

## **The Coal-to-Liquids Fuel Promotion Act of 2006 – Statement of Senator Jim Bunning**

Mr. President, I rise today to introduce the Coal-to-Liquid Fuel Promotion Act of 2006. Last month, I chaired an Energy Committee hearing on this promising technology that can turn coal into diesel fuel. Working with industry and the scientific community, I have put together a comprehensive piece of legislation with the goal of providing the right combination of incentives to create a backbone of coal-to-liquids infrastructure in the United States.

The first step is for the Department of Energy to help with planning these large-scale coal-to-liquids plants. This legislation will create a loan program where the private sector can obtain a loan of up to \$20 million, matched dollar-for-dollar by non-federal money, to pay for the significant costs of planning, permitting and engineering a coal-to-liquid facility. This program will have minimal cost to the taxpayers as these loans will be repaid, within 5 years, after a planned plant is financed. The federal government will also provide loan guarantees for coal-to-liquids facilities by expanding the program authorized in the Energy Policy Act of 2005.

It is not enough to simply help engineer plant or provide a loan guarantee – there must be an economic motivation for investors to put up the \$1 to \$2 billion it costs to build a large-scale coal-to-liquids plant. To that end, this bill will create a separate investment tax credit for coal-to-liquids technology. It will also extend the fuel tax credit for coal-to-liquids fuels until 2020. The combination of these incentives will be the one-two punch needed to jumpstart investment in this marketplace. This package of incentives is essential to developing a domestic coal-to-liquid fuels market.

With this domestically-produced fuel from coal, we can bring down gas prices and be closer to energy independence. And these two goals, which are essential to our national security, bring me to the last part of this legislation. The Department of Defense consumes large amounts of fuel – for our airplanes, ships and tanks – and nearly all of it is based on petroleum and too much of it comes from the Middle East. It is time we ensure that our military has a safe, domestic source of transportation fuel. My legislation will authorize funding for the continued testing and evaluation of coal-to-liquid fuels by the military. It includes authorization to engage in long-term contracts with producers to ensure a stable, domestic fuel for our armed forces. This bill also authorizes the Department of Energy and Department of Defense to evaluate coal-to-liquids fuels for storage in the Strategic Petroleum Reserve and allows the government to turn to this domestic source of fuel for filling the reserve.

With this legislation America can take a huge step toward energy independence. My bill will foster a domestic marketplace for coal-to-liquids fuels, bring down gasoline costs and provide our military with a secure, domestic fuel source. I urge my colleagues to support this bill.