

110TH CONGRESS
1ST SESSION

S. 1443

To provide standards for renewable fuels and coal-derived fuels.

IN THE SENATE OF THE UNITED STATES

MAY 21, 2007

Mr. THOMAS (for himself and Mr. BUNNING) introduced the following bill;
which was read twice and referred to the Committee on Energy and Nat-
ural Resources

A BILL

To provide standards for renewable fuels and coal-derived
fuels.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Clean, Affordable, and
5 Domestic Fuels for Energy Security Act of 2007”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) **ADVANCED BIOFUEL.**—

1 (A) IN GENERAL.—The term “advanced
2 biofuel” means fuel derived from renewable bio-
3 mass other than corn starch.

4 (B) INCLUSIONS.—The term “advanced
5 biofuel” includes—

6 (i) ethanol derived from cellulose,
7 hemicellulose, or lignin;

8 (ii) ethanol derived from sugar or
9 starch, other than ethanol derived from
10 corn starch;

11 (iii) ethanol derived from waste mate-
12 rial, including crop residue, other vegeta-
13 tive waste material, animal waste, and food
14 waste and yard waste;

15 (iv) diesel-equivalent fuel derived from
16 renewable biomass, including vegetable oil
17 and animal fat;

18 (v) biogas produced through the con-
19 version of organic matter from renewable
20 biomass; and

21 (vi) butanol or higher alcohols pro-
22 duced through the conversion of organic
23 matter from renewable biomass.

24 (2) COAL-DERIVED FUEL.—The term “coal-de-
25 rived fuel” means fuel derived from coal that is—

1 (A) extracted by mining or in-situ methods
2 in the United States; and

3 (B) refined or otherwise processed at facili-
4 ties located in the United States that are capa-
5 ble of capturing carbon dioxide emissions.

6 (3) CONVENTIONAL BIOFUEL.—The term “con-
7 ventional biofuel” means ethanol derived from corn
8 starch.

9 (4) COVERED FUEL.—The term “covered fuel”
10 means—

11 (A) aviation fuel;

12 (B) motor vehicle fuel;

13 (C) home heating oil; and

14 (D) boiler fuel.

15 (5) GREENHOUSE GAS.—The term “greenhouse
16 gas” means any of—

17 (A) carbon dioxide;

18 (B) methane;

19 (C) nitrous oxide;

20 (D) hydrofluorocarbons;

21 (E) perfluorocarbons; and

22 (F) sulfur hexafluoride.

23 (6) GREENHOUSE GAS EMISSION STANDARD.—

24 The term “greenhouse gas emission standard”

25 means a comprehensive measurement of the level of

1 greenhouse gases emitted by a fuel, as calculated
2 during the period beginning with the acquisition of
3 feedstock by a refinery, blender, or importer of the
4 fuel and continuing through manufacture, transpor-
5 tation, and use of the fuel in a motor vehicle, air-
6 craft, boiler, or furnace.

7 (7) RENEWABLE BIOMASS.—The term “renew-
8 able biomass” means—

9 (A) biomass (as defined by section 210 of
10 the Energy Policy Act of 2005 (42 U.S.C.
11 15855)) that is harvested where permitted by
12 law and in accordance with applicable land
13 management plans from—

14 (i) National Forest System land; or

15 (ii) public lands (as defined in section
16 103 of the Federal Land Policy and Man-
17 agement Act of 1976 (43 U.S.C. 1702));

18 or

19 (B) any organic matter that is available on
20 a renewable or recurring basis from non-Fed-
21 eral land or from land belonging to an Indian
22 tribe, or an Indian individual, that is held in
23 trust by the United States or subject to a re-
24 striction against alienation imposed by the
25 United States, including—

1 (i) renewable plant material, includ-
2 ing—

3 (I) feed grains;

4 (II) other agricultural commod-
5 ities;

6 (III) other plants and trees; and

7 (IV) algae; and

8 (ii) waste material, including—

9 (I) crop residue;

10 (II) other vegetative waste mate-
11 rial (including wood waste and wood
12 residues);

13 (III) animal waste and byprod-
14 ucts (including fats, oils, greases, and
15 manure); and

16 (IV) food waste and yard waste.

