

Cyril Hagel
S.L.C.

PENDING

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide for the conduct of activities that promote the adoption of technologies that reduce greenhouse gas intensity in the United States and in developing countries and to provide credit-based financial assistance and investment protection for projects that employ advanced climate technologies or systems in the United States.

IN THE SENATE OF THE UNITED STATES—109th Cong., 1st Sess.

H.R. 6

To AMENDMENT No. 0817 and

By Hagel & others

To: H. R. 6

Refer _____ 76 _____

Page(s)

GPO: 2004 97-290(Mac)

AMENDMENT intended to be proposed by Mr. HAGEL (for himself, Mr. PRYOR, Mr. ALEXANDER, Ms. LANDRIEU, Mr. CRAIG, Mrs. DOLE, Ms. MURKOWSKI, Mr. VOINOVICH, and Mr. STEVENS)

Viz:

- 1 At the end of the bill, add the following:

1 **TITLE XV—CLIMATE CHANGE**
2 **Subtitle A—National Climate**
3 **Change Technology Deployment**

4 **SEC. 1501. GREENHOUSE GAS INTENSITY REDUCING TECH-**
5 **NOLOGY STRATEGIES.**

6 Title XVI of the Energy Policy Act of 1992 (42
7 U.S.C. 13381 et seq.) is amended by adding at the end
8 the following:

9 **“SEC. 1610. GREENHOUSE GAS INTENSITY REDUCING**
10 **STRATEGIES.**

11 “(a) **DEFINITIONS.**—In this section:

12 “(1) **CARBON SEQUESTRATION.**—The term ‘car-
13 bon sequestration’ means the capture of carbon diox-
14 ide through terrestrial, geological, biological, or
15 other means, which prevents the release of carbon
16 dioxide into the atmosphere.

17 “(2) **COMMITTEE.**—The term ‘Committee’
18 means the Interagency Coordinating Committee on
19 Climate Change Technology established under sub-
20 section (c)(1).

21 “(3) **DEVELOPING COUNTRY.**—The term ‘devel-
22 oping country’ has the meaning given the term in
23 section 1608(m).

24 “(4) **GREENHOUSE GAS.**—The term ‘greenhouse
25 gas’ means—

1 “(A) carbon dioxide;

2 “(B) methane;

3 “(C) nitrous oxide;

4 “(D) hydrofluorocarbons;

5 “(E) perfluorocarbons; and

6 “(F) sulfur hexafluoride.

7 “(5) GREENHOUSE GAS INTENSITY.—The term
8 ‘greenhouse gas intensity’ means the ratio of green-
9 house gas emissions to economic output.

10 “(6) NATIONAL LABORATORY.—The term ‘Na-
11 tional Laboratory’ means a laboratory owned by the
12 Department of Energy.

13 “(7) WORKING GROUP.—The term ‘Working
14 Group’ means the Climate Change Technology
15 Working Group established under subsection (f)(1).

16 “(b) OFFICE OF SCIENCE AND TECHNOLOGY POLICY
17 STRATEGY.—

18 “(1) IN GENERAL.—Not later than 18 months
19 after the date of enactment of this section, the Di-
20 rector of the Office of Science and Technology Policy
21 shall, based on applicable Federal climate reports,
22 submit to the Secretary and the President a national
23 strategy to promote the deployment and commer-
24 cialization of greenhouse gas intensity reducing tech-
25 nologies and practices developed through research

1 and development programs conducted by the Na-
2 tional Laboratories, other Federal research facilities,
3 universities, and the private sector.

4 “(2) AVAILABILITY OF STRATEGY; UPDATES.—

5 The President shall—

6 “(A) on submission of the strategy to the
7 President under paragraph (1), make the strat-
8 egy available to the public; and

9 “(B) update the strategy as the President
10 determines to be necessary.

11 “(c) INTERAGENCY COORDINATING COMMITTEE ON
12 CLIMATE CHANGE TECHNOLOGY.—

13 “(1) IN GENERAL.—Not later than 180 days
14 after the date of enactment of this section, the Sec-
15 retary shall establish an Interagency Coordinating
16 Committee on Climate Change Technology to—

17 “(A) integrate current Federal climate re-
18 ports; and

19 “(B) coordinate Federal climate change ac-
20 tivities and programs carried out in furtherance
21 of the strategy developed under subsection
22 (b)(1).

23 “(2) MEMBERSHIP.—The Committee shall be
24 composed of at least 6 members, including—

25 “(A) the Secretary;

1 “(B) the Secretary of Commerce;

2 “(C) the Chairman of the Council on Envi-
3 ronmental Quality;

4 “(D) the Secretary of Agriculture;

5 “(E) the Administrator of the Environ-
6 mental Protection Agency; and

7 “(F) the Secretary of Transportation.

8 “(3) STAFF.—The Secretary shall provide such
9 personnel as are necessary to enable the Committee
10 to perform the duties of the Committee.

11 “(d) CLIMATE CHANGE SCIENCE PROGRAM AND CLI-
12 MATE CHANGE TECHNOLOGY PROGRAM.—

13 “(1) CLIMATE CHANGE SCIENCE PROGRAM.—

14 Not later than 180 days after the date on which the
15 strategy is submitted under subsection (b)(1), the
16 Secretary of Commerce, in cooperation with the
17 Committee, shall permanently establish within the
18 Department of Commerce the Climate Change
19 Science Program to assist the Committee in the
20 interagency coordination of climate change science
21 research and related activities, including—

22 “(A) assessments of the state of knowledge
23 on climate change; and

1 “(B) carrying out supporting studies, plan-
2 ning, and analyses of the science of climate
3 change.

4 “(2) CLIMATE CHANGE TECHNOLOGY PRO-
5 GRAM.—Not later than 180 days after the date on
6 which the strategy is submitted under subsection
7 (b)(1), the Secretary, in cooperation with the Com-
8 mittee, shall permanently establish within the De-
9 partment of Energy, the Climate Change Technology
10 Program to assist the Committee in the interagency
11 coordination of climate change technology research,
12 development, demonstration, and deployment to re-
13 duce greenhouse gas intensity.

14 “(e) TECHNOLOGY INVENTORY.—

15 “(1) IN GENERAL.—The Secretary shall con-
16 duct an inventory and evaluation of greenhouse gas
17 intensity reducing technologies that have been devel-
18 oped, or are under development, by the National
19 Laboratories, other Federal research facilities, uni-
20 versities, and the private sector to determine which
21 technologies are suitable for commercialization and
22 deployment.

23 “(2) REPORT.—Not later than 180 days after
24 the completion of the inventory under paragraph (1),
25 the Secretary shall submit to the Secretary of Com-

1 merce and Congress a report that includes the re-
2 sults of the completed inventory and any rec-
3 ommendations of the Secretary.

4 “(3) USE.—The Secretary, in consultation with
5 the Secretary of Commerce, shall use the results of
6 the inventory as guidance in the commercialization
7 and deployment of greenhouse gas intensity reducing
8 technologies.

9 “(4) UPDATED INVENTORY.—The Secretary
10 shall—

11 “(A) periodically update the inventory
12 under paragraph (1); and

13 “(B) make the updated inventory available
14 to the public.

15 “(f) CLIMATE CHANGE TECHNOLOGY WORKING
16 GROUP.—

17 “(1) IN GENERAL.—The Secretary, in consulta-
18 tion with the Committee, shall establish within the
19 Department of Energy a Climate Change Tech-
20 nology Working Group to identify statutory, regu-
21 latory, economic, and other barriers to the commer-
22 cialization and deployment of greenhouse gas inten-
23 sity reducing technologies and practices in the
24 United States.

1 “(2) COMPOSITION.—The Working Group shall
2 be composed of the following members, to be ap-
3 pointed by the Secretary, in consultation with the
4 Committee:

5 “(A) 1 representative shall be appointed
6 from each National Laboratory.

7 “(B) 3 members shall be representatives of
8 energy-producing trade organizations.

9 “(C) 3 members shall represent energy-in-
10 tensive trade organizations.

11 “(D) 3 members shall represent groups
12 that represent end-use energy and other con-
13 sumers.

14 “(E) 3 members shall be employees of the
15 Federal Government who are experts in energy
16 technology, intellectual property, and tax.

17 “(F) 3 members shall be representatives of
18 universities with expertise in energy technology
19 development that are recommended by the Na-
20 tional Academy of Engineering.

21 “(3) REPORT.—Not later than 1 year after the
22 date of enactment of this section and annually there-
23 after, the Working Group shall submit to the Com-
24 mittee a report that describes—

1 “(A) the findings of the Working Group;
2 and

3 “(B) any recommendations of the Working
4 Group for the removal or reduction of barriers
5 to commercialization, deployment, and increas-
6 ing the use of greenhouse gas intensity reducing
7 technologies and practices.

8 “(4) COMPENSATION OF MEMBERS.—

9 “(A) NON-FEDERAL EMPLOYEES.—A
10 member of the Working Group who is not an
11 officer or employee of the Federal Government
12 shall be compensated at a rate equal to the
13 daily equivalent of the annual rate of basic pay
14 prescribed for level IV of the Executive Sched-
15 ule under section 5315 of title 5, United States
16 Code, for each day (including travel time) dur-
17 ing which the member is engaged in the per-
18 formance of the duties of the Working Group.

19 “(B) FEDERAL EMPLOYEES.—A member
20 of the Working Group who is an officer or em-
21 ployee of the Federal Government shall serve
22 without compensation in addition to the com-
23 pensation received for the services of the mem-
24 ber as an officer or employee of the Federal
25 Government.

1 “(C) TRAVEL EXPENSES.—A member of
2 the Working Group shall be allowed travel ex-
3 penses, including per diem in lieu of subsist-
4 ence, at rates authorized for an employee of an
5 agency under subchapter I of chapter 57 of title
6 5, United States Code, while away from the
7 home or regular place of business of the mem-
8 ber in the performance of the duties of the
9 Commission.

