. 1817. Study of distributed generation.
- Sec. 1818. Natural gas supply shortage report.
- Sec. 1819. Hydrogen participation study.
- Sec. 1820. Overall employment in a hydrogen economy.
- Sec. 1821. Study of best management practices for energy research and development programs.

1 expertise in fields relevant to consideration of refinery per-
2 mits.

3 (d) OTHER ASSISTANCE.—The Administrator is au-
4 thorized to provide technical, legal, or other assistance to
5 State governments to facilitate their review of applications
6 to build new refineries.

7 **TITLE IV—COAL**
8 **Subtitle A—Clean Coal Power**
9 **Initiative**

10 **SEC. 401. AUTHORIZATION OF APPROPRIATIONS.**

11 (a) CLEAN COAL POWER INITIATIVE.—There are au-
12 thorized to be appropriated to the Secretary to carry out
13 the activities authorized by this subtitle \$200,000,000 for
14 each of fiscal years 2006 through 2014, to remain avail-
15 able until expended.

16 (b) REPORT.—The Secretary shall submit to Con-
17 gress the report required by this subsection not later than
18 March 31, 2007. The report shall include, with respect
19 to subsection (a), a plan containing—

1 (1) a detailed assessment of whether the aggre-
2 gate funding levels provided under subsection (a) are
3 the appropriate funding levels for that program;

4 (2) a detailed description of how proposals will
5 be solicited and evaluated, including a list of all ac-
6 tivities expected to be undertaken;

7 (3) a detailed list of technical milestones for
8 each coal and related technology that will be pur-
9 sued; and

10 (4) a detailed description of how the program
11 will avoid problems enumerated in Government Ac-
12 countability Office reports on the Clean Coal Tech-
13 nology Program, including problems that have re-
14 sulted in unspent funds and projects that failed ei-
15 ther financially or scientifically.

16 **SEC. 402. PROJECT CRITERIA.**

17 (a) IN GENERAL.—To be eligible to receive assistance
18 under this subtitle, a project shall advance efficiency, envi-
19 ronmental performance, and cost competitiveness well be-
20 yond the level of technologies that are in commercial serv-
21 ice or have been demonstrated on a scale that the Sec-

1 retary determines is sufficient to demonstrate that com-
2 mercial service is viable as of the date of enactment of
3 this Act.

4 (b) TECHNICAL CRITERIA FOR CLEAN COAL POWER
5 INITIATIVE.—

6 (1) GASIFICATION PROJECTS.—

7 (A) IN GENERAL.—In allocating the funds
8 made available under section 401(a), the Sec-
9 retary shall ensure that at least 70 percent of
10 the funds are used only to fund projects on
11 coal-based gasification technologies, including—

12 (i) gasification combined cycle;

13 (ii) gasification fuel cells and turbine
14 combined cycle;

15 (iii) gasification coproduction;

16 (iv) hybrid gasification and combus-
17 tion; and

18 (v) other advanced coal based tech-
19 nologies capable of producing a con-
20 centrated stream of carbon dioxide.

21 (B) TECHNICAL MILESTONES.—

1 (i) PERIODIC DETERMINATION.—

2 (I) IN GENERAL.—The Secretary
3 shall periodically set technical mile-
4 stones specifying the emission and
5 thermal efficiency levels that coal gas-
6 ification projects under this subtitle
7 shall be designed, and reasonably ex-
8 pected, to achieve.

9 (II) PRESCRIPTIVE MILE-
10 STONES.—The technical milestones
11 shall become more prescriptive during
12 the period of the clean coal power ini-
13 tiative.

14 (ii) 2020 GOALS.—The Secretary shall
15 establish the periodic milestones so as to
16 achieve by the year 2020 coal gasification
17 projects able—

18 (I) to remove at least 99 percent
19 of sulfur dioxide;

20 (II) to emit not more than .05
21 lbs of NO_x per million Btu;

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1 (III) to achieve at least 95 per-
2 cent reductions in mercury emissions;
3 and

4 (IV) to achieve a thermal effi-
5 ciency of at least—

6 (aa) 50 percent for coal of
7 more than 9,000 Btu;

8 (bb) 48 percent for coal of
9 7,000 to 9,000 Btu; and

10 (cc) 46 percent for coal of
11 less than 7,000 Btu.

12 (2) OTHER PROJECTS.—

13 (A) ALLOCATION OF FUNDS.—The Sec-
14 retary shall ensure that up to 30 percent of the
15 funds made available under section 401(a) are
16 used to fund projects other than those described
17 in paragraph (1).

18 (B) TECHNICAL MILESTONES.—

19 (i) PERIODIC DETERMINATION.—

20 (I) IN GENERAL.—The Secretary
21 shall periodically establish technical

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1 milestones specifying the emission and
2 thermal efficiency levels that projects
3 funded under this paragraph shall be
4 designed, and reasonably expected, to
5 achieve.

6 (II) PRESCRIPTIVE MILE-
7 STONES.—The technical milestones
8 shall become more prescriptive during
9 the period of the clean coal power ini-
10 tiative.

11 (ii) 2020 GOALS.—The Secretary shall
12 set the periodic milestones so as to achieve
13 by the year 2020 projects able—

14 (I) to remove at least 97 percent
15 of sulfur dioxide;

16 (II) to emit no more than .08 lbs
17 of NO_x per million Btu;

18 (III) to achieve at least 90 per-
19 cent reductions in mercury emissions;
20 and

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1 (IV) to achieve a thermal effi-
2 ciency of at least—

3 (aa) 43 percent for coal of
4 more than 9,000 Btu;

5 (bb) 41 percent for coal of
6 7,000 to 9,000 Btu; and

7 (cc) 39 percent for coal of
8 less than 7,000 Btu.

9 (3) CONSULTATION.—Before setting the tech-
10 nical milestones under paragraphs (1)(B) and
11 (2)(B), the Secretary shall consult with—

12 (A) the Administrator of the Environ-
13 mental Protection Agency; and

14 (B) interested entities, including—

15 (i) coal producers;

16 (ii) industries using coal;

17 (iii) organizations that promote coal
18 or advanced coal technologies;

19 (iv) environmental organizations;

20 (v) organizations representing work-
21 ers; and

1 (vi) organizations representing con-
2 sumers.

3 (4) EXISTING UNITS.—In the case of projects
4 at units in existence on the date of enactment of this
5 Act, in lieu of the thermal efficiency requirements
6 described in paragraphs (1)(B)(ii)(IV) and
7 (2)(B)(ii)(IV), the milestones shall be designed to
8 achieve an overall thermal design efficiency improve-
9 ment, compared to the efficiency of the unit as oper-
10 ated, of not less than—

11 (A) 7 percent for coal of more than 9,000
12 Btu;

13 (B) 6 percent for coal of 7,000 to 9,000
14 Btu; or

15 (C) 4 percent for coal of less than 7,000
16 Btu.

17 (5) ADMINISTRATION.—

18 (A) ELEVATION OF SITE.—In evaluating
19 project proposals to achieve thermal efficiency
20 levels established under paragraphs (1)(B)(i)
21 and (2)(B)(i) and in determining progress to-

1 wards thermal efficiency milestones under para-
2 graphs (1)(B)(ii)(IV), (2)(B)(ii)(IV), and (4),
3 the Secretary shall take into account and make
4 adjustments for the elevation of the site at
5 which a project is proposed to be constructed.

6 (B) APPLICABILITY OF MILESTONES.—In
7 applying the thermal efficiency milestones
8 under paragraphs (1)(B)(ii)(IV), (2)(B)(ii)(IV),
9 and (4) to projects that separate and capture at
10 least 50 percent of the potential emissions of
11 carbon dioxide by a facility, the energy used for
12 separation and capture of carbon dioxide shall
13 not be counted in calculating the thermal effi-
14 ciency.

15 (C) PERMITTED USES.—In carrying out
16 this section, the Secretary may give priority to
17 projects that include, as part of the project—

18 (i) the separation or capture of carbon
19 dioxide; or

20 (ii) the reduction of the demand for
21 natural gas if deployed.

1 (c) FINANCIAL CRITERIA.—The Secretary shall not
2 provide financial assistance under this subtitle for a
3 project unless the recipient documents to the satisfaction
4 of the Secretary that—

5 (1) the recipient is financially responsible;

6 (2) the recipient will provide sufficient informa-
7 tion to the Secretary to enable the Secretary to en-
8 sure that the funds are spent efficiently and effec-
9 tively; and

10 (3) a market exists for the technology being
11 demonstrated or applied, as evidenced by statements
12 of interest in writing from potential purchasers of
13 the technology.