17 (8) RENEWABLE FUEL.—

18 (A) IN GENERAL.—The term “renewable
19 fuel” means motor vehicle fuel, boiler fuel, or
20 home heating fuel that is—

21 (i) produced from renewable biomass;

22 and

23 (ii) used to replace or reduce the
24 quantity of fossil fuel present in a fuel or

1 fuel mixture used to operate a motor vehi-
2 cle, boiler, or furnace.

3 (B) INCLUSION.—The term “renewable
4 fuel” includes—

5 (i) conventional biofuel; and

6 (ii) advanced biofuel.

7 (9) SECRETARY.—The term “Secretary” means
8 the Secretary of Energy.

9 (10) SMALL REFINERY.—The term “small re-
10 finery” means a refinery for which the average ag-
11 gregate daily crude oil throughput for a calendar
12 year (as determined by dividing the aggregate
13 throughput for the calendar year by the number of
14 days in the calendar year) does not exceed 75,000
15 barrels.

16 **SEC. 3. CLEAN, AFFORDABLE, AND DOMESTIC FUEL PRO-**
17 **GRAM.**

18 (a) PROGRAM.—

19 (1) IN GENERAL.—Not later than 1 year after
20 the date of enactment of this Act, the President
21 shall promulgate regulations to ensure that covered
22 fuel sold or introduced into commerce in the United
23 States (except in noncontiguous States or terri-
24 tories), on an annual average basis, contains the ap-

1 applicable volume of coal-derived fuel determined in ac-
2 cordance with paragraph (4).

3 (2) PROVISIONS OF REGULATIONS.—Regardless
4 of the date of promulgation, the regulations promul-
5 gated under paragraph (1)—

6 (A) shall contain compliance provisions ap-
7 plicable to refineries, blenders, distributors, and
8 importers, as appropriate, to ensure that the re-
9 quirements of this subsection are met; but

10 (B) shall not—

11 (i) restrict geographic areas in the
12 contiguous United States in which coal-de-
13 rived fuel may be used; or

14 (ii) impose any per-gallon obligation
15 for the use of coal-derived fuel.

16 (3) GREENHOUSE GAS EMISSION STANDARD.—

17 (A) LIMITATION.—No coal-derived fuel
18 shall be included in the applicable volume estab-
19 lished under paragraph (4), or satisfy the coal-
20 derived fuel obligation for refineries, blenders,
21 and importers under subsection (b)(2)(B), un-
22 less the coal-derived fuel meets the greenhouse
23 gas emissions level requirement for coal-derived
24 fuel under subparagraph (C).

1 (B) REDUCTION OF GREENHOUSE GAS
 2 EMISSIONS LEVEL.—The greenhouse gas emis-
 3 sions level shall be reduced by the sum of, as
 4 applicable—

5 (i) the quantity of greenhouse gases
 6 absorbed in the production of any renew-
 7 able biomass used in the production of the
 8 coal-derived fuel; and

9 (ii) the quantity of greenhouse gases
 10 produced during the production of the
 11 coal-derived fuel that are sequestered.

12 (C) GREENHOUSE GAS EMISSIONS LEVEL
 13 OF COAL-DERIVED FUEL.—

14 (i) IN GENERAL.—The greenhouse gas
 15 emissions level for coal-derived fuel, as ad-
 16 justed under clause (ii), shall not exceed
 17 the greenhouse gas emissions level for the
 18 same quantity of covered fuel, as applica-
 19 ble.