10 “(g) GREENHOUSE GAS INTENSITY REDUCING
11 TECHNOLOGY DEPLOYMENT.—

12 “(1) IN GENERAL.—Based on the strategy de-
13 veloped under subsection (b)(1), the technology in-
14 ventory conducted under subsection (e)(1), and the
15 greenhouse gas intensity reducing technology study
16 report submitted under subsection (e)(2), the Com-
17 mittee shall develop a program for implementation
18 by the Climate Credit Board established under sec-
19 tion 1611(b)(2)(A) that would provide for the re-
20 moval of domestic barriers to the commercialization
21 and deployment of greenhouse gas intensity reducing
22 technologies and practices.

23 “(2) REQUIREMENTS.—In developing the pro-
24 gram under paragraph (1), the Committee shall con-
25 sider in the aggregate—

1 “(A) the cost-effectiveness of the tech-
2 nology;

3 “(B) fiscal and regulatory barriers;

4 “(C) statutory and other barriers; and

5 “(D) intellectual property issues.

6 “(3) REPORT.—Not later than 18 months after
7 the date of enactment of this section, the Committee
8 shall submit to the President and Congress a report
9 that—

10 “(A) identifies, based on the report sub-
11 mitted under subsection (f)(3), any barriers to,
12 and commercial risks associated with, the de-
13 ployment of greenhouse gas intensity reducing
14 technologies; and

15 “(B) includes a plan for carrying out eligi-
16 ble projects with Federal financial assistance
17 under section 1611.

18 “(h) PROCEDURES FOR CALCULATING, MONITORING,
19 AND ANALYZING GREENHOUSE GAS INTENSITY.—

20 “(1) IN GENERAL.—The Committee, in collabo-
21 ration with the Administrator of the Energy Infor-
22 mation Administration and the National Institute of
23 Standards and Technology, shall develop and pro-
24 pose standards and best practices for calculating,
25 monitoring, and analyzing greenhouse gas intensity.

1 “(2) CONTENT.—The standards and best prac-
2 tices shall address measurement of greenhouse gas
3 intensity by industry sector.

4 “(3) PUBLICATION.—To provide the public with
5 an opportunity to comment on the standards and
6 best practices proposed under paragraph (1), the
7 standards and best practices shall be published in
8 the Federal Register.

9 “(4) APPLICABLE LAW.—To ensure that high
10 quality information is produced, the standards and
11 best practices developed under paragraph (1) shall
12 conform to the guidelines established under section
13 515 of the Treasury and General Government Ap-
14 propriations Act, 2001 (commonly known as the
15 ‘Data Quality Act’) (44 U.S.C. 3516 note; 114 Stat.
16 2763A–1543), as enacted into law by section 1(a)(3)
17 of Public Law 106–554.

18 “(i) DEMONSTRATION PROJECTS.—

19 “(1) IN GENERAL.—The Secretary shall, sub-
20 ject to availability of appropriations, conduct and
21 participate in demonstration projects recommended
22 for approval by the Committee, including demonstra-
23 tion projects relating to—

24 “(A) coal gasification and coal liquefaction;

25 “(B) carbon sequestration;

1 “(C) cogeneration technology initiatives;

2 “(D) advanced nuclear power projects;

3 “(E) lower emission transportation;

4 “(F) renewable energy; and

5 “(G) transmission upgrades.

6 “(2) CRITERIA.—The Committee shall rec-
7 ommend a demonstration project under paragraph
8 (1) if the proposed demonstration project would—

9 “(A) increase the reduction of the green-
10 house gas intensity to levels below that which
11 would be achieved by technologies being used in
12 the United States as of the date of enactment
13 of this section;

14 “(B) maximize the potential return on
15 Federal investment;

16 “(C) demonstrate distinct roles in public-
17 private partnerships;

18 “(D) produce a large-scale reduction of
19 greenhouse gas intensity if commercialization
20 occurred; and

21 “(E) support a diversified portfolio to miti-
22 gate the uncertainty associated with a single
23 technology.

24 “(j) COOPERATIVE RESEARCH AND DEVELOPMENT
25 AGREEMENTS.—In carrying out greenhouse gas intensity

1 reduction research and technology deployment, the Sec-
2 retary may enter into cooperative research and develop-
3 ment agreements under section 12 of the Stevenson-
4 Wydler Technology Innovation Act of 1980 (15 U.S.C.
5 3710a).

6 “(k) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated such sums as are nec-
8 essary to carry out this section.”.

9 **SEC. 1502. CLIMATE INFRASTRUCTURE CREDIT.**

10 Title XVI of the Energy Policy Act of 1992 (42
11 U.S.C. 13381 et seq.) (as amended by section 1501) is
12 amended by adding at the end the following:

13 **“SEC. 1611. CLIMATE INFRASTRUCTURE CREDIT.**

14 “(a) DEFINITIONS.—In this section:

15 “(1) ADVANCED CLIMATE TECHNOLOGY OR SYS-
16 TEM.—The term ‘advanced climate technology or
17 system’ means a climate technology or system that
18 is not in general usage as of the date of enactment
19 of this section.

20 “(2) BOARD.—The term ‘Board’ means the Cli-
21 mate Credit Board established under subsection
22 (b)(2)(A).

23 “(3) DIRECT LOAN.—The term ‘direct loan’ has
24 the meaning given the term in section 502 of the
25 Federal Credit Reform Act of 1990 (2 U.S.C. 661a).

1 “(4) ELIGIBLE PROJECT.—The term ‘eligible
2 project’ means a demonstration project that is rec-
3 ommended for approval under section 1610(i)(1).

4 “(5) ELIGIBLE PROJECT COST.—The term ‘eli-
5 gible project cost’ means any amount incurred for an
6 eligible project that is paid by, or on behalf of, an
7 obligor, including the costs of—

8 “(A) construction activities, including—

9 “(i) the acquisition of capital equip-
10 ment; and

11 “(ii) construction management;

12 “(B) acquiring land (including any im-
13 provements to the land) relating to the eligible
14 project; and

15 “(C) financing the eligible project,
16 including—

17 “(i) providing capitalized interest nec-
18 essary to meet market requirements;

19 “(ii) capital issuance expenses; and

20 “(iii) other carrying costs during con-
21 struction.

22 “(6) FEDERAL FINANCIAL ASSISTANCE.—The
23 term ‘Federal financial assistance’ means any credit-
24 based financial assistance, including a direct loan,
25 loan guarantee, a line of credit (which serves as

1 standby default coverage or standby interest cov-
2 erage), production incentive payment under sub-
3 section (g)(1)(B), or other credit-based financial as-
4 sistance mechanism for an eligible project that is—

5 “(A) authorized to be made available by
6 the Secretary for an eligible project under this
7 section; and

8 “(B) provided in accordance with the Fed-
9 eral Credit Reform Act of 1990 (2 U.S.C. 661
10 et seq.).

11 “(7) INVESTMENT-GRADE RATING.—The term
12 ‘investment-grade rating’ means a rating category of
13 BBB minus, Baa3, or higher assigned by a rating
14 agency for eligible project obligations offered into
15 the capital markets.

16 “(8) LENDER.—The term ‘lender’ means any
17 non-Federal qualified institutional buyer (as defined
18 in section 230.144A(a) of title 17, Code of Federal
19 Regulations (or any successor regulation), known as
20 Rule 144A(a) of the Securities and Exchange Com-
21 mission and issued under the Securities Act of 1933
22 (15 U.S.C. 77a et seq.)), including—

23 “(A) a qualified retirement plan (as de-
24 fined in section 4974(c) of the Internal Revenue

1 Code of 1986) that is a qualified institutional
2 buyer; and

3 “(B) a governmental plan (as defined in
4 section 414(d) of the Internal Revenue Code of
5 1986) that is a qualified institutional buyer.

6 “(9) LOAN GUARANTEE.—The term ‘loan guar-
7 antee’ means any guarantee or other pledge by the
8 Secretary to pay all or part of the principal of and
9 interest on a loan or other debt obligation that is
10 issued by an obligor and funded by a lender.

11 “(10) OBLIGOR.—The term ‘obligor’ means a
12 person or entity (including a corporation, partner-
13 ship, joint venture, trust, or governmental entity,
14 agency, or instrumentality) that is primarily liable
15 for payment of the principal of, or interest on, a
16 Federal credit instrument.

17 “(11) PROJECT OBLIGATION.—The term
18 ‘project obligation’ means any note, bond, debenture,
19 or other debt obligation issued by an obligor in con-
20 nection with the financing of an eligible project,
21 other than a Federal credit instrument.

22 “(12) RATING AGENCY.—The term ‘rating
23 agency’ means a bond rating agency identified by
24 the Securities and Exchange Commission as a Na-
25 tionally Recognized Statistical Rating Organization.

1 “(13) REGULATORY FAILURE.—The term ‘regu-
2 latory failure’ means a situation in which the Sec-
3 retary determines that, because of a breakdown in a
4 regulatory process or an indefinite delay caused by
5 a judicial challenge to the regulatory consideration
6 of a specific eligible project, the Federal or State
7 regulatory or licensing process governing the siting,
8 construction, or commissioning of an eligible project
9 does not produce a definitive determination that the
10 eligible project may go forward or stop within a pre-
11 determined and prescribed time period.

12 “(14) SECURED LOAN.—The term ‘secured
13 loan’ means a loan or other secured debt obligation
14 issued by an obligor and funded by the Secretary in
15 connection with the financing of an eligible project.