14 (d) FINANCIAL ASSISTANCE.—The Secretary shall
15 provide financial assistance to projects that, as determined
16 by the Secretary—

17 (1) meet the requirements of subsections (a),
18 (b), and (c); and

19 (2) are likely—

1 (A) to achieve overall cost reductions in
2 the use of coal to generate useful forms of en-
3 ergy or chemical feedstocks;

4 (B) to improve the competitiveness of coal
5 among various forms of energy in order to
6 maintain a diversity of fuel choices in the
7 United States to meet electricity generation re-
8 quirements; and

9 (C) to demonstrate methods and equip-
10 ment that are applicable to 25 percent of the
11 electricity generating facilities, using various
12 types of coal, that use coal as the primary feed-
13 stock as of the date of enactment of this Act.

14 (e) COST-SHARING.—In carrying out this subtitle,
15 the Secretary shall require cost sharing in accordance with
16 section 988.

17 (f) SCHEDULED COMPLETION OF SELECTED
18 PROJECTS.—

19 (1) IN GENERAL.—In selecting a project for fi-
20 nancial assistance under this section, the Secretary
21 shall establish a reasonable period of time during

1 which the owner or operator of the project shall
2 complete the construction or demonstration phase of
3 the project, as the Secretary determines to be appro-
4 priate.

5 (2) CONDITION OF FINANCIAL ASSISTANCE.—

6 The Secretary shall require as a condition of receipt
7 of any financial assistance under this subtitle that
8 the recipient of the assistance enter into an agree-
9 ment with the Secretary not to request an extension
10 of the time period established for the project by the
11 Secretary under paragraph (1).

12 (3) EXTENSION OF TIME PERIOD.—

13 (A) IN GENERAL.—Subject to subpara-
14 graph (B), the Secretary may extend the time
15 period established under paragraph (1) if the
16 Secretary determines, in the sole discretion of
17 the Secretary, that the owner or operator of the
18 project cannot complete the construction or
19 demonstration phase of the project within the
20 time period due to circumstances beyond the
21 control of the owner or operator.

1 (B) LIMITATION.—The Secretary shall not
2 extend a time period under subparagraph (A)
3 by more than 4 years.

4 (g) FEE TITLE.—The Secretary may vest fee title or
5 other property interests acquired under cost-share clean
6 coal power initiative agreements under this subtitle in any
7 entity, including the United States.

8 (h) DATA PROTECTION.—For a period not exceeding
9 5 years after completion of the operations phase of a coop-
10 erative agreement, the Secretary may provide appropriate
11 protections (including exemptions from subchapter II of
12 chapter 5 of title 5, United States Code) against the dis-
13 semination of information that—

14 (1) results from demonstration activities carried
15 out under the clean coal power initiative program;
16 and

17 (2) would be a trade secret or commercial or fi-
18 nancial information that is privileged or confidential
19 if the information had been obtained from and first
20 produced by a non-Federal party participating in a
21 clean coal power initiative project.

1 (i) APPLICABILITY.—No technology, or level of emis-
2 sion reduction, solely by reason of the use of the tech-
3 nology, or the achievement of the emission reduction, by
4 1 or more facilities receiving assistance under this Act,
5 shall be considered to be—

6 (1) adequately demonstrated for purposes of
7 section 111 of the Clean Air Act (42 U.S.C. 7411);

8 (2) achievable for purposes of section 169 of
9 that Act (42 U.S.C. 7479); or

10 (3) achievable in practice for purposes of sec-
11 tion 171 of that Act (42 U.S.C. 7501).

12 **SEC. 403. REPORT.**

13 Not later than 1 year after the date of enactment
14 of this Act, and once every 2 years thereafter through
15 2014, the Secretary, in consultation with other appro-
16 priate Federal agencies, shall submit to Congress a report
17 describing—

18 (1) the technical milestones set forth in section
19 402 and how those milestones ensure progress to-
20 ward meeting the requirements of subsections
21 (b)(1)(B) and (b)(2) of section 402; and

1 (2) the status of projects funded under this
2 subtitle.

3 **SEC. 404. CLEAN COAL CENTERS OF EXCELLENCE.**

4 (a) IN GENERAL.—As part of the clean coal power
5 initiative, the Secretary shall award competitive, merit-
6 based grants to institutions of higher education for the
7 establishment of centers of excellence for energy systems
8 of the future.

9 (b) BASIS FOR GRANTS.—The Secretary shall award
10 grants under this section to institutions of higher edu-
11 cation that show the greatest potential for advancing new
12 clean coal technologies.

13 **Subtitle B—Clean Power Projects**

14 **SEC. 411. INTEGRATED COAL/RENEWABLE ENERGY SYS-**
15 **TEM.**

16 (a) IN GENERAL.—Subject to the availability of ap-
17 propriations, the Secretary may provide loan guarantees
18 for a project to produce energy from coal of less than
19 7,000 Btu/lb using appropriate advanced integrated gasifi-
20 cation combined cycle technology, including repowering of
21 existing facilities, that—

1 (1) is combined with wind and other renewable
2 sources;

3 (2) minimizes and offers the potential to se-
4 quester carbon dioxide emissions; and

5 (3) provides a ready source of hydrogen for
6 near-site fuel cell demonstrations.

7 (b) REQUIREMENTS.—The facility—

8 (1) may be built in stages;

9 (2) shall have a combined output of at least
10 200 megawatts at successively more competitive
11 rates; and

12 (3) shall be located in the Upper Great Plains.

13 (c) TECHNICAL CRITERIA.—Technical criteria de-
14 scribed in section 402(b) shall apply to the facility.

15 (d) INVESTMENT TAX CREDITS.—

16 (1) IN GENERAL.—The loan guarantees pro-
17 vided under this section do not preclude the facility
18 from receiving an allocation for investment tax cred-
19 its under section 48A of the Internal Revenue Code
20 of 1986.

1 (2) OTHER FUNDING.—Use of the investment
2 tax credit described in paragraph (1) does not pro-
3 hibit the use of other clean coal program funding.

4 **SEC. 412. LOAN TO PLACE ALASKA CLEAN COAL TECH-**
5 **NOLOGY FACILITY IN SERVICE.**

6 (a) DEFINITIONS.—In this section:

7 (1) BORROWER.—The term “borrower” means
8 the owner of the clean coal technology plant.

9 (2) CLEAN COAL TECHNOLOGY PLANT.—The
10 term “clean coal technology plant” means the plant
11 located near Healy, Alaska, constructed under De-
12 partment cooperative agreement number DE-FC-
13 22-91PC90544.

14 (3) COST OF A DIRECT LOAN.—The term “cost
15 of a direct loan” has the meaning given the term in
16 section 502(5)(B) of the Federal Credit Reform Act
17 of 1990 (2 U.S.C. 661a(5)(B)).

18 (b) AUTHORIZATION.—Subject to subsection (c), the
19 Secretary shall use amounts made available under sub-
20 section (e) to provide the cost of a direct loan to the bor-
21 rower for purposes of placing the clean coal technology

1 plant into reliable operation for the generation of elec-
2 tricity.

3 (c) REQUIREMENTS.—

4 (1) MAXIMUM LOAN AMOUNT.—The amount of
5 the direct loan provided under subsection (b) shall
6 not exceed \$80,000,000.

7 (2) DETERMINATIONS BY SECRETARY.—Before
8 providing the direct loan to the borrower under sub-
9 section (b), the Secretary shall determine that—

10 (A) the plan of the borrower for placing
11 the clean coal technology plant in reliable oper-
12 ation has a reasonable prospect of success;

13 (B) the amount of the loan (when com-
14 bined with amounts available to the borrower
15 from other sources) will be sufficient to carry
16 out the project; and

17 (C) there is a reasonable prospect that the
18 borrower will repay the principal and interest
19 on the loan.

20 (3) INTEREST; TERM.—The direct loan pro-
21 vided under subsection (b) shall bear interest at a

1 rate and for a term that the Secretary determines
2 appropriate, after consultation with the Secretary of
3 the Treasury, taking into account the needs and ca-
4 pacities of the borrower and the prevailing rate of
5 interest for similar loans made by public and private
6 lenders.

7 (4) ADDITIONAL TERMS AND CONDITIONS.—

8 The Secretary may require any other terms and con-
9 ditions that the Secretary determines to be appro-
10 priate.

11 (d) USE OF PAYMENTS.—The Secretary shall retain
12 any payments of principal and interest on the direct loan
13 provided under subsection (b) to support energy research
14 and development activities, to remain available until ex-
15 pended, subject to any other conditions in an applicable
16 appropriations Act.

17 (e) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated such sums as are nec-
19 essary to provide the cost of a direct loan under subsection
20 (b).

1 **SEC. 413. WESTERN INTEGRATED COAL GASIFICATION**
2 **DEMONSTRATION PROJECT.**

3 (a) **IN GENERAL.**—Subject to the availability of ap-
4 propriations, the Secretary shall carry out a project to
5 demonstrate production of energy from coal mined in the
6 western United States using integrated gasification com-
7 bined cycle technology (referred to in this section as the
8 “demonstration project”).

9 (b) **COMPONENTS.**—The demonstration project—

10 (1) may include repowering of existing facilities;

11 (2) shall be designed to demonstrate the ability
12 to use coal with an energy content of not more than
13 9,000 Btu/lb.; and

14 (3) shall be capable of removing and seques-
15 tering carbon dioxide emissions.