20 (ii) ADJUSTMENT.—The greenhouse
 21 gas emissions level for coal-derived fuel
 22 shall be adjusted by the product of—

23 (I) the greenhouse gas emissions
 24 level; and

25 (II) the ratio that—

- 1 (aa) the number of British
2 thermal units of energy produced
3 by the combustion of 1 gallon of
4 covered fuel, as applicable (as
5 measured under conditions deter-
6 mined by the Secretary); bears to
7 (bb) the number of British
8 thermal units of energy produced
9 by the combustion of 1 gallon of
10 the coal-derived fuel (as meas-
11 ured under conditions determined
12 by the Secretary to be com-
13 parable to conditions for meas-
14 uring the energy produced by
15 covered fuel, as applicable).

16 (D) FUEL PRODUCTION EMISSIONS LEVEL
17 OF COVERED FUELS.—The greenhouse gas
18 emissions level of covered fuel, as applicable,
19 shall be based on fuels that do not contain re-
20 newable fuels.

21 (4) APPLICABLE VOLUME.—

22 (A) CALENDAR YEARS 2016 THROUGH
23 2022.—For the purpose of this subsection, the
24 applicable volume for any of calendar years

1 2016 through 2022 shall be determined in ac-
 2 cordance with the following table:

Calendar year:	Applicable volume of coal- derived fuels (in billions of gallons):
2016	3.0
2017	6.0
2018	9.0
2019	12.0
2020	15.0
2021	18.0
2022	21.0.

3 (B) CALENDAR YEAR 2023 AND THERE-
 4 AFTER.—Subject to subparagraph (C), for the
 5 purposes of this subsection, the applicable vol-
 6 ume for calendar year 2023 and each calendar
 7 year thereafter shall be determined by the
 8 President, in coordination with the Secretary
 9 and the Administrator of the Environmental
 10 Protection Agency, based on a review of the im-
 11 plementation of the program during calendar
 12 years 2016 through 2022, including a review
 13 of—

14 (i) the impact of coal-derived fuels on
 15 the energy security of the United States;

16 (ii) the expected annual rate of future
 17 production of coal-derived fuels; and

18 (iii) the impact of the use of coal-de-
 19 rived fuels on other factors, including job

1 creation, rural economic development, and
2 the environment.

3 (C) MINIMUM APPLICABLE VOLUME.—For
4 the purpose of this subsection, the applicable
5 volume for calendar year 2023 and each cal-
6 endar year thereafter shall be equal to the prod-
7 uct obtained by multiplying—

8 (i) the number of gallons of covered
9 fuel that the President estimates will be
10 sold or introduced into commerce in the
11 calendar year; and

12 (ii) the ratio that—

13 (I) 21,000,000,000 gallons of
14 coal-derived fuel; bears to

15 (II) the number of gallons of cov-
16 ered fuel sold or introduced into com-
17 merce in calendar year 2022.

18 (b) APPLICABLE PERCENTAGES.—

19 (1) PROVISION OF ESTIMATE OF VOLUMES OF
20 CERTAIN FUEL SALES.—Not later than October 31
21 of each of calendar years 2016 through 2021, the
22 Administrator of the Energy Information Adminis-
23 tration shall provide to the President an estimate,
24 with respect to the following calendar year, of the

1 volumes of covered fuel projected to be sold or intro-
2 duced into commerce in the United States.

3 (2) DETERMINATION OF APPLICABLE PERCENT-
4 AGES.—

5 (A) IN GENERAL.—Not later than Novem-
6 ber 30 of each of calendar years 2016 through
7 2022, based on the estimate provided under
8 paragraph (1), the President shall determine
9 and publish in the Federal Register, with re-
10 spect to the following calendar year, the coal-
11 derived fuel obligation that ensures that the re-
12 quirements of subsection (a) are met.

13 (B) REQUIRED ELEMENTS.—The coal-de-
14 rived fuel obligation determined for a calendar
15 year under subparagraph (A) shall—

16 (i) be applicable to refineries, blend-
17 ers, and importers, as appropriate;

18 (ii) be expressed in terms of a volume
19 percentage of covered fuel sold or intro-
20 duced into commerce in the United States;
21 and

22 (iii) subject to paragraph (3)(A), con-
23 sist of a single applicable percentage that
24 applies to all categories of persons speci-
25 fied in clause (i).