16 “(15) STANDBY DEFAULT COVERAGE.—The
17 term ‘standby default coverage’ means a pledge by
18 the Secretary to pay all or part of the debt obliga-
19 tion issued by an obligor and funded by a lender,
20 plus all or part of obligor equity, if an eligible
21 project fails to receive an operating license in a pe-
22 riod of time established by the Secretary because of
23 a regulatory failure or other specific issue identified
24 by the Secretary.

1 “(16) STANDBY INTEREST COVERAGE.—The
2 term ‘standby interest coverage’ means a pledge by
3 the Secretary to provide to an obligor, at a future
4 date and on the occurrence of 1 or more events, a
5 direct loan, the proceeds of which shall be used by
6 the obligor to maintain the current status of the ob-
7 ligor on interest payments due on 1 or more loans
8 or other project obligations issued by an obligor and
9 funded by a lender for an eligible project.

10 “(17) SUBSIDY AMOUNT.—The term ‘subsidy
11 amount’ means the amount of budget authority suf-
12 ficient to cover the estimated long-term cost to the
13 Federal Government of a Federal credit instrument
14 issued by the Secretary to an eligible project, cal-
15 culated on a net present value basis, excluding ad-
16 ministrative costs and any incidental effects on gov-
17 ernmental receipts or outlays in accordance with the
18 Federal Credit Reform Act of 1990 (2 U.S.C. 661
19 et seq.).

20 “(18) SUBSTANTIAL COMPLETION.—The term
21 ‘substantial completion’ means that an eligible
22 project has been determined by the Board to be in,
23 or capable of, commercial operation.

24 “(b) DUTIES OF THE SECRETARY.—

1 “(1) IN GENERAL.—The Secretary shall make
2 available to eligible project developers and eligible
3 project owners, in accordance with this section, such
4 financial assistance as is necessary to supplement
5 private sector financing for eligible projects.

6 “(2) CLIMATE CREDIT BOARD.—

7 “(A) IN GENERAL.—Not later than 180
8 days after the date of enactment of this section,
9 the Secretary shall establish within the Depart-
10 ment of Energy a Climate Credit Board com-
11 posed of—

12 “(i) the Under Secretary of Energy,
13 who shall serve as Chairperson;

14 “(ii) the Chief Financial Officer of the
15 Department of Energy;

16 “(iii) the Assistant Secretary of En-
17 ergy for Policy and International Affairs;

18 “(iv) the Assistant Secretary of En-
19 ergy for Energy Efficiency and Renewable
20 Energy; and

21 “(v) such other individuals as the Sec-
22 retary determines to have the experience
23 and expertise (including expertise in cor-
24 porate and project finance and the energy

1 sector) necessary to carry out the duties of
2 the Board.

3 “(B) DUTIES.—The Board shall—

4 “(i) implement the program developed
5 under section 1610(g)(1) in accordance
6 with paragraph (3);

7 “(ii) issue regulations and criteria in
8 accordance with paragraph (4);

9 “(iii) conduct negotiations with indi-
10 viduals and entities interested in obtaining
11 assistance under this section;

12 “(iv) recommend to the Secretary po-
13 tential recipients and amounts of grants of
14 assistance under this section; and

15 “(v) establish metrics to indicate the
16 progress of the greenhouse gas intensity
17 reducing technology deployment program
18 and individual projects carried out under
19 the program toward meeting the criteria
20 established by section 1610(i)(2).

21 “(3) GREENHOUSE GAS INTENSITY REDUCING
22 TECHNOLOGY DEPLOYMENT PROGRAM.—Not later
23 than 1 year after the date of enactment of this sec-
24 tion, the Board, with the approval of the Secretary,
25 shall implement the greenhouse gas intensity reduc-

1 ing technology deployment program developed under
2 section 1610(g)(1).

3 “(4) REGULATIONS AND CRITERIA.—

4 “(A) IN GENERAL.—Not later than 1 year
5 after the date of enactment of this section, the
6 Board, in coordination with the Secretary and
7 after an opportunity for public comment, shall
8 issue such regulations and criteria as are nec-
9 essary to implement this section.

10 “(B) REQUIREMENTS.—The regulations
11 and criteria shall provide for, at a minimum—

12 “(i) a competitive process and the
13 general terms and conditions for the provi-
14 sion of assistance under this section;

15 “(ii) the procedures by which eligible
16 project owners and eligible project devel-
17 opers may request financial assistance
18 under this section; and

19 “(iii) the collection of any other infor-
20 mation necessary for the Secretary to carry
21 out this section, including a process for ne-
22 gotiating the terms and conditions of as-
23 sistance provided under this section.

24 “(C) ELIGIBILITY AND CRITERIA.—The de-
25 termination of eligibility of, and criteria for se-

1 lecting, eligible projects to receive assistance
2 under this section shall be carried out in ac-
3 cordance with subsection (c) and the regula-
4 tions issued under subparagraph (A).

5 “(D) CONDITIONS FOR PROVISION OF AS-
6 SISTANCE.—The Board shall not provide assist-
7 ance under this section unless the Board deter-
8 mines, in accordance with the regulations issued
9 under subparagraph (A), that the terms, condi-
10 tions, maturity, security, schedule, and amounts
11 of repayments of the assistance are reasonable
12 and appropriate to protect the financial inter-
13 ests of the United States.

14 “(5) CONFIDENTIALITY.—In accordance with
15 section 552 of title 5, United States Code, and any
16 related regulations applicable to the Department of
17 Energy, the Board shall protect the confidentiality
18 of any information provided by an applicant for as-
19 sistance under this section that the applicant cer-
20 tifies to be commercially sensitive or that is pro-
21 tected intellectual property.

22 “(e) DETERMINATION OF ELIGIBILITY; PROJECT SE-
23 LECTION.—

1 “(1) ELIGIBILITY.—To be eligible to receive as-
2 sistance under this section, an eligible project shall,
3 as determined by the Board—

4 “(A) be supported by an application that
5 contains all information required to be included
6 by, and is submitted to and approved by the
7 Board in accordance with, the regulations and
8 criteria issued by the Board under subsection
9 (b)(4);

10 “(B) be nationally or regionally significant
11 by—

12 “(i) reducing greenhouse gas inten-
13 sity;

14 “(ii) contributing to energy security;
15 and

16 “(iii) contributing to energy and tech-
17 nology diversity in the energy economy of
18 the United States;

19 “(C) contain an advanced climate tech-
20 nology or system that could—

21 “(i) significantly improve the effi-
22 ciency, security, reliability, and environ-
23 mental performance of the energy economy
24 of the United States; and

25 “(ii) reduce greenhouse gas emissions;

1 “(D) have revenue sources dedicated to re-
2 payment of credit support-based project financ-
3 ing, such as revenue—

4 “(i) from the sale of sequestered car-
5 bon;

6 “(ii) from the sale of energy, elec-
7 tricity, or other products from eligible
8 projects that employ advanced climate
9 technologies and systems;

10 “(iii) from the sale of electricity or
11 generating capacity, in the case of elec-
12 tricity infrastructure; or

13 “(iv) associated with energy efficiency
14 gains, in the case of other energy projects;

15 “(E) include a project proposal and agree-
16 ment for project financing repayment that dem-
17 onstrates to the satisfaction of the Board that
18 the dedicated revenue sources described in sub-
19 paragraph (D) will be adequate to repay project
20 financing provided under this section; and

21 “(F) reduce greenhouse gas intensity on a
22 national, regional, or company basis.

23 “(2) LIMITATIONS.—Except as otherwise pro-
24 vided in this section—

1 “(A) the total cost of an eligible project
2 provided Federal financial assistance under this
3 section shall be at least \$40,000,000;

4 “(B) the Federal share of an eligible
5 project provided Federal financial assistance
6 under this section shall be not more than 25
7 percent of eligible project costs;

8 “(C) not more than \$200,000,000 in Fed-
9 eral financial assistance shall be provided to
10 any individual eligible project; and

11 “(D) an eligible project shall not be eligible
12 for financial assistance from any other Federal
13 grant program during any period that Federal
14 financial assistance (other than a Federal loan
15 or loan guarantee) is provided to the eligible
16 project under this section.

17 “(3) SELECTION AMONG ELIGIBLE PROJECTS.—

18 “(A) ESTABLISHMENT OF SELECTION CRI-
19 TERIA.—The Board, in consultation with the
20 Secretary and [the Interagency Coordinating
21 Committee on Climate Change Technology es-
22 tablished under section 1610(c)(1)], shall, in
23 accordance with the regulations issued under
24 subsection (b)(4)(A), establish criteria for se-

1 lecting which eligible projects will receive assist-
2 ance under this section.

3 “(B) REQUIREMENTS.—The selection cri-
4 teria shall include a determination by the Board
5 of the extent to which—

6 “(i) the eligible project reduces green-
7 house gas intensity beyond reductions
8 achieved by technology available as of Oc-
9 tober 15, 1992;

10 “(ii) financing for the eligible project
11 has appropriate security features, such as
12 a rate covenant, to ensure repayment;

13 “(iii) assistance under this section for
14 the eligible project would foster innovative
15 public-private partnerships and attract pri-
16 vate debt or equity investment;

17 “(iv) assistance under this section for
18 an eligible project would enable the eligible
19 project to proceed at an earlier date than
20 would otherwise be practicable; and

21 “(v) the eligible project uses new tech-
22 nologies that enhance the efficiency, reduce
23 greenhouse gas intensity, improve the reli-
24 ability, or improve the safety, of the eligi-
25 ble project.

1 “(C) FINANCIAL INFORMATION.—An appli-
2 cation for assistance for an eligible project
3 under this section shall include such informa-
4 tion as the Secretary determines to be nec-
5 essary concerning—

6 “(i) the amount of budget authority
7 required to fund the Federal credit instru-
8 ment requested for the eligible project;

9 “(ii) the estimated construction costs
10 of the proposed eligible project;

11 “(iii) estimates of construction and
12 operating costs of the eligible project;

13 “(iv) projected revenues from the eli-
14 gible project; and

15 “(v) any other financial aspects of the
16 eligible project, including assurances, that
17 the Board determines to be appropriate.