16 (c) **ALL TYPES OF WESTERN COALS.**—Notwith-
17 standing the foregoing, and to the extent economically fea-
18 sible, the demonstration project shall also be designed to
19 demonstrate the ability to use a variety of types of coal
20 (including subbituminous and bituminous coal with an en-

1 ergy content of up to 13,000 Btu/lb.) mined in the western
2 United States.

3 (d) LOCATION.—The demonstration project shall be
4 located in a western State at an altitude of greater than
5 4,000 feet above sea level.

6 (e) COST SHARING.—The Federal share of the cost
7 of the demonstration project shall be determined in ac-
8 cordance with section 988.

9 (f) LOAN GUARANTEES.—Notwithstanding title XIV,
10 the demonstration project shall not be eligible for Federal
11 loan guarantees.

12 **SEC. 414. COAL GASIFICATION.**

13 The Secretary is authorized to provide loan guaran-
14 tees for a project to produce energy from a plant using
15 integrated gasification combined cycle technology of at
16 least 400 megawatts in capacity that produces power at
17 competitive rates in deregulated energy generation mar-
18 kets and that does not receive any subsidy (direct or indi-
19 rect) from ratepayers.

1 **SEC. 415. PETROLEUM COKE GASIFICATION.**

2 The Secretary is authorized to provide loan guaran-
3 tees for at least 5 petroleum coke gasification projects.

4 **SEC. 416. ELECTRON SCRUBBING DEMONSTRATION.**

5 The Secretary shall use \$5,000,000 from amounts
6 appropriated to initiate, through the Chicago Operations
7 Office, a project to demonstrate the viability of high-en-
8 ergy electron scrubbing technology on commercial-scale
9 electrical generation using high-sulfur coal.

10 **SEC. 417. DEPARTMENT OF ENERGY TRANSPORTATION**
11 **FUELS FROM ILLINOIS BASIN COAL.**

12 (a) IN GENERAL.—The Secretary shall carry out a
13 program to evaluate the commercial and technical viability
14 of advanced technologies for the production of Fischer-
15 Tropsch transportation fuels, and other transportation
16 fuels, manufactured from Illinois basin coal, including the
17 capital modification of existing facilities and the construc-
18 tion of testing facilities under subsection (b).

19 (b) FACILITIES.—For the purpose of evaluating the
20 commercial and technical viability of different processes
21 for producing Fischer-Tropsch transportation fuels, and

1 other transportation fuels, from Illinois basin coal, the
2 Secretary shall support the use and capital modification
3 of existing facilities and the construction of new facilities
4 at—

5 (1) Southern Illinois University Coal Research
6 Center;

7 (2) University of Kentucky Center for Applied
8 Energy Research; and

9 (3) Energy Center at Purdue University.

10 (c) GASIFICATION PRODUCTS TEST CENTER.—In
11 conjunction with the activities described in subsections (a)
12 and (b), the Secretary shall construct a test center to
13 evaluate and confirm liquid and gas products from syngas
14 catalysis in order that the system has an output of at least
15 500 gallons of Fischer-Tropsch transportation fuel per
16 day in a 24-hour operation.

17 (d) MILESTONES.—

18 (1) SELECTION OF PROCESSES.—Not later than
19 180 days after the date of enactment of this Act, the
20 Secretary shall select processes for evaluating the
21 commercial and technical viability of different proc-

1 esses of producing Fischer-Tropsch transportation
2 fuels, and other transportation fuels, from Illinois
3 basin coal.

4 (2) AGREEMENTS.—Not later than 1 year after
5 the date of enactment of this Act, the Secretary
6 shall offer to enter into agreements—

7 (A) to carry out the activities described in
8 this section, at the facilities described in sub-
9 section (b); and

10 (B) for the capital modifications or con-
11 struction of the facilities at the locations de-
12 scribed in subsection (b).

13 (3) EVALUATIONS.—Not later than 3 years
14 after the date of enactment of the Act, the Secretary
15 shall begin, at the facilities described in subsection
16 (b), evaluation of the technical and commercial via-
17 bility of different processes of producing Fischer-
18 Tropsch transportation fuels, and other transpor-
19 tation fuels, from Illinois basin coal.

20 (4) CONSTRUCTION OF FACILITIES.—

1 (A) IN GENERAL.—The Secretary shall
2 construct the facilities described in subsection
3 (b) at the lowest cost practicable.

4 (B) GRANTS OR AGREEMENTS.—The Sec-
5 retary may make grants or enter into agree-
6 ments or contracts with the institutions of high-
7 er education described in subsection (b).

8 (e) COST SHARING.—The cost of making grants
9 under this section shall be shared in accordance with sec-
10 tion 988.

11 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
12 authorized to be appropriated to carry out this section
13 \$85,000,000 for the period of fiscal years 2006 through
14 2010.

15 **Subtitle C—Coal and Related**
16 **Programs**

17 **SEC. 421. AMENDMENT OF THE ENERGY POLICY ACT OF**
18 **1992.**

19 (a) AMENDMENT.—The Energy Policy Act of 1992
20 (42 U.S.C. 13201 et seq.) is amended by adding at the
21 end the following:

1 **“TITLE XXXI—CLEAN AIR COAL**
2 **PROGRAM**

3 **“SEC. 3101. PURPOSES.**

4 “The purposes of this title are to—

5 “(1) promote national energy policy and energy
6 security, diversity, and economic competitiveness
7 benefits that result from the increased use of coal;

8 “(2) mitigate financial risks, reduce the cost of
9 clean coal generation, and increase the marketplace
10 acceptance of clean coal generation and pollution
11 control equipment and processes; and

12 “(3) facilitate the environmental performance of
13 clean coal generation.

14 **“SEC. 3102. AUTHORIZATION OF PROGRAM.**

15 “(a) IN GENERAL.—The Secretary shall carry out a
16 program of financial assistance to—

17 “(1) facilitate the production and generation of
18 coal-based power, through the deployment of clean
19 coal electric generating equipment and processes
20 that, compared to equipment or processes that are
21 in operation on a full scale—

1 “(A) improve—

2 “(i) energy efficiency; or

3 “(ii) environmental performance con-
4 sistent with relevant Federal and State
5 clean air requirements, including those
6 promulgated under the Clean Air Act (42
7 U.S.C. 7401 et seq.); and

8 “(B) are not yet cost competitive; and

9 “(2) facilitate the utilization of existing coal-
10 based electricity generation plants through projects
11 that—

12 “(A) deploy advanced air pollution control
13 equipment and processes; and

14 “(B) are designed to voluntarily enhance
15 environmental performance above current appli-
16 cable obligations under the Clean Air Act and
17 State implementation efforts pursuant to such
18 Act.

19 “(b) FINANCIAL CRITERIA.—As determined by the
20 Secretary for a particular project, financial assistance
21 under this title shall be in the form of—

1 “(1) cost-sharing of an appropriate percentage
2 of the total project cost, not to exceed 50 percent as
3 calculated under section 988 of the Energy Policy
4 Act of 2005; or

5 “(2) financial assistance, including grants, co-
6 operative agreements, or loans as authorized under
7 this Act or other statutory authority of the Sec-
8 retary.

9 **“SEC. 3103. GENERATION PROJECTS.**

10 “(a) ELIGIBLE PROJECTS.—Projects supported
11 under section 3102(a)(1) may include—

12 “(1) equipment or processes previously sup-
13 ported by a Department of Energy program;

14 “(2) advanced combustion equipment and proc-
15 esses that the Secretary determines will be cost-ef-
16 fective and could substantially contribute to meeting
17 environmental or energy needs, including gasifi-
18 cation, gasification fuel cells, gasification coproduc-
19 tion, oxidation combustion techniques, ultra-super-
20 critical boilers, and chemical looping; and

1 “(3) hybrid gasification/combustion systems, in-
2 cluding systems integrating fuel cells with gasifi-
3 cation or combustion units.