1 (3) ADJUSTMENTS.—In determining the appli-
2 cable percentage for a calendar year, the President
3 shall make adjustments—

4 (A) to prevent the imposition of redundant
5 obligations on any person specified in para-
6 graph (2)(B)(i); and

7 (B) to account for the use of coal-derived
8 fuel during the previous calendar year by small
9 refineries that are exempt under subsection (f).

10 (c) VOLUME CONVERSION FACTORS FOR COAL-DE-
11 RIVED FUELS BASED ON ENERGY CONTENT.—

12 (1) IN GENERAL.—For the purpose of sub-
13 section (a), the President shall assign values to spe-
14 cific types of coal-derived fuel for the purpose of sat-
15 isfying the fuel volume requirements of subsection
16 (a)(4) in accordance with this subsection.

17 (2) ENERGY CONTENT RELATIVE TO DIESEL
18 FUEL.—For coal-derived fuels, 1 gallon of the coal-
19 derived fuel shall be considered to be the equivalent
20 of 1 gallon of diesel fuel multiplied by the ratio
21 that—

22 (A) the number of British thermal units of
23 energy produced by the combustion of 1 gallon
24 of the coal-derived fuel (as measured under con-
25 ditions determined by the Secretary); bears to

1 (B) the number of British thermal units of
2 energy produced by the combustion of 1 gallon
3 of diesel fuel (as measured under conditions de-
4 termined by the Secretary to be comparable to
5 conditions described in subparagraph (A)).

6 (d) CREDIT PROGRAM.—

7 (1) IN GENERAL.—The President, in consulta-
8 tion with the Secretary and the Administrator of the
9 Environmental Protection Agency, shall implement a
10 credit program to manage the coal-derived fuel re-
11 quirement of this section.

12 (2) MARKET TRANSPARENCY.—In carrying out
13 the credit program under this subsection, the Presi-
14 dent shall facilitate price transparency in markets
15 for the sale and trade of credits, with due regard for
16 the public interest, the integrity of those markets,
17 fair competition, and the protection of consumers.

18 (e) WAIVERS.—

19 (1) IN GENERAL.—The President, in consulta-
20 tion with the Secretary and the Administrator of the
21 Environmental Protection Agency, may waive the re-
22 quirements of subsection (a) in whole or in part on
23 petition by 1 or more States by reducing the na-
24 tional quantity of coal-derived fuel required under
25 subsection (a), based on a determination by the

1 President (after public notice and opportunity for
2 comment), that—

3 (A) implementation of the requirement
4 would severely harm the economy or environ-
5 ment of a State, a region, or the United States;
6 or

7 (B) extreme and unusual circumstances
8 exist that prevent distribution of an adequate
9 supply of domestically-produced coal-derived
10 fuel to consumers in the United States.

11 (2) PETITIONS FOR WAIVERS.—The President,
12 in consultation with the Secretary and the Adminis-
13 trator of the Environmental Protection Agency, shall
14 approve or disapprove a State petition for a waiver
15 of the requirements of subsection (a) within 90 days
16 after the date on which the petition is received by
17 the President.

18 (3) TERMINATION OF WAIVERS.—A waiver
19 granted under paragraph (1) shall terminate after 1
20 year, but may be renewed by the President after
21 consultation with the Secretary and the Adminis-
22 trator of the Environmental Protection Agency.

23 (f) SMALL REFINERIES.—

24 (1) TEMPORARY EXEMPTION.—

1 (A) IN GENERAL.—The requirements of
2 subsection (a) shall not apply to small refineries
3 until calendar year 2018.

4 (B) EXTENSION OF EXEMPTION.—

5 (i) STUDY BY SECRETARY.—Not later
6 than December 31, 2013, the Secretary
7 shall submit to the President and Congress
8 a report describing the results of a study
9 to determine whether compliance with the
10 requirements of subsection (a) would im-
11 pose a disproportionate economic hardship
12 on small refineries.