18 “(D) PRELIMINARY RATING OPINION LET-
19 TER.—The Board shall require each applicant
20 seeking assistance for an eligible project under
21 this section to provide a preliminary rating
22 opinion letter from at least 1 credit rating
23 agency indicating that the senior obligations of
24 the eligible project have the potential to achieve
25 an investment-grade rating.

1 “(E) RISK ASSESSMENT.—Before entering
2 into any agreement to provide assistance for an
3 eligible project under this section, the Board, in
4 consultation with the Secretary, the Director of
5 the Office of Management and Budget, and
6 each credit rating agency providing a prelimi-
7 nary rating opinion letter under subparagraph
8 (D), shall determine and maintain an appro-
9 priate capital reserve subsidy amount for each
10 line of credit established for the eligible project,
11 taking into account the information contained
12 in the preliminary rating opinion letter.

13 “(F) INVESTMENT-GRADE RATING RE-
14 QUIREMENT.—

15 “(i) IN GENERAL.—The funding of
16 any assistance under this section shall be
17 contingent on the senior obligations of the
18 eligible project receiving an investment-
19 grade rating from at least 1 credit rating
20 agency.

21 “(ii) CONSIDERATIONS.—In deter-
22 mining whether an investment-grade rating
23 is appropriate under clause (i), the credit
24 rating agency shall take into account the

1 availability of Federal financial assistance
2 under this section.

3 “(4) MAXIMUM AVAILABLE CLIMATE CREDIT
4 SUPPORT.—Notwithstanding any assistance limita-
5 tion under any other provision of this section, the
6 Secretary shall not provide energy credit support to
7 any eligible project in the form of a secured loan or
8 loan guarantee under subsection (f), production in-
9 centive payments under subsection (g), or other
10 credit-based financial assistance under subsection
11 (h), the combined total of which exceeds 25 percent
12 of eligible project costs, excluding the value of stand-
13 by default coverage under subsection (d) and stand-
14 by interest coverage under subsection (e), as deter-
15 mined by the Secretary.

16 “(d) STANDBY DEFAULT COVERAGE.—

17 “(1) AGREEMENTS; USE OF PROCEEDS.—

18 “(A) AGREEMENTS.—

19 “(i) IN GENERAL.—Subject to sub-
20 paragraph (B), the Board, in consultation
21 with the Secretary, may enter into agree-
22 ments to provide standby default coverage
23 for advanced climate technologies or sys-
24 tems of an eligible project.

1 “(ii) RECIPIENTS.—Coverage under
2 clause (i) may be provided to 1 or more ob-
3 ligors and debt holders to be triggered at
4 future dates on the occurrence of certain
5 events for any eligible project selected
6 under subsection (e).

7 “(B) USE OF PROCEEDS.—The proceeds of
8 standby default coverage made available under
9 this subsection shall be available to reimburse
10 all or part of the debt obligation for an eligible
11 project issued by an obligor and funded by a
12 lender, plus all or part of obligor equity, in the
13 event that, because of a regulatory failure or
14 other event specified by the Secretary pursuant
15 to this section, an eligible advanced climate
16 technology or system for an eligible project fails
17 to receive an operating license in a period of
18 time specified by the Board in accordance with
19 this subsection.

20 “(2) TERMS AND LIMITATIONS.—

21 “(A) IN GENERAL.—Standby default cov-
22 erage under this subsection with respect to an
23 eligible project shall be on such terms and con-
24 ditions and contain such covenants, representa-
25 tions, warranties, and requirements (including

1 requirements for audits) as the Board deter-
2 mines to be appropriate.

3 “(B) MAXIMUM AMOUNTS.—The total
4 amount of standby default coverage provided
5 for an eligible project shall not exceed 25 per-
6 cent of the reasonably anticipated eligible
7 project costs, including debt and equity.

8 “(C) EXERCISE.—Any exercise on the
9 standby default coverage shall be made only if
10 a facility involved with the eligible project fails,
11 because of regulatory failure or other specific
12 issues specified by the Secretary, to receive an
13 operating license by such deadline as the Sec-
14 retary shall establish.

15 “(D) COST OF COVERAGE.—The cost of
16 standby default coverage shall be assumed by
17 the Secretary subject to the risk assessment
18 calculation required under subsection (c)(4)(E)
19 and the availability of funds for that purpose.

20 “(E) FEES.—In carrying out this section,
21 the Secretary may—

22 “(i) establish fees at a level sufficient
23 to cover all or a portion of the administra-
24 tive costs incurred by the Federal Govern-

1 ment in providing standby default coverage
2 under this subsection; and

3 “(ii) require that the fees be paid
4 upon application for a standby default cov-
5 erage agreement under this subsection.

6 “(F) PERIOD OF AVAILABILITY.—In the
7 event that regulatory approval to operate a fa-
8 cility is suspended as a result of regulatory fail-
9 ure or other circumstances specified by the Sec-
10 retary, standby default coverage shall be avail-
11 able beginning on the date of substantial com-
12 pletion and ending not later than 5 years after
13 the date on which operation of the facility is
14 scheduled to commence.

15 “(G) RIGHTS OF THIRD-PARTY CREDI-
16 TORS.—

17 “(i) AGAINST FEDERAL GOVERN-
18 MENT.—A third-party creditor of an obli-
19 gor shall not have any right against the
20 Federal Government with respect to any
21 amounts other than those specified in
22 clause (ii).

23 “(ii) ASSIGNMENT.—An obligor may
24 assign all or part of the standby default
25 coverage for an eligible project to 1 or

1 more lenders or to a trustee on behalf of
2 the lenders.

3 “(H) RESULT OF EXERCISE OF STANDBY
4 DEFAULT COVERAGE.—If standby default cov-
5 erage is exercised by the obligor of an eligible
6 project—

7 “(i) the Federal Government shall be-
8 come the sole owner of the eligible project,
9 with all rights and appurtenances to the el-
10 igible project; and

11 “(ii) in accordance with applicable
12 provisions of law, the Board shall dispose
13 of the assets of the eligible project on
14 terms that are most favorable to the Fed-
15 eral Government, which may include con-
16 tinuing to licensing and commercial oper-
17 ation or resale of the eligible project, in
18 whole or in part, if that is the best course
19 of action in the judgment of the Board.

20 “(I) ESTIMATE OF ASSETS AT TIME OF
21 TERMINATION.—If standby default coverage is
22 exercised and an eligible project is terminated,
23 the Board, in making a determination of wheth-
24 er to dispose of the assets of the eligible project
25 or continue the eligible project to licensing and

1 commercial operation, shall obtain a fair and
2 impartial estimate of the eligible project assets
3 at the time of termination.

4 “(J) RELATIONSHIP TO OTHER CREDIT IN-
5 STRUMENTS.—An eligible project that receives
6 standby default coverage under this subsection
7 may receive a secured loan or loan guarantee
8 under subsection (f), production incentive pay-
9 ments under subsection (g), or assistance
10 through a credit-based financial assistance
11 mechanism under subsection (h).

12 “(K) OTHER CONDITIONS AND REQUIRE-
13 MENTS.—The Secretary may impose such other
14 conditions and requirements in connection with
15 any insurance provided under this subsection
16 (including requirements for audits) as the Sec-
17 retary determines to be appropriate.

18 “(e) STANDBY INTEREST COVERAGE.—

19 “(1) IN GENERAL.—

20 “(A) AGREEMENTS.—Subject to subpara-
21 graph (B), the Board, in consultation with the
22 Secretary, may enter into agreements to make
23 standby interest coverage available to 1 or more
24 obligors in the form of loans for advanced cli-
25 mate or energy technologies or systems to be

1 made by the Board at future dates on the oc-
2 currence of certain events for any eligible
3 project selected under subsection (c)(4).

4 “(B) USE OF PROCEEDS.—Subject to sub-
5 section (c)(3), the proceeds of standby interest
6 coverage made available under this subsection
7 shall be available to pay the debt service on
8 project obligations issued to finance eligible
9 project costs of an eligible project if a delay in
10 commercial operations occurs due to a regu-
11 latory failure or other condition determined by
12 the Secretary.

13 “(2) TERMS AND LIMITATIONS.—

14 “(A) IN GENERAL.—Standby interest cov-
15 erage under this subsection with respect to an
16 eligible project shall be made on such terms and
17 conditions (including a requirement for an
18 audit) as the Secretary determines appropriate.

19 “(B) MAXIMUM AMOUNTS.—

20 “(i) TOTAL AMOUNT.—The total
21 amount of standby interest coverage for an
22 eligible project under this subsection shall
23 not exceed 25 percent of the reasonably
24 anticipated eligible project costs of the eli-
25 gible project.

1 “(ii) 1-YEAR DRAWS.—The amount
2 drawn in any 1 year for an eligible project
3 under this subsection shall not exceed 25
4 percent of the total amount of the standby
5 interest coverage for the eligible project.

6 “(C) PERIOD OF AVAILABILITY.—The
7 standby interest coverage for an eligible project
8 shall be available during the period—

9 “(i) beginning on a date following
10 substantial completion of the eligible
11 project that regulatory approval to operate
12 a facility under the eligible project is sus-
13 pended as a result of regulatory failure or
14 other condition determined by the Sec-
15 retary; and

16 “(ii) ending on a date that is not later
17 than 5 years after the eligible project is
18 scheduled to commence commercial oper-
19 ations.

20 “(D) COST OF COVERAGE.—Subject to
21 subsection (c)(4)(E), the cost of standby inter-
22 est coverage for an eligible project under this
23 subsection shall be borne by the Secretary.

