

111TH CONGRESS
2^D SESSION

H. R. 6343

To authorize the Secretary of Agriculture to make loans to qualified projects for the production of renewable source jet fuel.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2010

Mr. INSLIEE introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To authorize the Secretary of Agriculture to make loans to qualified projects for the production of renewable source jet fuel.

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, Renewable Jet
5 Fuel Act”.

6 **SEC. 2. LOANS FOR QUALIFYING JET FUEL PRODUCTION**
7 **PROJECTS.**

8 (a) DEFINITIONS.—In this section:

9 (1) DIRECT LOAN.—The term “direct loan” has
10 the meaning given the term in section 502(1) of the

1 Federal Credit Reform Act of 1990 (2 U.S.C.
2 661a(1)).

3 (2) LIFECYCLE GREENHOUSE GAS EMIS-
4 SIONS.—The term “lifecycle greenhouse gas emis-
5 sions” means an amount of emissions determined
6 though the same methodology used by the Environ-
7 mental Protection Agency to evaluate lifecycle green-
8 house gas emissions under section 211(o) of the
9 Clean Air Act (42 U.S.C. 7545).

10 (3) MARKET PRICE.—The term “market price”
11 means the weekly average closing price of the front
12 month contract for West Texas Intermediate futures
13 on the New York Mercantile Exchange.

14 (4) QUALIFYING JET FUEL PROJECT.—The
15 term “qualifying jet fuel project” means a project lo-
16 cated in the United States that produces at least
17 25,000,000 gallons per year of liquid aviation tur-
18 bine fuel or blending component that—

19 (A) as produced has at least 50 percent
20 less lifecycle greenhouse gas emissions than pe-
21 troleum;

22 (B) is produced from renewable biomass,
23 as defined in section 211(o)(1)(I) of the Clean
24 Air Act (42 U.S.C. 7545(o)(1)(I)); and

1 (C) meets, or can be blended with other
2 components to produce a fuel that meets, an
3 American Society of Testing and Materials
4 (ASTM) standard for aviation turbine fuels.

5 (5) SALES.—The term “sales” means the vol-
6 ume of jet fuel described in paragraph (4) that has
7 been sold to the open market after being produced
8 from a project, as specified in an agreement entered
9 into under subsection (b).

10 (6) SECRETARY.—The term “Secretary” means
11 the Secretary of Agriculture.

12 (7) STRIKE PRICE.—The term “strike price”
13 means a specified price below which the United
14 States shall make payments in the form of a loan to
15 the owner or operator of a qualified jet fuel project
16 and above which the owner or operator of a qualified
17 jet fuel project shall repay the loan under the terms
18 specified by an agreement entered into under sub-
19 section (b).

20 (b) LOANS.—

21 (1) LOAN AUTHORITY.—The Secretary shall
22 enter into a standby loan agreement under this sec-
23 tion with the owners or operators of not more than
24 10 qualifying jet fuel projects. Such an agreement
25 shall—

1 (A) provide that the Secretary shall make
2 a direct loan for the project;

3 (B) define the primary term of the agree-
4 ment, which shall not exceed the lesser of 10
5 years or 75 percent of the projected useful life
6 of the project (as determined by the Secretary);
7 and

8 (C) define the full term of the agreement,
9 which shall not exceed the lesser of 20 years or
10 90 percent of the project useful life of the
11 project (as determined by the Secretary).

12 (2) STRIKE PRICE METHODOLOGY.—The strike
13 price shall be determined by an auction process. The
14 Secretary shall conduct 3 auctions over a period of
15 2 years. The 3 auctions shall be structured in order
16 to ensure, to the maximum extent possible, that
17 number of projects awarded under each auction is
18 the same.

19 (3) LOAN DISBURSEMENTS.—A loan made
20 under this section shall be disbursed during the pri-
21 mary term of the loan agreement whenever the mar-
22 ket price falls below the strike price. The amount of
23 such disbursement shall be equal to the excess of the
24 strike price over the market price in each given
25 week, times the sales of the project for the following

1 week (but not more than a total level of disburse-
2 ments specified in the agreement).

3 (4) LOAN REPAYMENTS.—The Secretary shall
4 establish terms and conditions, including interest
5 rates and amortization schedules, for the repayment
6 of such loan within the full term of the loan agree-
7 ment, subject to the following limitations:

8 (A) In any calendar quarter during the
9 primary term of the agreement the loan recipi-
10 ent may elect to defer some or all of its repay-
11 ment obligations due in that quarter if any new
12 loan disbursements have been made in that
13 quarter. Any unpaid obligations will continue to
14 accrue interest.

15 (B) If in any calendar quarter during the
16 primary term of the agreement the market price
17 is greater than the strike price, the loan recipi-
18 ent shall meet its scheduled repayment obliga-
19 tion plus deferred repayment obligations, but
20 shall not be required to pay in that quarter an
21 amount that is more than the excess of the
22 market price over the strike price, times the
23 output of the project.

24 (C) Unless the Secretary determines other-
25 wise, at the end of the primary term of the

1 agreement, the cumulative amount of any re-
2 maining repayment obligations, together with
3 accrued interest, shall be amortized (with inter-
4 est) over the remainder of the full term of the
5 agreement.

6 (c) COMPLIANCE WITH FEDERAL CREDIT REFORM
7 ACT.—Loans under this section shall be subject to the re-
8 quirements of the Federal Credit Reform Act of 1990.

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