13 (ii) EXTENSION OF EXEMPTION.—In
14 the case of a small refinery that the Sec-
15 retary determines under clause (i) would
16 be subject to a disproportionate economic
17 hardship if required to comply with sub-
18 section (a), the President shall extend the
19 exemption under subparagraph (A) for the
20 small refinery for a period of not less than
21 2 additional years.

22 (2) PETITIONS BASED ON DISPROPORTIONATE
23 ECONOMIC HARDSHIP.—

24 (A) EXTENSION OF EXEMPTION.—A small
25 refinery may at any time petition the President

1 for an extension of the exemption under para-
2 graph (1) for the reason of disproportionate
3 economic hardship.

4 (B) EVALUATION OF PETITIONS.—In eval-
5 uating a petition under subparagraph (A), the
6 President, in consultation with the Secretary,
7 shall consider the findings of the study under
8 paragraph (1)(B) and other economic factors.

9 (C) DEADLINE FOR ACTION ON PETI-
10 TIONS.—The President shall act on any petition
11 submitted by a small refinery for a hardship ex-
12 emption not later than 90 days after the date
13 of receipt of the petition.

14 (3) OPT-IN FOR SMALL REFINERIES.—A small
15 refinery shall be subject to the requirements of sub-
16 section (a) if the small refinery notifies the Presi-
17 dent that the small refinery waives the exemption
18 under paragraph (1).

19 (g) PENALTIES AND ENFORCEMENT.—

20 (1) CIVIL PENALTIES.—

21 (A) IN GENERAL.—Any person that vio-
22 lates a regulation promulgated under subsection
23 (a), or that fails to furnish any information re-
24 quired under such a regulation, shall be liable

1 to the United States for a civil penalty of not
2 more than the total of—

3 (i) \$25,000 for each day of the viola-
4 tion; and

5 (ii) the amount of economic benefit or
6 savings received by the person resulting
7 from the violation, as determined by the
8 President.

9 (B) COLLECTION.—Civil penalties under
10 subparagraph (A) shall be assessed by, and col-
11 lected in a civil action brought by, the Secretary
12 or such other officer of the United States as is
13 designated by the President.

14 (2) INJUNCTIVE AUTHORITY.—

15 (A) IN GENERAL.—The district courts of
16 the United States shall have jurisdiction to—

17 (i) restrain a violation of a regulation
18 promulgated under subsection (a);

19 (ii) award other appropriate relief;
20 and

21 (iii) compel the furnishing of informa-
22 tion required under the regulation.

23 (B) ACTIONS.—An action to restrain such
24 violations and compel such actions shall be

1 brought by and in the name of the United
2 States.

3 (C) SUBPOENAS.—In the action, a sub-
4 poena for a witness who is required to attend
5 a district court in any district may apply in any
6 other district.

7 (h) EFFECTIVE DATE.—Except as otherwise specifi-
8 cally provided in this section, this section takes effect on
9 January 1, 2016.

10 **SEC. 4. LOAN GUARANTEES FOR COAL-DERIVED FUEL FA-**
11 **CILITIES.**

12 (a) IN GENERAL.—Section 1703 of the Energy Policy
13 Act of 2005 (42 U.S.C. 16513) is amended by adding at
14 the end the following:

15 “(f) COAL-DERIVED FUEL FACILITIES.—

16 “(1) IN GENERAL.—The Secretary may make
17 guarantees under this title for projects that produce
18 coal-derived fuel (as defined in section 2 of the
19 Clean, Affordable, and Domestic Fuels for Energy
20 Security Act of 2007).

21 “(2) REQUIREMENTS.—A project under this
22 subsection shall employ new or significantly im-
23 proved technologies for the production of coal-de-
24 rived fuels as compared to commercial technologies

1 in service in the United States at the time that the
2 guarantee is issued.