24 “(E) DRAWS.—Any draw on the standby
25 interest coverage for an eligible project shall—

1 “(i) represent a loan;

2 “(ii) be made only if there is a delay
3 in commercial operations after the sub-
4 stantial completion of the eligible project;
5 and

6 “(iii) be subject to the overall credit
7 support limitations established under sub-
8 section (c)(5).

9 “(F) INTEREST RATE.—

10 “(i) IN GENERAL.—Subject to clause
11 (ii), the interest rate on a loan resulting
12 from a draw on standby interest coverage
13 under this subsection shall be established
14 by the Secretary.

15 “(ii) MINIMUM RATE.—The interest
16 rate on a loan resulting from a draw on
17 standby interest coverage under this sub-
18 section shall not be less than the current
19 average market yield on outstanding mar-
20 ketable obligations of the United States
21 with a maturity of 10 years, as of the date
22 on which the standby interest coverage is
23 obligated.

24 “(G) SECURITY.—The standby interest
25 coverage for an eligible project—

1 “(i) shall be payable, in whole or in
2 part, from dedicated revenue sources gen-
3 erated by the eligible project;

4 “(ii) shall require security for the
5 project obligations; and

6 “(iii) may have a lien on revenues de-
7 scribed in clause (i), subject to any lien se-
8 curing project obligations.

9 “(H) RIGHTS OF THIRD-PARTY CREDI-
10 TORS.—

11 “(i) AGAINST FEDERAL GOVERN-
12 MENT.—A third-party creditor of the obli-
13 gor shall not have any right against the
14 Federal Government with respect to any
15 draw on standby interest coverage under
16 this subsection.

17 “(ii) ASSIGNMENT.—An obligor may
18 assign the standby interest coverage to 1
19 or more lenders or to a trustee on behalf
20 of the lenders.

21 “(I) SUBORDINATION.—A secured loan for
22 an eligible project made under this subsection
23 shall be subordinate to senior private debt
24 issued by a lender for the eligible project.

1 “(J) NONRECOURSE STATUS.—A secured
2 loan for an eligible project under this subsection
3 shall be nonrecourse to the obligor in the event
4 of bankruptcy, insolvency, or liquidation of the
5 eligible project.

6 “(K) FEES.—The Board may impose fees
7 at a level sufficient to cover all or part of the
8 costs to the Federal Government of providing
9 standby interest coverage for an eligible project
10 under this subsection.

11 “(3) REPAYMENT.—

12 “(A) TERMS AND CONDITIONS.—The Sec-
13 retary shall establish a repayment schedule and
14 terms and conditions for each loan for an eligi-
15 ble project under this subsection based on the
16 projected cash flow from revenues for the eligi-
17 ble project.

18 “(B) REPAYMENT SCHEDULE.—Scheduled
19 repayments of principal or interest on a loan
20 under this subsection shall—

21 “(i) commence not later than 5 years
22 after the end of the period of availability
23 specified in paragraph (2)(C); and

1 “(ii) be completed, with interest, not
2 later than 10 years after the end of the pe-
3 riod of availability.

4 “(C) SOURCES OF REPAYMENT FUNDS.—

5 The sources of funds for scheduled loan repay-
6 ments under this subsection shall include—

7 “(i) the sale of electricity or gener-
8 ating capacity;

9 “(ii) the sale or transmission of en-
10 ergy;

11 “(iii) revenues associated with energy
12 efficiency gains; or

13 “(iv) other dedicated revenue sources,
14 such as carbon use.

15 “(D) PREPAYMENT.—

16 “(i) USE OF EXCESS REVENUES.—At
17 the discretion of the obligor, any excess
18 revenues that remain after satisfying
19 scheduled debt service requirements on the
20 project obligations and secured loan, and
21 all deposit requirements under the terms of
22 any trust agreement, bond resolution, or
23 similar agreement securing project obliga-
24 tions, may be applied annually to prepay
25 the secured loan without penalty.

1 “(ii) USE OF PROCEEDS OF REFI-
2 NANCING.—The secured loan may be pre-
3 paid at any time without penalty from the
4 proceeds of refinancing from non-Federal
5 funding sources.

6 “(f) SECURED LOANS AND LOAN GUARANTEES.—

7 “(1) IN GENERAL.—

8 “(A) AGREEMENTS.—Subject to subpara-
9 graph (B), the Board, in consultation with the
10 Secretary, may enter into agreements with 1 or
11 more obligors to make secured loans for eligible
12 projects involving advanced climate technologies
13 or systems.

14 “(B) USE OF PROCEEDS.—Subject to
15 paragraph (2), the proceeds of a secured loan
16 for an eligible project made available under this
17 subsection shall be available, in conjunction
18 with the equity of the obligor and senior debt
19 financing for the eligible project, to pay for eli-
20 gible project costs.

21 “(2) TERMS AND LIMITATIONS.—

22 “(A) IN GENERAL.—A secured loan under
23 this subsection with respect to an eligible
24 project shall be made on such terms and condi-
25 tions (including requirements for an audit) as

1 the Board, in consultation with the Secretary,
2 determines appropriate.

3 “(B) MAXIMUM AMOUNT.—Subject to sub-
4 section (c)(5), the total amount of the secured
5 loan for an eligible project under this subsection
6 shall not exceed 25 percent of the reasonably
7 anticipated eligible project costs of the eligible
8 project.

9 “(C) PERIOD OF AVAILABILITY.—The
10 Board may enter into a contract with the owner
11 or operator of an eligible project to provide a
12 secured loan during the period—

13 “(i) beginning on the date that the fi-
14 nancial structure of the eligible project is
15 established; and

16 “(ii) ending on the date of the start of
17 construction of the eligible project.

18 “(D) COST OF COVERAGE.—Subject to
19 subsection (c)(4)(E), the cost of a secured loan
20 for an eligible project under this subsection
21 shall be borne by the Secretary.

22 “(E) INTEREST RATE.—

23 “(i) IN GENERAL.—Subject to clause
24 (ii), the interest rate on a secured loan

1 under this subsection shall be established
2 by the Secretary.

3 “(ii) MINIMUM RATE.—The interest
4 rate on a loan resulting from a secured
5 loan under this subsection shall not be less
6 than the current average market yield on
7 outstanding marketable obligations of the
8 United States of comparable maturity, as
9 of the date of the execution of the loan
10 agreement.

11 “(F) SECURITY.—The secured loan—

12 “(i) shall be payable, in whole or in
13 part, from dedicated revenue sources gen-
14 erated by the eligible project;

15 “(ii) shall include a rate covenant,
16 coverage requirement, or similar security
17 feature supporting the project obligations;
18 and

19 “(iii) may have a lien on revenues de-
20 scribed in clause (i), subject to any lien se-
21 curing project obligations.

22 “(G) RIGHTS OF THIRD-PARTY CREDI-
23 TORS.—

24 “(i) AGAINST FEDERAL GOVERN-
25 MENT.—A third-party creditor of the obli-

1 gor shall not have any right against the
2 Federal Government with respect to any
3 payments due to the Federal Government
4 under this subsection.

5 “(ii) ASSIGNMENT.—An obligor may
6 assign the secured loan to 1 or more lend-
7 ers or to a trustee on behalf of the lenders.

8 “(H) SUBORDINATION.—A secured loan
9 for an eligible project made under this sub-
10 section shall be subordinate to senior private
11 debt issued by a lender for the eligible project.

12 “(I) NONRECOURSE STATUS.—A secured
13 loan for an eligible project under this subsection
14 shall be non-recourse to the obligor in the event
15 of bankruptcy, insolvency, or liquidation of the
16 eligible project.

17 “(J) FEES.—The Board may establish fees
18 at a level sufficient to cover all or a portion of
19 the costs to the Federal Government of making
20 secured loans for an eligible project under this
21 subsection.

22 “(3) REPAYMENT.—

23 “(A) SCHEDULE AND TERMS.—The Board
24 shall establish a repayment schedule and terms
25 and conditions for each secured loan for an eli-

1 gible project under this subsection based on the
2 projected cash flow from revenues for the eligi-
3 ble project.

4 “(B) REPAYMENT SCHEDULE.—Scheduled
5 repayments on a secured loan for an eligible
6 project under this subsection shall—

7 “(i) commence not later than 5 years
8 after the scheduled start of commercial op-
9 erations of the eligible project; and

10 “(ii) be completed, with interest, not
11 later than 35 years after the scheduled
12 date of the start of commercial operations
13 of the eligible project.

14 “(C) SOURCES OF REPAYMENT FUNDS.—
15 The sources of funds for scheduled loan repay-
16 ments under this subsection shall include—

17 “(i) the sale of carbon or carbon com-
18 pounds;

19 “(ii) the sale of electricity or gener-
20 ating capacity;

21 “(iii) the sale of sequestration serv-
22 ices;

23 “(iv) the sale or transmission of en-
24 ergy;

1 “(v) revenues associated with energy
2 efficiency gains; or

3 “(vi) other dedicated revenue sources.

4 “(D) DEFERRED PAYMENTS.—

5 “(i) AUTHORIZATION.—If, at any time
6 during the 10-year period beginning on the
7 date of the scheduled start of commercial
8 operation of an eligible project, the eligible
9 project is unable to generate sufficient rev-
10 enues to pay the scheduled loan repay-
11 ments of principal or interest on the se-
12 cured loan, the Secretary may, subject to
13 clause (iii), allow the obligor to add unpaid
14 principal or interest to the outstanding bal-
15 ance of the secured loan.

16 “(ii) INTEREST.—Any payment de-
17 ferred under clause (i) shall—

18 “(I) continue to accrue interest
19 in accordance with paragraph (2)(E)
20 until fully repaid; and

21 “(II) be scheduled to be amor-
22 tized over the number of years re-
23 maining in the term of the loan in ac-
24 cordance with subparagraph (B).