4 “(b) CRITERIA.—The Secretary shall establish cri-
5 teria for the selection of generation projects under section
6 3102(a)(1). The Secretary may modify the criteria as ap-
7 propriate to reflect improvements in equipment, except
8 that the criteria shall not be modified to be less stringent.
9 The selection criteria shall include—

10 “(1) prioritization of projects whose installation
11 is likely to result in significant air quality improve-
12 ments in nonattainment air quality areas;

13 “(2) prioritization of projects whose installation
14 is likely to result in lower emission rates of pollution;

15 “(3) prioritization of projects that result in the
16 repowering or replacement of older, less efficient
17 units;

18 “(4) documented broad interest in the procure-
19 ment of the equipment and utilization of the proc-
20 esses used in the projects by owners or operators of
21 facilities for electricity generation;

1 “(5) equipment and processes beginning in
2 2006 through 2011 that are projected to achieve a
3 thermal efficiency of—

4 “(A) 40 percent for coal of more than
5 9,000 Btu per pound based on higher heating
6 values;

7 “(B) 38 percent for coal of 7,000 to 9,000
8 Btu per pound passed on higher heating values;
9 and

10 “(C) 36 percent for coal of less than 7,000
11 Btu per pound based on higher heating values;
12 except that energy used for coproduction or cogen-
13 eration shall not be counted in calculating the ther-
14 mal efficiency under this paragraph; and

15 “(6) equipment and processes beginning in
16 2012 and 2013 that are projected to achieve a ther-
17 mal efficiency of—

18 “(A) 45 percent for coal of more than
19 9,000 Btu per pound based on higher heating
20 values;

1 “(B) 44 percent for coal of 7,000 to 9,000
2 Btu per pound passed on higher heating values;
3 and

4 “(C) 40 percent for coal of less than 7,000
5 Btu per pound based on higher heating values;
6 except that energy used for coproduction or cogen-
7 eration shall not be counted in calculating the ther-
8 mal efficiency under this paragraph

9 “(c) PROGRAM BALANCE AND PRIORITY.—In car-
10 rying out the program under section 3102(a)(1), the Sec-
11 retary shall ensure, to the extent practicable, that—

12 “(1) between 25 percent and 75 percent of the
13 projects supported are for the sole purpose of elec-
14 trical generation; and

15 “(2) priority is given to projects that use elec-
16 trical generation equipment and processes that have
17 been developed and demonstrated and applied in ac-
18 tual production of electricity, but are not yet cost-
19 competitive, and that achieve greater efficiency and
20 environmental performance.

1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to the Secretary to carry
3 out section 3102(a)(1)—

4 “(1) \$250,000,000 for fiscal year 2007;

5 “(2) \$350,000,000 for fiscal year 2008;

6 “(3) \$400,000,000 for each of fiscal years 2009
7 through 2012; and

8 “(4) \$300,000,000 for fiscal year 2013.

9 “(e) APPLICABILITY.—No technology, or level of
10 emission reduction shall be treated as adequately dem-
11 onstrated for purpose of section 111 of the Clean Air Act
12 (42 U.S.C. 7411), achievable for purposes of section 169
13 of that Act (42 U.S.C. 7479), or achievable in practice
14 for purposes of section 171 of that Act (42 U.S.C. 7501)
15 solely by reason of the use of such technology, or the
16 achievement of such emission reduction, by 1 or more fa-
17 cilities receiving assistance under section 3102(a)(1).

18 **“SEC. 3104. AIR QUALITY ENHANCEMENT PROGRAM.**

19 “(a) ELIGIBLE PROJECTS.—Projects supported
20 under section 3102(a)(2) shall—

1 “(1) utilize technologies that meet relevant Fed-
2 eral and State clean air requirements applicable to
3 the unit or facility, including being adequately dem-
4 onstrated for purposes of section 111 of the Clean
5 Air Act (42 U.S.C. 7411), achievable for purposes of
6 section 169 of that Act (42 U.S.C. 7479), or achiev-
7 able in practice for purposes of section 171 of that
8 Act (42 U.S.C. 7501); or

9 “(2) utilize equipment or processes that exceed
10 relevant Federal or State clean air requirements ap-
11 plicable to the unit or facilities included in the
12 projects by achieving greater efficiency or environ-
13 mental performance.

14 “(b) PRIORITY IN PROJECT SELECTION.—In making
15 an award under section 3102(a)(2), the Secretary shall
16 give priority to—

17 “(1) projects whose installation is likely to re-
18 sult in significant air quality improvements in non-
19 attainment air quality areas or substantially reduce
20 the emission level of criteria pollutants and mercury
21 air emissions;

1 “(2) projects for pollution control that result in
2 the mitigation or collection of more than 1 pollutant;
3 and

4 “(3) projects designed to allow the use of the
5 waste byproducts or other byproducts of the equip-
6 ment.

7 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
8 are authorized to be appropriated to the Secretary to carry
9 out section 3102(a)(2)—

10 “(1) \$300,000,000 for fiscal year 2007;

11 “(2) \$100,000,000 for fiscal year 2008;

12 “(3) \$40,000,000 for fiscal year 2009;

13 “(4) \$30,000,000 for fiscal year 2010; and

14 “(5) \$30,000,000 for fiscal year 2011.

15 “(d) APPLICABILITY.—No technology, or level of
16 emission reduction under subsection (a)(2) shall be treated
17 as adequately demonstrated for purpose of Section 111 of
18 the Clean Air Act (42 U.S.C. 7411), achievable for pur-
19 poses of section 169 of that Act (42 U.S.C. 7479), or
20 achievable in practice for purposes of section 171 of that
21 Act (42 U.S.C. 7501) solely by reason of the use of such

1 technology, or the achievement of such emission reduction,
2 by 1 or more facilities receiving assistance under section
3 3102(a)(2).”.

4 (b) TABLE OF CONTENTS AMENDMENT.—The table
5 of contents of the Energy Policy Act of 1992 (42 U.S.C.
6 prec. 13201) is amended by adding at the end the fol-
7 lowing:

“TITLE XXXI—CLEAN AIR COAL PROGRAM

“Sec. 3101. Purposes.

“Sec. 3102. Authorization of program.

“Sec. 3103. Generation projects.

“Sec. 3104. Air quality enhancement program.”.

8 **Subtitle D—Federal Coal Leases**

9 **SEC. 431. SHORT TITLE.**

10 This subtitle may be cited as the “Coal Leasing
11 Amendments Act of 2005”.

12 **SEC. 432. REPEAL OF THE 160-ACRE LIMITATION FOR COAL**
13 **LEASES.**

14 Section 3 of the Mineral Leasing Act (30 U.S.C. 203)
15 is amended—

16 (1) in the first sentence, by striking “Any per-
17 son” and inserting the following: “(a)(1) Except as

1 (b) CREDIT TREATED AS BUSINESS CREDIT.—Sec-
2 tion 38(b), as amended by the Transportation Equity Act:
3 A Legacy for Users, is amended by striking “plus” at the
4 end of paragraph (19), by striking the period at the end
5 of paragraph (20) and inserting “, plus”, and by adding
6 at the end the following:

7 “(21) the advanced nuclear power facility pro-
8 duction credit determined under section 45J(a).”.

9 (c) CLERICAL AMENDMENT.—The table of sections
10 for subpart D of part IV of subchapter A of chapter 1
11 is amended by adding at the end the following:

“Sec. 45J. Credit for production from advanced nuclear power facilities.”.

12 (d) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to production in taxable years be-
14 ginning after the date of the enactment of this Act.

15 **SEC. 1307. CREDIT FOR INVESTMENT IN CLEAN COAL FA-**
16 **CILITIES.**

17 (a) IN GENERAL.—Section 46 (relating to amount of
18 credit) is amended by striking “and” at the end of para-
19 graph (1), by striking the period at the end of paragraph

1 (2), and by adding at the end the following new para-
2 graphs:

3 “(3) the qualifying advanced coal project credit,
4 and

5 “(4) the qualifying gasification project credit.”.

6 (b) AMOUNT OF CREDITS.—Subpart E of part IV of
7 subchapter A of chapter 1 (relating to rules for computing
8 investment credit) is amended by inserting after section
9 48 the following new sections:

10 **“SEC. 48A. QUALIFYING ADVANCED COAL PROJECT CRED-**
11 **IT.**

12 “(a) IN GENERAL.—For purposes of section 46, the
13 qualifying advanced coal project credit for any taxable
14 year is an amount equal to—

15 “(1) 20 percent of the qualified investment for
16 such taxable year in the case of projects described
17 in subsection (d)(3)(B)(i), and

18 “(2) 15 percent of the qualified investment for
19 such taxable year in the case of projects described
20 in subsection (d)(3)(B)(ii).

21 “(b) QUALIFIED INVESTMENT.—

1 “(1) IN GENERAL.—For purposes of subsection
2 (a), the qualified investment for any taxable year is
3 the basis of eligible property placed in service by the
4 taxpayer during such taxable year which is part of
5 a qualifying advanced coal project—

6 “(A)(i) the construction, reconstruction, or
7 erection of which is completed by the taxpayer,
8 or

9 “(ii) which is acquired by the taxpayer if
10 the original use of such property commences
11 with the taxpayer, and

12 “(B) with respect to which depreciation (or
13 amortization in lieu of depreciation) is allow-
14 able.

15 “(2) SPECIAL RULE FOR CERTAIN SUBSIDIZED
16 PROPERTY.—Rules similar to section 48(a)(4) shall
17 apply for purposes of this section.

