

**Remarks of
Senator Jay Rockefeller
2007 CTL Conference
The Resort at Glade Springs
Beckley, West Virginia**

Good afternoon. I want to thank the Coal-to-Liquids Coalition and Congressman Rahall for the kind invitation to be part of the Coalition's first regional conference. This is an exciting time for CTL – and for the alternative fuels industry in general.

Before I talk about a call to action on CTL – the four things I think we must do if CTL is to reach its full potential -- I wanted to give you a little bit of background about where we stand with CTL in the U.S. Senate.

It'll be no surprise to all of you that I think coal is the single greatest chance our country has for achieving energy independence -- and the technology is within reach to increase the use of coal in ways that don't hurt the environment.

Obviously I believe in coal in part because it's in our blood here in West Virginia, but I'd like to think I have some objectivity on it, too.

It's undeniable that nearly half our electricity comes from cheap and abundant coal today, and we have 250 years of reserves – far more BTUs than Saudi Arabia has in oil - to keep us going.

The trick is to take abundant coal beyond electricity.

To do coal-to-liquids and coal gasification for new uses like running chemical or manufacturing plants. To build co-generation and poly-generation facilities, near the mine mouth, that use coal to generate power, create transportation fuels and provide chemical feedstock, all at the same time.

But, to get to that point, what we have been lacking in the United States are the impetus and the start-up capital to launch the CTL industry on a large scale.

Today that impetus couldn't be more clear. Energy independence is not only critical to our economic future, it's critical to our national security.

That's why Congress must be prepared to take bold steps to develop a CTL industry in our nation.

We need the equivalent of the "Apollo" and "Manhattan" Projects that would provide billions in federal funding for research and development so that the best and brightest engineers and scientific minds can tackle carbon capture sequestration and CTL development. We also need to encourage private investments in CTL development, with tax incentives to develop coal based fuels.

The Senate had two opportunities, as part of a larger Energy bill debate earlier this year, to jumpstart CTL development in the United States.

The first came through an amendment offered by my colleague Jon Tester and cosponsored by Senator Byrd that would have created a \$10 billion loan program and another \$200 million grant program to promote CTL plant design and development.

The second also came through an amendment offered by Jim Bunning and Pete Domenici that would have mandated the use of 6 billion gallons of coal-based fuels.

Both of these proposals would have put CTL development on a promising path to become a genuine economic powerhouse. And yet, both failed -- mostly on party lines.

Why? I think for two reasons: there was a full court press by some interest groups to demonize coal as dirty and harmful, and within the pro-CTL ranks we didn't reach consensus on the best approach and the right environmental standards.

The political reality is that we can't get the kind of large-scale federal support we need for CTL without serious environmental thresholds. But even beyond the politics, part of what's so frustrating is that some groups suggest you can't be pro-coal and pro-environment.

Many of you in this room have dedicated a substantial part your careers to making coal clean -- so we know it can be done.

Moreover, we are all here because we recognize the great opportunity presented by coal-based fuels to give this country a greater degree of energy independence than it's had since the '50s and '60s.

Some choose to think of mitigating Climate Change as a burden. Instead, we should view it as an opportunity to bring the kinds of industrial and economic innovations to bear so U.S. coal and coal-to-liquids industries will shine.

As I look ahead over the next couple of years, I think together we should be focusing on four key elements of CTL policy and development. Four things that must become our "call to action" for building a world-class coal to liquids industry.

First, I agree totally with the focus we see here at this conference, with so many high-ranking Air Force and Department of Defense personnel in attendance. We must build up military uses of coal-based fuels. It makes perfect sense to me that the DOD would want a domestically sourced and domestically produced fuel for aviation and other military purposes.

I know we need to give the Pentagon new authority for longer-term procurement contracts, and I have talked to several of my colleagues on the Armed Services Committee about that. While DOD's use of CTL is very much on track, there is more we can and should do to help it along.

Second, we must work together to keep all those who support coal on the same page. How do we get where we want to go? We have to start by acknowledging that the political landscape has changed.

The lesson from the Senate debate this spring is that there are 60 votes in support of CTL with some environmental standards. We have to capitalize on that common ground and not get divided against ourselves.

Third, we must have a substantial federal government investment in the R&D for workable carbon capture and sequestration. I've discussed with many of you a bill I'm working on that would include a massive joint government and private effort to finally solve carbon capture, which I believe will be the defining environmental and industrial challenge of the next several decades.

My proposal is for something called the Future Fuels Corporation, which would simultaneously develop both CTL and a workable carbon sequestration program. I've gotten some feedback on the details, and it needs more work, but what I'm most interested in is not that people think I have a great idea, but that people with the most at stake get involved in crafting the solution.

Fourth, and something I understand will be integral to the development of the CTL industry in Appalachia – we must expand the pipeline infrastructure to serve the coalfields.

I have been saying for some time that we missed an opportunity at the end of the Clinton Administration to use the budget surplus we had then to make the kind of massive investment in our infrastructure that became so obviously necessary with the tragic rush-hour collapse of the I-35W bridge in Minnesota. We must have a 21st Century infrastructure for a 21st Century economy.

Besides bridges, roads, locks, and dams, I would include on a list of essential infrastructure improvements pipelines to take coal-based fuels to market and pipelines to take compressed carbon dioxide to its permanent geological sequestration site.

Moving forward, these must be our call to action – (1) facilitate DOD use of CTL; (2) develop a unified front on federal CTL policies and environmental standards; (3) create a major R&D initiative for carbon capture and sequestration; and, (4) expand pipelines to connect the coal fields with major industry.

As I said before, coal -- clean coal -- must be a solution to our energy needs, and can put our nation on the path to energy independence. Working together, we can give CTL its well-deserved place in meeting the nation's future energy needs.