25 “(iii) CRITERIA.—

1 “(I) IN GENERAL.—Any payment
2 deferral under clause (i) shall be con-
3 tingent on the eligible project meeting
4 criteria established by the Secretary.

5 “(II) REPAYMENT STANDARDS.—
6 The criteria established under sub-
7 clause (I) shall include standards for
8 reasonable assurance of repayment.

9 “(E) PREPAYMENT.—

10 “(i) USE OF EXCESS REVENUES.—At
11 the discretion of the obligor, any excess
12 revenues that remain after satisfying
13 scheduled debt service requirements on the
14 project obligations and secured loan, and
15 all deposit requirements under the terms of
16 any trust agreement, bond resolution, or
17 similar agreement securing project obliga-
18 tions, may be applied annually to prepay
19 the secured loan without penalty.

20 “(ii) USE OF PROCEEDS OF REFI-
21 NANCING.—The secured loan may be pre-
22 paid at any time without penalty from the
23 proceeds of refinancing from non-Federal
24 funding sources.

25 “(4) SALE OF SECURED LOANS.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), as soon as practicable after substan-
3 tial completion of an eligible project and after
4 notifying the obligor, the Board may sell to an-
5 other entity or reoffer into the capital markets
6 a secured loan for the eligible project if the
7 Board determines that the sale or reoffering
8 can be made on favorable terms.

9 “(B) CONSENT OF OBLIGOR.—In making a
10 sale or reoffering under subparagraph (A), the
11 Board may not change the original terms and
12 conditions of the secured loan without the writ-
13 ten consent of the obligor.

14 “(5) LOAN GUARANTEES.—

15 “(A) IN GENERAL.—The Board may pro-
16 vide a loan guarantee to a lender, in lieu of
17 making a secured loan, under this subsection if
18 the Board determines that the budgetary cost
19 of the loan guarantee is substantially the same
20 as that of a secured loan.

21 “(B) TERMS.—

22 “(i) IN GENERAL.—Except as pro-
23 vided in clause (ii), the terms of a guaran-
24 teed loan shall be consistent with the terms
25 for a secured loan under this subsection.

1 “(ii) INTEREST RATE; PREPAY-
2 MENT.—The interest rate on the guaran-
3 teed loan and any prepayment features
4 shall be established by negotiations be-
5 tween the obligor and the lender, with the
6 consent of the Board.

7 “(g) PRODUCTION INCENTIVE PAYMENTS.—

8 “(1) SECURED LOAN.—

9 “(A) IN GENERAL.—The Secretary may
10 enter into an agreement with 1 or more obligors
11 to make a secured loan for an eligible project
12 selected under subsection (c)(4) that employs 1
13 or more advanced climate technologies or sys-
14 tems.

15 “(B) PRODUCTION INCENTIVE PAY-
16 MENTS.—

17 “(i) IN GENERAL.—Amounts loaned
18 to an obligor under subparagraph (A) shall
19 be made available in the form of a series
20 of production incentive payments provided
21 by the Board to the obligor during a period
22 of not more than 10 years, as determined
23 by the Board, beginning after the date on
24 which commercial project operations start
25 at the eligible project.

1 “(ii) AMOUNT.—Production incentive
2 payments under clause (i) shall be for an
3 amount equal to 25 percent of the value
4 of—

5 “(I) the energy produced or
6 transmitted by the eligible project
7 during the applicable year; or

8 “(II) any gains in energy effi-
9 ciency achieved by the eligible project
10 during the applicable year.

11 “(2) TERMS AND LIMITATIONS.—

12 “(A) IN GENERAL.—A secured loan under
13 this subsection shall be subject to such terms
14 and conditions, including any covenant, rep-
15 resentation, warranty, and requirement (includ-
16 ing a requirement for an audit) that the Sec-
17 retary determines to be appropriate.

18 “(B) AGREEMENT COSTS.—Subject to sub-
19 section (c)(4), the cost of carrying out an agree-
20 ment entered into under paragraph (1)(A) shall
21 be paid by the Secretary.

22 “(C) INTEREST RATE.—

23 “(i) IN GENERAL.—Subject to clause
24 (ii), the interest rate on a secured loan

1 under this subsection shall be established
2 by the Secretary.

3 “(ii) MINIMUM RATE.—The interest
4 rate on a secured loan under this sub-
5 section shall not be less than the current
6 average market yield on outstanding mar-
7 ketable obligations of the United States of
8 comparable maturity, as of the date on
9 which the agreement under paragraph
10 (1)(A) is executed.

11 “(D) SECURITY.—The secured loan—

12 “(i) shall be payable, in whole or in
13 part, from dedicated revenue sources gen-
14 erated by the eligible project;

15 “(ii) shall include a rate covenant,
16 coverage requirement, or similar security
17 feature supporting the eligible project obli-
18 gations; and

19 “(iii) may have a lien on revenues de-
20 scribed in clause (i), subject to any lien se-
21 curing eligible project obligations.

22 “(E) RIGHTS OF THIRD-PARTY CREDI-
23 TORS.—

24 “(i) AGAINST FEDERAL GOVERN-
25 MENT.—A third-party creditor of the obli-

1 gor shall not have any right against the
2 Federal Government with respect to any
3 payments due to the Federal Government
4 under the agreement entered into under
5 paragraph (1)(A).

6 “(ii) ASSIGNMENT.—An obligor may
7 assign production incentive payments to 1
8 or more lenders or to a trustee on behalf
9 of the lenders.

10 “(F) SUBORDINATION.—A secured loan
11 under this subsection shall be subordinate to
12 senior private debt issued by a lender for the el-
13 igible project.

14 “(G) NONRECOURSE STATUS.—A secured
15 loan under this subsection shall be nonrecourse
16 to the obligor in the event of bankruptcy, insol-
17 vency, or liquidation of the eligible project.

18 “(H) FEES.—The Secretary may impose
19 fees at a level sufficient to cover all or part of
20 the costs to the Federal Government of pro-
21 viding production incentive payments under this
22 subsection.

23 “(3) REPAYMENT.—

24 “(A) SCHEDULE, TERMS, AND CONDI-
25 TIONS.—The Secretary shall establish a repay-

1 ment schedule and terms and conditions for
2 each secured loan under this subsection based
3 on the projected cash flow from revenues of the
4 eligible project.

5 “(B) REPAYMENT SCHEDULE.—Scheduled
6 repayments of principal or interest on a secured
7 loan under this subsection shall—

8 “(i) commence not later than 5 years
9 after the date on which the last production
10 incentive payment is made by the Board
11 under paragraph (1)(B); and

12 “(ii) be completed, with interest, not
13 later than 10 years after the date on which
14 the last production incentive payment is
15 made.

16 “(C) SOURCES OF REPAYMENT FUNDS.—
17 The sources of funds for scheduled loan repay-
18 ments under this subsection include—

19 “(i) the sale of electricity or gener-
20 ating capacity,

21 “(ii) the sale or transmission of en-
22 ergy;

23 “(iii) revenues associated with energy
24 efficiency gains; or

25 “(iv) other dedicated revenue sources.

1 “(D) DEFERRED PAYMENTS.—

2 “(i) AUTHORIZATION.—If, at any time
3 during the 10-year period beginning on
4 the date on which commercial operations of
5 the eligible project start, the eligible
6 project is unable to generate sufficient rev-
7 enues to pay the scheduled loan repay-
8 ments of principal or interest on a secured
9 loan under this subsection, the Secretary
10 may, subject to criteria established by the
11 Secretary (including standards for reason-
12 able assurances of repayment), allow the
13 obligor to add unpaid principal and inter-
14 est to the outstanding balance of the se-
15 cured loan.

16 “(ii) INTEREST.—Any payment de-
17 ferred under clause (i) shall—

18 “(I) continue to accrue interest
19 in accordance with paragraph (2)(C)
20 until fully repaid; and

21 “(II) be scheduled to be amor-
22 tized over the number of years re-
23 maining in the term of the loan in ac-
24 cordance with subparagraph (B).

25 “(E) PREPAYMENT.—

1 “(i) USE OF EXCESS REVENUES.—At
2 the discretion of the obligor, any excess
3 revenues that remain after satisfying
4 scheduled debt service requirements on the
5 eligible project obligations and the secured
6 loan, and all deposit requirements under
7 the terms of any trust agreement, bond
8 resolution, or similar agreement securing
9 eligible project obligations, may be applied
10 annually to prepay loans pursuant to an
11 agreement entered into under paragraph
12 (1)(A) without penalty.

13 “(ii) USE OF PROCEEDS OF REFI-
14 NANCING.—The secured loan may be pre-
15 paid at any time without penalty from the
16 proceeds of refinancing from non-Federal
17 funding sources.

18 “(4) SALE OF SECURED LOANS.—

19 “(A) IN GENERAL.—Subject to subpara-
20 graph (B), as soon as practicable after the date
21 on which the last production incentive payment
22 is made to the obligor under paragraph (1)(B)
23 and after notifying the obligor, the Secretary
24 may sell to another entity or reoffer into the
25 capital markets a secured loan for the eligible

1 project if the Secretary determines that the sale
2 or reoffering can be made on favorable terms.

3 “(B) CONSENT REQUIRED.—In making a
4 sale or reoffering under subparagraph (A), the
5 Board may not change the original terms and
6 conditions of the secured loan without the writ-
7 ten consent of the obligor.

8 “(h) OTHER CREDIT-BASED FINANCIAL ASSISTANCE
9 MECHANISMS FOR ELIGIBLE PROJECTS.—

10 “(1) IN GENERAL.—

11 “(A) AGREEMENTS.—The Board may
12 enter into an agreement with 1 or more obligors
13 to make a secured loan to the obligors for eligi-
14 ble projects selected under subsection (c) that
15 employ advanced technologies or systems, the
16 proceeds of which shall be used to—

17 “(i) finance eligible project costs; or

18 “(ii) enhance eligible project revenues.