3 “(3) ISSUANCE OF FIRST LOAN GUARANTEES.—
4 Section 20320(b) of division B of the Continuing
5 Appropriations Resolution, 2007 (42 U.S.C.
6 16515(b)) shall not apply to the first 6 guarantees
7 issued under this subsection.

8 “(4) MAXIMUM GUARANTEED PRINCIPAL.—The
9 total principal amount of a loan guaranteed under
10 this subsection may not exceed \$250,000,000 for a
11 single facility.

12 “(5) AMOUNT OF GUARANTEE.—The Secretary
13 shall guarantee 100 percent of the principal and in-
14 terest due on 1 or more loans made for a facility
15 that is the subject of the guarantee under this sub-
16 section.

17 “(6) DEADLINE.—The Secretary shall approve
18 or disapprove an application for a guarantee under
19 this subsection not later than 90 days after the date
20 of receipt of the application.

21 “(7) REPORT.—Not later than 30 days after
22 approving or disapproving an application under this
23 subsection, the Secretary shall submit to Congress a
24 report on the approval or disapproval (including the
25 reasons for the action).”.

1 (b) IMPROVEMENTS TO UNDERLYING LOAN GUAR-
2 ANTEE AUTHORITY.—

3 (1) DEFINITION OF COMMERCIAL TECH-
4 NOLOGY.—Section 1701(1) of the Energy Policy Act
5 of 2005 (42 U.S.C. 16511(1)) is amended by strik-
6 ing subparagraph (B) and inserting the following:

7 “(B) EXCLUSION.—The term ‘commercial
8 technology’ does not include a technology if the
9 sole use of the technology is in connection
10 with—

11 “(i) a demonstration plant; or

12 “(ii) a project for which the Secretary
13 approved a loan guarantee.”.

14 (2) SPECIFIC APPROPRIATION OR CONTRIBU-
15 TION.—Section 1702 of the Energy Policy Act of
16 2005 (42 U.S.C. 16512) is amended by striking sub-
17 section (b) and inserting the following:

18 “(b) SPECIFIC APPROPRIATION OR CONTRIBU-
19 TION.—

20 “(1) IN GENERAL.—No guarantee shall be
21 made unless—

22 “(A) an appropriation for the cost has
23 been made; or

24 “(B) the Secretary has received from the
25 borrower a payment in full for the cost of the

1 obligation and deposited the payment into the
2 Treasury.

3 “(2) LIMITATION.—The source of payments re-
4 ceived from a borrower under paragraph (1)(B) shall
5 not be a loan or other debt obligation that is made
6 or guaranteed by the Federal Government.

7 “(3) RELATION TO OTHER LAWS.—Section
8 504(b) of the Federal Credit Reform Act of 1990 (2
9 U.S.C. 661c(b)) shall not apply to a loan or loan
10 guarantee made in accordance with paragraph
11 (1)(B).”.

12 (3) AMOUNT.—Section 1702 of the Energy Pol-
13 icy Act of 2005 (42 U.S.C. 16512) is amended by
14 striking subsection (c) and inserting the following:

15 “(c) AMOUNT.—

16 “(1) IN GENERAL.—Subject to paragraph (2),
17 the Secretary shall guarantee up to 100 percent of
18 the principal and interest due on 1 or more loans for
19 a facility that are the subject of the guarantee.

20 “(2) LIMITATION.—The total amount of loans
21 guaranteed for a facility by the Secretary shall not
22 exceed 80 percent of the total cost of the facility, as
23 estimated at the time at which the guarantee is
24 issued.”.

1 (4) SUBROGATION.—Section 1702(g)(2) of the
2 Energy Policy Act of 2005 (42 U.S.C. 16512(g)(2))
3 is amended—

4 (A) by striking subparagraph (B); and

5 (B) by redesignating subparagraph (C) as
6 subparagraph (B).