18 “(3) CERTAIN QUALIFIED PROGRESS EXPENDI-
19 TURES RULES MADE APPLICABLE.—Rules similar to
20 the rules of subsections (c)(4) and (d) of section 46
21 (as in effect on the day before the enactment of the

1 Revenue Reconciliation Act of 1990) shall apply for
2 purposes of this section.

3 “(e) DEFINITIONS.—For purposes of this section—

4 “(1) QUALIFYING ADVANCED COAL PROJECT.—

5 The term ‘qualifying advanced coal project’ means a
6 project which meets the requirements of subsection
7 (e).

8 “(2) ADVANCED COAL-BASED GENERATION

9 TECHNOLOGY.—The term ‘advanced coal-based gen-
10 eration technology’ means a technology which meets
11 the requirements of subsection (f).

12 “(3) ELIGIBLE PROPERTY.—The term ‘eligible
13 property’ means—

14 “(A) in the case of any qualifying ad-
15 vanced coal project using an integrated gasifi-
16 cation combined cycle, any property which is a
17 part of such project and is necessary for the
18 gasification of coal, including any coal handling
19 and gas separation equipment, and

1 “(B) in the case of any other qualifying
2 advanced coal project, any property which is a
3 part of such project.

4 “(4) COAL.—The term ‘coal’ means anthracite,
5 bituminous coal, subbituminous coal, lignite, and
6 peat.

7 “(5) GREENHOUSE GAS CAPTURE CAPA-
8 BILITY.—The term ‘greenhouse gas capture capa-
9 bility’ means an integrated gasification combined
10 cycle technology facility capable of adding compo-
11 nents which can capture, separate on a long-term
12 basis, isolate, remove, and sequester greenhouse
13 gases which result from the generation of electricity.

14 “(6) ELECTRIC GENERATION UNIT.—The term
15 ‘electric generation unit’ means any facility at least
16 50 percent of the total annual net output of which
17 is electrical power, including an otherwise eligible fa-
18 cility which is used in an industrial application.

19 “(7) INTEGRATED GASIFICATION COMBINED
20 CYCLE.—The term ‘integrated gasification combined
21 cycle’ means an electric generation unit which pro-

1 duces electricity by converting coal to synthesis gas
2 which is used to fuel a combined-cycle plant which
3 produces electricity from both a combustion turbine
4 (including a combustion turbine/fuel cell hybrid) and
5 a steam turbine.

6 “(d) QUALIFYING ADVANCED COAL PROJECT PRO-
7 GRAM.—

8 “(1) ESTABLISHMENT.—Not later than 180
9 days after the date of enactment of this section, the
10 Secretary, in consultation with the Secretary of En-
11 ergy, shall establish a qualifying advanced coal
12 project program for the deployment of advanced
13 coal-based generation technologies.

14 “(2) CERTIFICATION.—

15 “(A) APPLICATION PERIOD.—Each appli-
16 cant for certification under this paragraph shall
17 submit an application meeting the requirements
18 of subparagraph (B). An applicant may only
19 submit an application during the 3-year period
20 beginning on the date the Secretary establishes
21 the program under paragraph (1).

1 “(B) REQUIREMENTS FOR APPLICATIONS
2 FOR CERTIFICATION.—An application under
3 subparagraph (A) shall contain such informa-
4 tion as the Secretary may require in order to
5 make a determination to accept or reject an ap-
6 plication for certification as meeting the re-
7 quirements under subsection (e)(1). Any infor-
8 mation contained in the application shall be
9 protected as provided in section 552(b)(4) of
10 title 5, United States Code.

11 “(C) TIME TO ACT UPON APPLICATIONS
12 FOR CERTIFICATION.—The Secretary shall issue
13 a determination as to whether an applicant has
14 met the requirements under subsection (e)(1)
15 within 60 days following the date of submittal
16 of the application for certification.

17 “(D) TIME TO MEET CRITERIA FOR CER-
18 TIFICATION.—Each applicant for certification
19 shall have 2 years from the date of acceptance
20 by the Secretary of the application during
21 which to provide to the Secretary evidence that

1 the criteria set forth in subsection (e)(2) have
2 been met.

3 “(E) PERIOD OF ISSUANCE.—An applicant
4 which receives a certification shall have 5 years
5 from the date of issuance of the certification in
6 order to place the project in service and if such
7 project is not placed in service by that time pe-
8 riod then the certification shall no longer be
9 valid.

10 “(3) AGGREGATE CREDITS.—

11 “(A) IN GENERAL.—The aggregate credits
12 allowed under subsection (a) for projects cer-
13 tified by the Secretary under paragraph (2)
14 may not exceed \$1,300,000,000.

15 “(B) PARTICULAR PROJECTS.—Of the dol-
16 lar amount in subparagraph (A), the Secretary
17 is authorized to certify—

18 “(i) \$800,000,000 for integrated gas-
19 ification combined cycle projects, and

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1 “(ii) \$500,000,000 for projects which
2 use other advanced coal-based generation
3 technologies.

4 “(4) REVIEW AND REDISTRIBUTION.—

5 “(A) REVIEW.—Not later than 6 years
6 after the date of enactment of this section, the
7 Secretary shall review the credits allocated
8 under this section as of the date which is 6
9 years after the date of enactment of this sec-
10 tion.

11 “(B) REDISTRIBUTION.—The Secretary
12 may reallocate credits available under clauses
13 (i) and (ii) of paragraph (3)(B) if the Secretary
14 determines that—

15 “(i) there is an insufficient quantity
16 of qualifying applications for certification
17 pending at the time of the review, or

18 “(ii) any certification made pursuant
19 to subsection paragraph (2) has been re-
20 voked pursuant to subsection paragraph
21 (2)(D) because the project subject to the

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1 certification has been delayed as a result of
2 third party opposition or litigation to the
3 proposed project.

4 “(C) REALLOCATION.—If the Secretary de-
5 termines that credits under clause (i) or (ii) of
6 paragraph (3)(B) are available for reallocation
7 pursuant to the requirements set forth in para-
8 graph (2), the Secretary is authorized to con-
9 duct an additional program for applications for
10 certification.

11 “(e) QUALIFYING ADVANCED COAL PROJECTS.—

12 “(1) REQUIREMENTS.—For purposes of sub-
13 section (c)(1), a project shall be considered a quali-
14 fying advanced coal project that the Secretary may
15 certify under subsection (d)(2) if the Secretary de-
16 termines that, at a minimum—

17 “(A) the project uses an advanced coal-
18 based generation technology—

19 “(i) to power a new electric generation
20 unit, or

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1 “(ii) to retrofit or repower an existing
2 electric generation unit (including an exist-
3 ing natural gas-fired combined cycle unit),

4 “(B) the fuel input for the project, when
5 completed, is at least 75 percent coal,

6 “(C) the project, consisting of one or more
7 electric generation units at one site, will have a
8 total nameplate generating capacity of at least
9 400 megawatts;

10 “(D) the applicant provides evidence that a
11 majority of the output of the project is reason-
12 ably expected to be acquired or utilized;

13 “(E) the applicant provides evidence of
14 ownership or control of a site of sufficient size
15 to allow the proposed project to be constructed
16 and to operate on a long-term basis; and

17 “(F) the project will be located in the
18 United States.

19 “(2) REQUIREMENTS FOR CERTIFICATION.—
20 For the purpose of subsection (d)(2)(D), a project

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1 shall be eligible for certification only if the Secretary
2 determines that—

3 “(A) the applicant for certification has re-
4 ceived all Federal and State environmental au-
5 thorizations or reviews necessary to commence
6 construction of the project; and

7 “(B) the applicant for certification, except
8 in the case of a retrofit or repower of an exist-
9 ing electric generation unit, has purchased or
10 entered into a binding contract for the purchase
11 of the main steam turbine or turbines for the
12 project, except that such contract may be con-
13 tingent upon receipt of a certification under
14 subsection (d)(2).

15 “(3) PRIORITY FOR INTEGRATED GASIFICATION
16 COMBINED CYCLE PROJECTS.—In determining which
17 qualifying advanced coal projects to certify under
18 subsection (d)(2), the Secretary shall—

19 “(A) certify capacity, in accordance with
20 the procedures set forth in subsection (d), in
21 relatively equal amounts to—

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1 “(i) projects using bituminous coal as
2 a primary feedstock,

3 “(ii) projects using subbituminous
4 coal as a primary feedstock, and

5 “(iii) projects using lignite as a pri-
6 mary feedstock, and

7 “(B) give high priority to projects which
8 include, as determined by the Secretary—

9 “(i) greenhouse gas capture capa-
10 bility,

11 “(ii) increased by-product utilization,
12 and

13 “(iii) other benefits.