19 “(B) CREDIT-BASED FINANCIAL ASSIST-
20 ANCE.—Amounts made available as a secured
21 loan under subparagraph (A) shall be provided
22 by the Board to the obligor in the form of cred-
23 it-based financial assistance mechanisms that
24 are not otherwise specifically provided for in

1 subsections (d) through (g), as determined to
2 be appropriate by the Secretary.

3 “(2) TERMS AND LIMITATIONS.—

4 “(A) IN GENERAL.—A secured loan under
5 this subsection shall be subject to such terms
6 and conditions (including any covenants, rep-
7 resentations, warranties, and requirements (in-
8 cluding a requirement for an audit)) as the Sec-
9 retary determines to be appropriate.

10 “(B) MAXIMUM AMOUNT.—Subject to sub-
11 section (c)(5), the total amount of the secured
12 loan under this subsection shall not exceed 50
13 percent of the reasonably anticipated eligible
14 project costs.

15 “(C) PERIOD OF AVAILABILITY.—The
16 Board may enter into a contract with the obli-
17 gor to provide credit-based financial assistance
18 to an eligible project during the period—

19 “(i) beginning on the date that the fi-
20 nancial structure of the eligible project is
21 established; and

22 “(ii) ending on the date of the start of
23 construction of the eligible project.

24 “(D) AGREEMENT COSTS.—Subject to sub-
25 section (c)(4)(E), the cost of carrying out an

1 agreement entered into under paragraph (1)(A)
2 shall be paid by the Board.

3 “(E) INTEREST RATE.—

4 “(i) IN GENERAL.—Subject to clause
5 (ii), the interest rate on a secured loan
6 under this subsection shall be established
7 by the Board.

8 “(ii) MINIMUM RATE.—The interest
9 rate on a secured loan under this sub-
10 section shall not be less than the current
11 average market yield on outstanding mar-
12 ketable obligations of the United States of
13 comparable maturity, as of the date of the
14 execution of the secured loan agreement.

15 “(F) SECURITY.—The secured loan—

16 “(i) shall be payable, in whole or in
17 part, from dedicated revenue sources gen-
18 erated by the eligible project;

19 “(ii) shall include a rate covenant,
20 coverage requirement, or similar security
21 feature supporting the eligible project obli-
22 gations; and

23 “(iii) may have a lien on revenues de-
24 scribed in clause (i), subject to any lien se-
25 curing eligible project obligations.

1 “(G) RIGHTS OF THIRD-PARTY CREDI-
2 TORS.—

3 “(i) AGAINST FEDERAL GOVERN-
4 MENT.—A third-party creditor of the obli-
5 gor shall not have any right against the
6 Federal Government with respect to any
7 payments due to the Federal Government
8 under this subsection.

9 “(ii) ASSIGNMENT.—An obligor may
10 assign payments made pursuant to an
11 agreement to provide credit-based financial
12 assistance under this subsection to 1 or
13 more lenders or to a trustee on behalf of
14 the lenders.

15 “(H) SUBORDINATION.—A secured loan
16 under this subsection shall be subordinate to
17 senior private debt issued by a lender for the el-
18 igible project.

19 “(I) NONRECOURSE STATUS.—A secured
20 loan under this subsection shall be nonrecourse
21 to the obligor in the event of bankruptcy, insol-
22 vency, or liquidation of the eligible project.

23 “(J) FEES.—The Board may establish fees
24 at a level sufficient to cover all or part of the
25 costs to the Federal Government of providing

1 credit-based financial assistance under this sub-
2 section.

3 “(3) REPAYMENT.—

4 “(A) SCHEDULE AND TERMS AND CONDI-
5 TIONS.—The Board shall establish a repayment
6 schedule and terms and conditions for each se-
7 cured loan under this subsection based on the
8 projected cash flow from eligible project reve-
9 nues.

10 “(B) REPAYMENT SCHEDULE.—Scheduled
11 loan repayments of principal or interest on a se-
12 cured loan under this subsection shall—

13 “(i) commence not later than 5 years
14 after the date of substantial completion of
15 the eligible project; and

16 “(ii) be completed, with interest, not
17 later than 35 years after the date of sub-
18 stantial completion of the eligible project.

19 “(C) SOURCES OF REPAYMENT FUNDS.—
20 The sources of funds for scheduled loan repay-
21 ments under this subsection shall include—

22 “(i) the sale of electricity or gener-
23 ating capacity;

24 “(ii) the sale or transmission of en-
25 ergy;

1 “(iii) revenues associated with energy
2 efficiency gains; or

3 “(iv) other dedicated revenue sources,
4 such as carbon sequestration.

5 “(D) DEFERRED PAYMENTS.—

6 “(i) AUTHORIZATION.—If, at any time
7 during the 10-year period beginning on
8 the date of the start of commercial oper-
9 ations of the eligible project, the eligible
10 project is unable to generate sufficient rev-
11 enues to pay the scheduled loan repay-
12 ments of principal or interest on a secured
13 loan under this subsection, the Secretary
14 may, subject to criteria established by the
15 Secretary (including standards for reason-
16 able assurances of repayment), allow the
17 obligor to add unpaid principal and inter-
18 est to the outstanding balance of the se-
19 cured loan.

20 “(ii) INTEREST.—Any payment de-
21 ferred under clause (i) shall—

22 “(I) continue to accrue interest
23 in accordance with paragraph (2)(E)
24 until fully repaid; and

1 “(II) be scheduled to be amor-
2 tized over the number of years re-
3 maining in the term of the loan in ac-
4 cordance with subparagraph (B).

5 “(E) PREPAYMENT.—

6 “(i) USE OF EXCESS REVENUES.—At
7 the discretion of the obligor, any excess
8 revenues that remain after satisfying
9 scheduled debt service requirements on the
10 eligible project obligations and secured
11 loan, and all deposit requirements under
12 the terms of any trust agreement, bond
13 resolution, or similar agreement securing
14 eligible project obligations, may be applied
15 annually to prepay a secured loan under
16 this subsection without penalty.

17 “(ii) USE OF PROCEEDS OF REFI-
18 NANCING.—A secured loan under this sub-
19 section may be prepaid at any time without
20 penalty from the proceeds of refinancing
21 from non-Federal funding sources.

22 “(4) SALE OF SECURED LOANS.—

23 “(A) IN GENERAL.—Subject to subpara-
24 graph (B), as soon as practicable after the start
25 of commercial operations of an eligible project

1 and after notifying the obligor, the Board may
2 sell to another entity or reoffer into the capital
3 markets a secured loan for the eligible project
4 under this subsection if the Secretary deter-
5 mines that the sale or reoffering can be made
6 on favorable terms.

7 “(B) CONSENT OF OBLIGOR.—In making a
8 sale or reoffering under subparagraph (A), the
9 Board may not change the original terms and
10 conditions of the secured loan without the writ-
11 ten consent of the obligor.

12 “(i) FEDERAL, STATE, AND LOCAL REGULATORY
13 REQUIREMENTS.—The provision of Federal financial as-
14 sistance to an eligible project under this section shall
15 not—

16 “(1) relieve any recipient of the assistance of
17 any obligation to obtain any required Federal, State,
18 or local regulatory requirement, permit, or approval
19 with respect to the eligible project;

20 “(2) limit the right of any unit of Federal,
21 State, or local government to approve or regulate
22 any rate of return on private equity invested in the
23 eligible project; or

1 “(3) otherwise supersede any Federal, State, or
2 local law (including any regulation) applicable to the
3 construction or operation of the eligible project.

4 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
5 are authorized to be appropriated such sums as are nec-
6 essary to carry out this section for each of fiscal years
7 2006 through 2010, to remain available until expended.”.

8 **Subtitle B—Climate Change Tech-**
9 **nology Deployment in Devel-**
10 **oping Countries**

11 **SEC. 1511. CLIMATE CHANGE TECHNOLOGY DEPLOYMENT**
12 **IN DEVELOPING COUNTRIES.**

13 The Global Environmental Protection Assistance Act
14 of 1989 (Public Law 101–240; 103 Stat. 2521) is amend-
15 ing by adding at the end the following:

16 **“PART C—TECHNOLOGY DEPLOYMENT IN**
17 **DEVELOPING COUNTRIES**

18 **“SEC. 731. DEFINITIONS.**

19 “In this part:

20 “(1) CARBON SEQUESTRATION.—The term ‘car-
21 bon sequestration’ means the capture of carbon diox-
22 ide through terrestrial, geological, biological, or
23 other means, which prevents the release of carbon
24 dioxide into the atmosphere.

1 “(2) GREENHOUSE GAS.—The term ‘greenhouse
2 gas’ means carbon dioxide, methane, nitrous oxide,
3 hydrofluorocarbons, perfluorocarbons, and sulfur
4 hexafluoride.

5 “(3) GREENHOUSE GAS INTENSITY.—The term
6 ‘greenhouse gas intensity’ means the ratio of green-
7 house gas emissions to economic output.

8 **“SEC. 732. REDUCTION OF GREENHOUSE GAS INTENSITY.**

9 “(a) LEAD AGENCY.—

10 “(1) IN GENERAL.—The Department of State
11 shall act as the lead agency for integrating into
12 United States foreign policy the goal of reducing
13 greenhouse gas intensity in developing countries.