7 (5) FEES.—Section 1702(h) of the Energy Pol-
8 icy Act of 2005 (42 U.S.C. 16512(h)) is amended by
9 striking paragraph (2) and inserting the following:

10 “(2) AVAILABILITY.—Fees collected under this
11 subsection shall—

12 “(A) be deposited by the Secretary into a
13 special fund in the Treasury to be known as the
14 ‘Incentives For Innovative Technologies Fund’;
15 and

16 “(B) remain available to the Secretary for
17 expenditure, without further appropriation or
18 fiscal year limitation, for administrative ex-
19 penses incurred in carrying out this title.”.

20 **SEC. 5. COAL RESEARCH AND DEVELOPMENT.**

21 Section 961 of the Energy Policy Act of 2005 (42
22 U.S.C. 16291) is amended—

23 (1) in subsection (b)—

1 (A) in paragraph (2), by striking
2 “\$626,000,000” and inserting “\$627,000,000”;
3 and

4 (B) in paragraph (3), by striking
5 “\$641,000,000” and inserting “\$645,000,000”;
6 and

7 (2) in subsection (c)(1)—

8 (A) in subparagraph (B), by striking
9 “\$376,000,000” and inserting “\$377,000,000”;
10 and

11 (B) in subparagraph (C), by striking
12 “\$394,000,000” and inserting “\$398,000,000”.

13 **SEC. 6. COAL CENTERS FOR TRANSPORTATION SECTOR RE-**
14 **SEARCH.**

15 Section 962 of the Energy Policy Act of 2005 (42
16 U.S.C. 16292) is amended by adding at the end the fol-
17 lowing:

18 “(e) COAL RESEARCH CENTERS.—

19 “(1) ESTABLISHMENT.—The Secretary shall es-
20 tablish at least 7 coal research centers to conduct re-
21 search on transportation fuels, with an emphasis on
22 research on the technologies and procedures de-
23 scribed in paragraphs (2), (5), (6), (7), (9), (10),
24 and (11) of subsection (a).

1 “(2) LOCATION.—At least 1 coal research cen-
2 ter authorized under paragraph (1) shall be estab-
3 lished in each of the following States:

4 “(A) Colorado.

5 “(B) Kentucky.

6 “(C) Montana.

7 “(D) North Dakota.

8 “(E) Pennsylvania.

9 “(F) West Virginia.

10 “(G) Wyoming.”.

11 **SEC. 7. STUDY OF DEFENSE DEPARTMENT PROCUREMENT**
12 **OF COAL-DERIVED FUELS.**

13 (a) IN GENERAL.—The Secretary, in consultation
14 with the Secretary of Defense and private sector stake-
15 holders, shall conduct a comprehensive feasibility study of
16 developing a domestic coal-derived fuels industry, includ-
17 ing an analysis of the national security benefits.

18 (b) FACTORS FOR CONSIDERATION.—In conducting
19 the study under subsection (a), the Secretary shall take
20 into consideration—

21 (1) the existing authority of the Secretary of
22 Defense to procure coal-derived fuels; and

23 (2) the estimated future authority of the Sec-
24 retary of Defense to enter into long-term contracts
25 with private entities or other entities to purchase

1 coal-derived fuel or to develop or operate coal-de-
2 rived fuel facilities on or near military installations,
3 based on—

4 (A)(i) the availability of land and testing
5 opportunities; and

6 (ii) the proximity to raw materials;

7 (B) a contract term of not more than 25
8 years;

9 (C) the authority to purchase coal-derived
10 fuels at fixed prices above, at, or below com-
11 parable market prices of fuel during the term of
12 the contract;

13 (D)(i) the corresponding budgetary impact
14 of the long-term contracts; and

15 (ii) alternative methods for accounting for
16 the contracts; and

17 (E) any legislative, administrative, or other
18 actions that could decrease obstacles to the use
19 of long-term contracts.

20 (c) REPORT.—Not later than 90 days after the date
21 of enactment of this Act, the Secretary, in consultation
22 with the Secretary of Defense and private sector stake-
23 holders, shall submit to Congress a report describing the
24 results of the study conducted under subsection (a).

○