14 “(f) ADVANCED COAL-BASED GENERATION TECH-
15 NOLOGY.—

16 “(1) IN GENERAL.—For the purpose of this
17 section, an electric generation unit uses advanced
18 coal-based generation technology if—

19 “(A) the unit—

20 “(i) uses integrated gasification com-
21 bined cycle technology, or

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1 “(ii) except as provided in paragraph
 2 (3), has a design net heat rate of 8530
 3 Btu/kWh (40 percent efficiency), and
 4 “(B) the unit is designed to meet the per-
 5 formance requirements in the following table:

Performance characteristic:	Design level for project:
SO ₂ (percent removal)	99 percent
NO _x (emissions)	0.07 lbs/MMBTU
PM* (emissions)	0.015 lbs/MMBTU
Hg (percent removal)	90 percent

6 “(2) DESIGN NET HEAT RATE.—For purposes
 7 of this subsection, design net heat rate with respect
 8 to an electric generation unit shall—
 9 “(A) be measured in Btu per kilowatt hour
 10 (higher heating value),
 11 “(B) be based on the design annual heat
 12 input to the unit and the rated net electrical
 13 power, fuels, and chemicals output of the unit
 14 (determined without regard to the cogeneration
 15 of steam by the unit),
 16 “(C) be adjusted for the heat content of
 17 the design coal to be used by the unit—

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1 “(i) if the heat content is less than
2 13,500 Btu per pound, but greater than
3 7,000 Btu per pound, according to the fol-
4 lowing formula: design net heat rate =
5 unit net heat rate x $[1 - ((13,500 - \text{design}$
6 coal heat content, Btu per pound)/1,000)*
7 0.013]], and

8 “(ii) if the heat content is less than or
9 equal to 7,000 Btu per pound, according
10 to the following formula: design net heat
11 rate = unit net heat rate x $[1 - ((13,500 -$
12 design coal heat content, Btu per pound)/
13 1,000)* 0.018]], and

14 “(D) be corrected for the site reference
15 conditions of—

16 “(i) elevation above sea level of 500
17 feet,

18 “(ii) air pressure of 14.4 pounds per
19 square inch absolute,

20 “(iii) temperature, dry bulb of 63/o/F,

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1 “(iv) temperature, wet bulb of 54/o/F,
2 and
3 “(v) relative humidity of 55 percent.

4 “(3) EXISTING UNITS.—In the case of any elec-
5 tric generation unit in existence on the date of the
6 enactment of this section, such unit uses advanced
7 coal-based generation technology if, in lieu of the re-
8 quirements under paragraph (1)(A)(ii), such unit
9 achieves a minimum efficiency of 35 percent and an
10 overall thermal design efficiency improvement, com-
11 pared to the efficiency of the unit as operated, of not
12 less than—

13 “(A) 7 percentage points for coal of more
14 than 9,000 Btu,

15 “(B) 6 percentage points for coal of 7,000
16 to 9,000 Btu, or

17 “(C) 4 percentage points for coal of less
18 than 7,000 Btu.

19 “(g) APPLICABILITY.—No use of technology (or level
20 of emission reduction solely by reason of the use of the
21 technology), and no achievement of any emission reduction

1 by the demonstration of any technology or performance
2 level, by or at one or more facilities with respect to which
3 a credit is allowed under this section, shall be considered
4 to indicate that the technology or performance level is—

5 “(1) adequately demonstrated for purposes of
6 section 111 of the Clean Air Act (42 U.S. C. 7411);

7 “(2) achievable for purposes of section 169 of
8 that Act (42 U.S. C. 7479); or

9 “(3) achievable in practice for purposes of sec-
10 tion 171 of such Act (42 U.S.C. 7501).

11 **“SEC. 48B. QUALIFYING GASIFICATION PROJECT CREDIT.**

12 “(a) IN GENERAL.—For purposes of section 46, the
13 qualifying gasification project credit for any taxable year
14 is an amount equal to 20 percent of the qualified invest-
15 ment for such taxable year.

16 “(b) QUALIFIED INVESTMENT.—

17 “(1) IN GENERAL.—For purposes of subsection
18 (a), the qualified investment for any taxable year is
19 the basis of eligible property placed in service by the
20 taxpayer during such taxable year which is part of
21 a qualifying gasification project—

1 “(A)(i) the construction, reconstruction, or
2 erection of which is completed by the taxpayer,
3 or

4 “(ii) which is acquired by the taxpayer if
5 the original use of such property commences
6 with the taxpayer, and

7 “(B) with respect to which depreciation (or
8 amortization in lieu of depreciation) is allow-
9 able.

10 “(2) SPECIAL RULE FOR CERTAIN SUBSIDIZED
11 PROPERTY.—Rules similar to section 48(a)(4) shall
12 apply for purposes of this section.

13 “(3) CERTAIN QUALIFIED PROGRESS EXPENDI-
14 TURES RULES MADE APPLICABLE.—Rules similar to
15 the rules of subsections (c)(4) and (d) of section 46
16 (as in effect on the day before the enactment of the
17 Revenue Reconciliation Act of 1990) shall apply for
18 purposes of this section.

19 “(c) DEFINITIONS.—For purposes of this section—

1 “(1) QUALIFYING GASIFICATION PROJECT.—

2 The term ‘qualifying gasification project’ means any
3 project which—

4 “(A) employs gasification technology,

5 “(B) will be carried out by an eligible enti-
6 ty, and

7 “(C) any portion of the qualified invest-
8 ment of which is certified under the qualifying
9 gasification program as eligible for credit under
10 this section in an amount (not to exceed
11 \$650,000,000) determined by the Secretary.

12 “(2) GASIFICATION TECHNOLOGY.—The term
13 ‘gasification technology’ means any process which
14 converts a solid or liquid product from coal, petro-
15 leum residue, biomass, or other materials which are
16 recovered for their energy or feedstock value into a
17 synthesis gas composed primarily of carbon mon-
18 oxide and hydrogen for direct use or subsequent
19 chemical or physical conversion.

20 “(3) ELIGIBLE PROPERTY.—The term ‘eligible
21 property’ means any property which is a part of a

1 qualifying gasification project and is necessary for
2 the gasification technology of such project.

3 “(4) BIOMASS.—

4 “(A) IN GENERAL.—The term ‘biomass’
5 means any—

6 “(i) agricultural or plant waste,

7 “(ii) byproduct of wood or paper mill
8 operations, including lignin in spent
9 pulping liquors, and

10 “(iii) other products of forestry main-
11 tenance.

12 “(B) EXCLUSION.—The term ‘biomass’
13 does not include paper which is commonly recy-
14 cled.

15 “(5) CARBON CAPTURE CAPABILITY.—The term
16 ‘carbon capture capability’ means a gasification
17 plant design which is determined by the Secretary to
18 reflect reasonable consideration for, and be capable
19 of, accommodating the equipment likely to be nec-
20 essary to capture carbon dioxide from the gaseous
21 stream, for later use or sequestration, which would

1 otherwise be emitted in the flue gas from a project
2 which uses a nonrenewable fuel.

3 “(6) COAL.—The term ‘coal’ means anthracite,
4 bituminous coal, subbituminous coal, lignite, and
5 peat.

6 “(7) ELIGIBLE ENTITY.—The term ‘eligible en-
7 tity’ means any person whose application for certifi-
8 cation is principally intended for use in a domestic
9 project which employs domestic gasification applica-
10 tions related to—

11 “(A) chemicals,

12 “(B) fertilizers,

13 “(C) glass,

14 “(D) steel,

15 “(E) petroleum residues,

16 “(F) forest products, and

17 “(G) agriculture, including feedlots and
18 dairy operations.

19 “(8) PETROLEUM RESIDUE.—The term ‘petro-
20 leum residue’ means the carbonized product of high-

1 boiling hydrocarbon fractions obtained in petroleum
2 processing.

3 “(d) QUALIFYING GASIFICATION PROJECT PRO-
4 GRAM.—

5 “(1) IN GENERAL.—Not later than 180 days
6 after the date of the enactment of this section, the
7 Secretary, in consultation with the Secretary of En-
8 ergy, shall establish a qualifying gasification project
9 program to consider and award certifications for
10 qualified investment eligible for credits under this
11 section to qualifying gasification project sponsors
12 under this section. The total amounts of credit that
13 may be allocated under the program shall not exceed
14 \$350,000,000 under rules similar to the rules of sec-
15 tion 48A(d)(4).

16 “(2) PERIOD OF ISSUANCE.—A certificate of
17 eligibility under paragraph (1) may be issued only
18 during the 10-fiscal year period beginning on Octo-
19 ber 1, 2005.

20 “(3) SELECTION CRITERIA.—The Secretary
21 shall not make a competitive certification award for

1 qualified investment for credit eligibility under this
2 section unless the recipient has documented to the
3 satisfaction of the Secretary that—

4 “(A) the award recipient is financially via-
5 ble without the receipt of additional Federal
6 funding associated with the proposed project,

7 “(B) the recipient will provide sufficient
8 information to the Secretary for the Secretary
9 to ensure that the qualified investment is spent
10 efficiently and effectively,

11 “(C) a market exists for the products of
12 the proposed project as evidenced by contracts
13 or written statements of intent from potential
14 customers,

15 “(D) the fuels identified with respect to
16 the gasification technology for such project will
17 comprise at least 90 percent of the fuels re-
18 quired by the project for the production of
19 chemical feedstocks, liquid transportation fuels,
20 or coproduction of electricity,

1 “(E) the award recipient’s project team is
2 competent in the construction and operation of
3 the gasification technology proposed, with pref-
4 erence given to those recipients with experience
5 which demonstrates successful and reliable op-
6 erations of the technology on domestic fuels so
7 identified, and

8 “(F) the award recipient has met other cri-
9 teria established and published by the Sec-
10 retary.