14 “(2) REPORTS.—

15 “(A) INITIAL REPORT.—Not later than
16 180 days after the date of enactment of this
17 part, the Secretary of State shall submit to the
18 appropriate authorizing and appropriating com-
19 mittees of Congress an initial report, based on
20 the most recent information available to the
21 Secretary from reliable public sources, that
22 identifies the 25 developing countries that are
23 the greenhouse gas emitters, including for each
24 country—

1 “(i) an estimate of the quantity and
2 types of energy used;

3 “(ii) an estimate of the greenhouse
4 gas intensity of the energy, manufacturing,
5 agricultural, and transportation sectors;

6 “(iii) a description the progress of any
7 significant projects undertaken to reduce
8 greenhouse gas intensity;

9 “(iv) a description of the potential for
10 undertaking projects to reduce greenhouse
11 gas intensity;

12 “(v) a description of any obstacles to
13 the reduction of greenhouse gas intensity;
14 and

15 “(vi) a description of the best prac-
16 tices learned by the Agency for Inter-
17 national Development from conducting pre-
18 vious pilot and demonstration projects to
19 reduce greenhouse gas intensity.

20 “(B) UPDATE.—Not later than 18 months
21 after the date on which the initial report is sub-
22 mitted under subparagraph (A), the Secretary
23 shall submit to the appropriate authorizing and
24 appropriating committees of Congress, based on
25 the best information available to the Secretary,

1 an update of the information provided in the
2 initial report.

3 “(C) USE.—

4 “(i) INITIAL REPORT.—The Secretary
5 of State shall use the initial report sub-
6 mitted under subparagraph (A) to estab-
7 lish baselines for the developing countries
8 identified in the report with respect to the
9 information provided under clauses (i) and
10 (ii) of that subparagraph.

11 “(ii) ANNUAL REPORTS.—The Sec-
12 retary of State shall use the annual reports
13 prepared under subparagraph (B) and any
14 other information available to the Sec-
15 retary to track the progress of the devel-
16 oping countries with respect to reducing
17 greenhouse gas intensity.

18 “(b) PROJECTS.—The Secretary of State, in coordi-
19 nation with Administrator of the United States Agency for
20 International Development, shall (directly or through
21 agreements with the World Bank, the International Mone-
22 tary Fund, the Overseas Private Investment Corporation,
23 and other development institutions) provide assistance to
24 developing countries specifically for projects to reduce
25 greenhouse gas intensity, including projects to—

1 “(1) leverage, through bilateral agreements,
2 funds for reduction of greenhouse gas intensity;

3 “(2) increase private investment in projects and
4 activities to reduce greenhouse gas intensity; and

5 “(3) expedite the deployment of technology to
6 reduce greenhouse gas intensity.

7 “(c) FOCUS.—In providing assistance under sub-
8 section (b), the Secretary of State shall focus on—

9 “(1) promoting the rule of law, property rights,
10 contract protection, and economic freedom; and

11 “(2) increasing capacity, infrastructure, and
12 training.

13 “(d) PRIORITY.—In providing assistance under sub-
14 section (b), the Secretary of State shall give priority to
15 projects in the 25 developing countries identified in the
16 report submitted under subsection (a)(2)(A).

17 **“SEC. 733. TECHNOLOGY INVENTORY FOR DEVELOPING**
18 **COUNTRIES.**

19 “(a) IN GENERAL.—The Secretary of State, in co-
20 ordination with the Secretary of Energy and the Secretary
21 of Commerce, shall conduct an inventory of greenhouse
22 gas intensity reducing technologies that are developed, or
23 under development in the United States, to identify tech-
24 nologies that are suitable for transfer to, deployment in,

1 and commercialization in the developing countries identi-
2 fied in the report submitted under section 732(a)(2)(A).

3 “(b) REPORT.—Not later than 180 days after the
4 completion of the inventory under subsection (a), the Sec-
5 retary of State and the Secretary of Energy shall jointly
6 submit to Congress a report that—

7 “(1) includes the results of the completed inven-
8 tory;

9 “(2) identifies obstacles to the transfer, deploy-
10 ment, and commercialization of the inventoried tech-
11 nologies;

12 “(3) includes results from previous Federal re-
13 ports related to the inventoried technologies; and

14 “(4) includes an analysis of market forces re-
15 lated to the inventoried technologies.

16 **“SEC. 734. TRADE-RELATED BARRIERS TO EXPORT OF**
17 **GREENHOUSE GAS INTENSITY REDUCING**
18 **TECHNOLOGIES.**

19 “(a) IN GENERAL.—Not later than 1 year after the
20 date of enactment of this part, the United States Trade
21 Representative shall (as appropriate and consistent with
22 applicable bilateral, regional, and mutual trade agree-
23 ments)—

24 “(1) identify trade-relations barriers maintained
25 by foreign countries to the export of greenhouse gas

1 intensity reducing technologies and practices from
2 the United States to the developing countries identi-
3 fied in the report submitted under section
4 732(a)(2)(A); and

5 “(2) negotiate with foreign countries for the re-
6 moval of those barriers.

7 “(b) ANNUAL REPORT.—Not later than 1 year after
8 the date on which a report is submitted under subsection
9 (a)(1) and annually thereafter, the United States Trade
10 Representative shall submit to Congress a report that de-
11 scribes any progress made with respect to removing the
12 barriers identified by the United States Trade Representa-
13 tive under subsection (a)(1).

14 **“SEC. 735. GREENHOUSE GAS INTENSITY REDUCING TECH-**
15 **NOLOGY EXPORT INITIATIVE.**

16 “(a) IN GENERAL.—There is established an inter-
17 agency working group to carry out a Greenhouse Gas In-
18 tensity Reducing Technology Export Initiative to—

19 “(1) promote the export of greenhouse gas in-
20 tensity reducing technologies and practices from the
21 United States;

22 “(2) identify developing countries that should
23 be designated as priority countries for the purpose
24 of exporting greenhouse gas intensity reducing tech-

1 nologies and practices, based on the report sub-
2 mitted under section 732(a)(2)(A);

3 “(3) identify potential barriers to adoption of
4 exported greenhouse gas intensity reducing tech-
5 nologies and practices based on the reports sub-
6 mitted under section 734; and

7 “(4) identify previous efforts to export energy
8 technologies to learn best practices.

9 “(b) COMPOSITION.—The working group shall be
10 composed of—

11 “(1) the Secretary of State, who shall act as
12 the head of the working group;

13 “(2) the Administrator of the United States
14 Agency for International Development;

15 “(3) the United States Trade Representative;

16 “(4) a designee of the Secretary of Energy; and

17 “(5) a designee of the Secretary of Commerce.

18 “(c) PERFORMANCE REVIEWS AND REPORTS.—Not
19 later than 180 days after the date of enactment of this
20 part and each year thereafter, the interagency working
21 group shall—

22 “(1) conduct a performance review of actions
23 taken and results achieved by the Federal Govern-
24 ment (including each of the agencies represented on
25 the interagency working group) to promote the ex-

1 port of greenhouse gas intensity reducing tech-
2 nologies and practices from the United States; and
3 “(2) submit to the appropriate authorizing and
4 appropriating committees of Congress a report that
5 describes the results of the performance reviews and
6 evaluates progress in promoting the export of green-
7 house gas intensity reducing technologies and prac-
8 tices from the United States, including any rec-
9 ommendations for increasing the export of the tech-
10 nologies and practices.

11 **“SEC. 736. TECHNOLOGY DEMONSTRATION PROJECTS.**

12 “(a) IN GENERAL.—The Secretary of State, in co-
13 ordination with the Secretary of Energy and the Adminis-
14 trator of the United States Agency for International De-
15 velopment, shall promote the adoption of technologies and
16 practices that reduce greenhouse gas intensity in devel-
17 oping countries in accordance with this section.

18 “(b) DEMONSTRATION PROJECTS.—

19 “(1) IN GENERAL.—The Secretaries and the
20 Administrator shall plan, coordinate, and carry out,
21 or provide assistance for the planning, coordination,
22 or carrying out of, demonstration projects under this
23 section in at least 10 eligible countries, as deter-
24 mined by the Secretaries and the Administrator.

1 “(2) ELIGIBILITY.—A country shall be eligible
2 for assistance under this subsection if the Secre-
3 taries and the Administrator determine that the
4 country has demonstrated a commitment to—

5 “(A) just governance, including—

6 “(i) promoting the rule of law;

7 “(ii) respecting human and civil
8 rights;

9 “(iii) protecting private property
10 rights; and

11 “(iv) combating corruption; and

12 “(B) economic freedom, including economic
13 policies that—

14 “(i) encourage citizens and firms to
15 participate in global trade and inter-
16 national capital markets;

17 “(ii) promote private sector growth
18 and the sustainable management of nat-
19 ural resources; and

20 “(iii) strengthen market forces in the
21 economy.

22 “(3) SELECTION.—In determining which eligi-
23 ble countries to provide assistance to under para-
24 graph (1), the Secretaries and the Administrator
25 shall consider—

1 “(A) the opportunity to reduce greenhouse
2 gas intensity in the eligible country; and

3 “(B) the opportunity to generate economic
4 growth in the eligible country.

5 “(4) TYPES OF PROJECTS.—Demonstration
6 projects under this section may include—

7 “(A) coal gasification, coal liquefaction,
8 and clean coal projects;

9 “(B) carbon sequestration projects;

10 “(C) cogeneration technology initiatives;

11 “(D) renewable projects; and

12 “(E) lower emission transportation.

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

14 “The Secretary of State, in coordination with the
15 Secretary of Energy, the Secretary of Commerce, and the
16 Administrator of the Environmental Protection Agency,
17 shall carry out fellowship and exchange programs under
18 which officials from developing countries visit the United
19 States to acquire expertise and knowledge of best practices
20 to reduce greenhouse gas intensity in their countries.

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

22 “There are authorized to be appropriated such sums
23 as are necessary to carry out this part (other than section
24 736).

1 **“SEC. 739. EFFECTIVE DATE.**

2 “Except as otherwise provided in this part, this part

3 takes effect on October 1, 2005.”.