11 “(e) DENIAL OF DOUBLE BENEFIT.—A credit shall
12 not be allowed under this section for any qualified invest-
13 ment for which a credit is allowed under section 48A.”.

14 (c) CONFORMING AMENDMENTS.—

15 (1) Section 49(a)(1)(C) is amended by striking
16 “and” at the end of clause (ii), by striking clause
17 (iii), and by adding after clause (ii) the following
18 new clauses:

19 “(iii) the basis of any property which
20 is part of a qualifying advanced coal
21 project under section 48A, and

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1 “(iv) the basis of any property which
2 is part of a qualifying gasification project
3 under section 48B.”.

4 (2) The table of sections for subpart E of part
5 IV of subchapter A of chapter 1 is amended by in-
6 serting after the item relating to section 48 the fol-
7 lowing new items:

“Sec. 48A. Qualifying advanced coal project credit.

“Sec. 48B. Qualifying gasification project credit.”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to periods after the date of the
10 enactment of this Act, under rules similar to the rules of
11 section 48(m) of the Internal Revenue Code of 1986 (as
12 in effect on the day before the date of the enactment of
13 the Revenue Reconciliation Act of 1990).

14 **SEC. 1308. ELECTRIC TRANSMISSION PROPERTY TREATED**
15 **AS 15-YEAR PROPERTY.**

16 (a) IN GENERAL.—Subparagraph (E) of section
17 168(e)(3) (relating to classification of certain property) is
18 amended by striking “and” at the end of clause (v), by
19 striking the period at the end of clause (vi) and inserting

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1 **“SEC. 737. FELLOWSHIP AND EXCHANGE PROGRAMS.**

2 “The Secretary of State, in coordination with the
3 Secretary of Energy, the Secretary of Commerce, and the
4 Administrator of the Environmental Protection Agency,
5 shall carry out fellowship and exchange programs under
6 which officials from developing countries visit the United
7 States to acquire expertise and knowledge of best practices
8 to reduce greenhouse gas intensity in their countries.

9 **“SEC. 738. AUTHORIZATION OF APPROPRIATIONS.**

10 “There are authorized to be appropriated such sums
11 as are necessary to carry out this part.

12 **“SEC. 739. EFFECTIVE DATE.**

13 “Except as otherwise provided in this part, this part
14 takes effect on October 1, 2005.”.

15 **TITLE XVII—INCENTIVES FOR**
16 **INNOVATIVE TECHNOLOGIES**

17 **SEC. 1701. DEFINITIONS.**

18 In this title:

19 (1) **COMMERCIAL TECHNOLOGY.**—

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1 (A) IN GENERAL.—The term “commercial
2 technology” means a technology in general use
3 in the commercial marketplace.

4 (B) INCLUSIONS.—The term “commercial
5 technology” does not include a technology solely
6 by use of the technology in a demonstration
7 project funded by the Department.

8 (2) COST.—The term “cost” has the meaning
9 given the term “cost of a loan guarantee” within the
10 meaning of section 502(5)(C) of the Federal Credit
11 Reform Act of 1990 (2 U.S.C. 661a(5)(C)).

12 (3) ELIGIBLE PROJECT.—The term “eligible
13 project” means a project described in section 1703.

14 (4) GUARANTEE.—

15 (A) IN GENERAL.—The term “guarantee”
16 has the meaning given the term “loan guar-
17 antee” in section 502 of the Federal Credit Re-
18 form Act of 1990 (2 U.S.C. 661a).

19 (B) INCLUSION.—The term “guarantee”
20 includes a loan guarantee commitment (as de-

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1 fined in section 502 of the Federal Credit Re-
2 form Act of 1990 (2 U.S.C. 661a)).

3 (5) OBLIGATION.—The term “obligation”
4 means the loan or other debt obligation that is guar-
5 anteed under this section.

6 **SEC. 1702. TERMS AND CONDITIONS.**

7 (a) IN GENERAL.—Except for division C of Public
8 Law 108–324, the Secretary shall make guarantees under
9 this or any other Act for projects on such terms and condi-
10 tions as the Secretary determines, after consultation with
11 the Secretary of the Treasury, only in accordance with this
12 section.

13 (b) SPECIFIC APPROPRIATION OR CONTRIBUTION.—
14 No guarantee shall be made unless—

15 (1) an appropriation for the cost has been
16 made; or

17 (2) the Secretary has received from the bor-
18 rower a payment in full for the cost of the obligation
19 and deposited the payment into the Treasury.

20 (c) AMOUNT.—Unless otherwise provided by law, a
21 guarantee by the Secretary shall not exceed an amount

1 equal to 80 percent of the project cost of the facility that
2 is the subject of the guarantee, as estimated at the time
3 at which the guarantee is issued.

4 (d) REPAYMENT.—

5 (1) IN GENERAL.—No guarantee shall be made
6 unless the Secretary determines that there is reason-
7 able prospect of repayment of the principal and in-
8 terest on the obligation by the borrower.

9 (2) AMOUNT.—No guarantee shall be made un-
10 less the Secretary determines that the amount of the
11 obligation (when combined with amounts available to
12 the borrower from other sources) will be sufficient to
13 carry out the project.

14 (3) SUBORDINATION.—The obligation shall be
15 subject to the condition that the obligation is not
16 subordinate to other financing.

17 (e) INTEREST RATE.—An obligation shall bear inter-
18 est at a rate that does not exceed a level that the Secretary
19 determines appropriate, taking into account the prevailing
20 rate of interest in the private sector for similar loans and
21 risks.

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1 (f) TERM.—The term of an obligation shall require
2 full repayment over a period not to exceed the lesser of—

3 (1) 30 years; or

4 (2) 90 percent of the projected useful life of the
5 physical asset to be financed by the obligation (as
6 determined by the Secretary).

7 (g) DEFAULTS.—

8 (1) PAYMENT BY SECRETARY.—

9 (A) IN GENERAL.—If a borrower defaults
10 on the obligation (as defined in regulations pro-
11 mulgated by the Secretary and specified in the
12 guarantee contract), the holder of the guarantee
13 shall have the right to demand payment of the
14 unpaid amount from the Secretary.

15 (B) PAYMENT REQUIRED.—Within such
16 period as may be specified in the guarantee or
17 related agreements, the Secretary shall pay to
18 the holder of the guarantee the unpaid interest
19 on, and unpaid principal of the obligation as to
20 which the borrower has defaulted, unless the
21 Secretary finds that there was no default by the

1 borrower in the payment of interest or principal
2 or that the default has been remedied.

3 (C) FORBEARANCE.—Nothing in this sub-
4 section precludes any forbearance by the holder
5 of the obligation for the benefit of the borrower
6 which may be agreed upon by the parties to the
7 obligation and approved by the Secretary.

8 (2) SUBROGATION.—

9 (A) IN GENERAL.—If the Secretary makes
10 a payment under paragraph (1), the Secretary
11 shall be subrogated to the rights of the recipi-
12 ent of the payment as specified in the guar-
13 antee or related agreements including, where
14 appropriate, the authority (notwithstanding any
15 other provision of law) to—

16 (i) complete, maintain, operate, lease,
17 or otherwise dispose of any property ac-
18 quired pursuant to such guarantee or re-
19 lated agreements; or

20 (ii) permit the borrower, pursuant to
21 an agreement with the Secretary, to con-

1 tinue to pursue the purposes of the project
2 if the Secretary determines this to be in
3 the public interest.

4 (B) SUPERIORITY OF RIGHTS.—The rights
5 of the Secretary, with respect to any property
6 acquired pursuant to a guarantee or related
7 agreements, shall be superior to the rights of
8 any other person with respect to the property.

9 (C) TERMS AND CONDITIONS.—A guar-
10 antee agreement shall include such detailed
11 terms and conditions as the Secretary deter-
12 mines appropriate to—

13 (i) protect the interests of the United
14 States in the case of default; and

15 (ii) have available all the patents and
16 technology necessary for any person se-
17 lected, including the Secretary, to complete
18 and operate the project.

19 (3) PAYMENT OF PRINCIPAL AND INTEREST BY
20 SECRETARY.—With respect to any obligation guar-
21 anteed under this section, the Secretary may enter

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1 into a contract to pay, and pay, holders of the obli-
2 gation, for and on behalf of the borrower, from
3 funds appropriated for that purpose, the principal
4 and interest payments which become due and pay-
5 able on the unpaid balance of the obligation if the
6 Secretary finds that—

7 (A)(i) the borrower is unable to meet the
8 payments and is not in default;

9 (ii) it is in the public interest to permit the
10 borrower to continue to pursue the purposes of
11 the project; and

12 (iii) the probable net benefit to the Federal
13 Government in paying the principal and interest
14 will be greater than that which would result in
15 the event of a default;

16 (B) the amount of the payment that the
17 Secretary is authorized to pay shall be no great-
18 er than the amount of principal and interest
19 that the borrower is obligated to pay under the
20 agreement being guaranteed; and

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1 (C) the borrower agrees to reimburse the
2 Secretary for the payment (including interest)
3 on terms and conditions that are satisfactory to
4 the Secretary.

5 (4) ACTION BY ATTORNEY GENERAL.—

6 (A) NOTIFICATION.—If the borrower de-
7 faults on an obligation, the Secretary shall no-
8 tify the Attorney General of the default.

9 (B) RECOVERY.—On notification, the At-
10 torney General shall take such action as is ap-
11 propriate to recover the unpaid principal and
12 interest due from—

13 (i) such assets of the defaulting bor-
14 rower as are associated with the obligation;
15 or

16 (ii) any other security pledged to se-
17 cure the obligation.

18 (h) FEES.—

19 (1) IN GENERAL.—The Secretary shall charge
20 and collect fees for guarantees in amounts the Sec-

1 retary determines are sufficient to cover applicable
2 administrative expenses.

3 (2) AVAILABILITY.—Fees collected under this
4 subsection shall—

5 (A) be deposited by the Secretary into the
6 Treasury; and

7 (B) remain available until expended, sub-
8 ject to such other conditions as are contained in
9 annual appropriations Acts.

10 (i) RECORDS; AUDITS.—

11 (1) IN GENERAL.—A recipient of a guarantee
12 shall keep such records and other pertinent docu-
13 ments as the Secretary shall prescribe by regulation,
14 including such records as the Secretary may require
15 to facilitate an effective audit.

16 (2) ACCESS.—The Secretary and the Comp-
17 troller General of the United States, or their duly
18 authorized representatives, shall have access, for the
19 purpose of audit, to the records and other pertinent
20 documents.

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1 (j) FULL FAITH AND CREDIT.—The full faith and
2 credit of the United States is pledged to the payment of
3 all guarantees issued under this section with respect to
4 principal and interest.

5 **SEC. 1703. ELIGIBLE PROJECTS.**

6 (a) IN GENERAL.—The Secretary may make guaran-
7 tees under this section only for projects that—

8 (1) avoid, reduce, or sequester air pollutants or
9 anthropogenic emissions of greenhouse gases; and

10 (2) employ new or significantly improved tech-
11 nologies as compared to commercial technologies in
12 service in the United States at the time the guar-
13 antee is issued.

14 (b) CATEGORIES.—Projects from the following cat-
15 egories shall be eligible for a guarantee under this section:

16 (1) Renewable energy systems.

17 (2) Advanced fossil energy technology (includ-
18 ing coal gasification meeting the criteria in sub-
19 section (d)).

20 (3) Hydrogen fuel cell technology for residen-
21 tial, industrial or —transportation applications.

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1 (4) Advanced nuclear energy facilities.

2 (5) Carbon capture and sequestration practices
3 and technologies, including agricultural and forestry
4 practices that store and sequester carbon.

5 (6) Efficient electrical generation, transmission,
6 and distribution technologies.

7 (7) Efficient end-use energy technologies.

8 (8) Production facilities for fuel efficient vehi-
9 cles, including hybrid and advanced diesel vehicles.

10 (9) Pollution control equipment.

11 (10) Refineries, meaning facilities at which
12 crude oil is refined into gasoline.

13 (c) GASIFICATION PROJECTS.—The Secretary may
14 make guarantees for the following gasification projects:

15 (1) INTEGRATED GASIFICATION COMBINED
16 CYCLE PROJECTS.—Integrated gasification combined
17 cycle plants meeting the emission levels under sub-
18 section (d), including—

19 (A) projects for the generation of
20 electricity—

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1 (i) for which, during the term of the
2 guarantee—

3 (I) coal, biomass, petroleum coke,
4 or a combination of coal, biomass, and
5 petroleum coke will account for at
6 least 65 percent of annual heat input;
7 and

8 (II) electricity will account for at
9 least 65 percent of net useful annual
10 energy output;

11 (ii) that have a design that is deter-
12 mined by the Secretary to be capable of ac-
13 commodating the equipment likely to be
14 necessary to capture the carbon dioxide
15 that would otherwise be emitted in flue gas
16 from the plant;

17 (iii) that have an assured revenue
18 stream that covers project capital and op-
19 erating costs (including servicing all debt
20 obligations covered by the guarantee) that

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1 is approved by the Secretary and the rel-
2 evant State public utility commission; and

3 (iv) on which construction commences
4 not later than the date that is 3 years
5 after the date of the issuance of the guar-
6 antee;

7 (B) a project to produce energy from coal
8 (of not more than 13,000 Btu/lb and mined in
9 the western United States) using appropriate
10 advanced integrated gasification combined cycle
11 technology that minimizes and offers the poten-
12 tial to sequester carbon dioxide emissions and
13 that—

14 (i) may include repowering of existing
15 facilities;

16 (ii) may be built in stages;

17 (iii) shall have a combined output of
18 at least 100 megawatts;

19 (iv) shall be located in a western State
20 at an altitude greater than 4,000 feet; and

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1 (v) shall demonstrate the ability to
2 use coal with an energy content of not
3 more than 9,000 Btu/lb;

4 (C) a project located in a taconite-pro-
5 ducing region of the United States that is enti-
6 tled under the law of the State in which the
7 plant is located to enter into a long-term con-
8 tract approved by a State public utility commis-
9 sion to sell at least 450 megawatts of output to
10 a utility;

11 (D) facilities that—

12 (i) generate 1 or more hydrogen-rich
13 and carbon monoxide-rich product streams
14 from the gasification of coal or coal waste;
15 and

16 (ii) use those streams to facilitate the
17 production of ultra clean premium fuels
18 through the Fischer-Tropsch process; and

19 (E) a project to produce energy and clean
20 fuels, using appropriate coal liquefaction tech-

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1 nology, from Western bituminous or subbitu-
2 minous coal, that—

3 (i) is owned by a State government;

4 and

5 (ii) may include tribal and private coal
6 resources.

7 (2) INDUSTRIAL GASIFICATION PROJECTS.—Fa-
8 cilities that gasify coal, biomass, or petroleum coke
9 in any combination to produce synthesis gas for use
10 as a fuel or feedstock and for which electricity ac-
11 counts for less than 65 percent of the useful energy
12 output of the facility.

13 (3) PETROLEUM COKE GASIFICATION
14 PROJECTS.—The Secretary is encouraged to make
15 loan guarantees under this title available for petro-
16 leum coke gasification projects.

17 (4) LIQUIFACTION PROJECT.—Notwithstanding
18 any other provision of law, funds awarded under the
19 clean coal power initiative under subtitle A of title
20 IV for coal-to-oil liquefaction projects may be used

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1 to finance the cost of loan guarantees for projects
2 awarded such funds.

3 (d) EMISSION LEVELS.—In addition to any other ap-
4 plicable Federal or State emission limitation requirements,
5 a project shall attain at least—

6 (1) total sulfur dioxide emissions in flue gas
7 from the project that do not exceed 0.05 lb/
8 mmBTU;

9 (2) a 90-percent removal rate (including any
10 fuel pretreatment) of mercury from the coal-derived
11 gas, and any other fuel, combusted by the project;

12 (3) total nitrogen oxide emissions in the flue
13 gas from the project that do not exceed 0.08 lb/
14 mmBTU; and

15 (4) total particulate emissions in the flue gas
16 from the project that do not exceed 0.01 lb/
17 mmBTU.

18 (e) QUALIFICATION OF FACILITIES RECEIVING TAX
19 CREDITS.—A project that receives tax credits for clean
20 coal technology shall not be disqualified from receiving a
21 guarantee under this title.

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1 **SEC. 1704. AUTHORIZATION OF APPROPRIATIONS.**

2 (a) IN GENERAL.—There are authorized to be appro-
3 priated such sums as are necessary to provide the cost
4 of guarantees under this title.

5 (b) USE OF OTHER APPROPRIATED FUNDS.—The
6 Department may use amounts awarded under the clean
7 coal power initiative under subtitle A of title IV to carry
8 out the project described in section 1703(c)(1)(C), on the
9 request of the recipient of such award, for a loan guar-
10 antee, to the extent that the amounts have not yet been
11 disbursed to, or have been repaid by, the recipient.

12 **TITLE XVIII—STUDIES**

13 **SEC. 1801. STUDY ON INVENTORY OF PETROLEUM AND**
14 **NATURAL GAS STORAGE.**

15 (a) DEFINITION.—For purposes of this section “pe-
16 troleum” means crude oil, motor gasoline, jet fuel, dis-
17 tillates, and propane.

18 (b) STUDY.—The Secretary shall conduct a study on
19 petroleum and natural gas storage capacity and oper-
20 ational inventory levels, nationwide and by major geo-
21 graphical regions.