



## Oppose Proposals to Include Coal-to Liquids Subsidies in the House Energy Bill

August 3, 2007

Dear Representative:

Taxpayers for Common Sense Action urges you to oppose any measures adding mandates, loan guarantees or other subsidies for the coal-to-liquids (CTL) industry to the Energy Bill that is expected to be debated on the House floor. Subsidizing this technology is a risky investment that will cost billions in taxpayer dollars.

Coal liquids are not the quick fix for the nation's oil and gas dependence. To replace just 10 percent of America's oil consumption with coal derived fuels could cost taxpayers **\$70 billion** in construction costs. And this is just the beginning of the costs. These estimates do not include the costs of additional coal mining and the costs of carbon sequestration.

Additionally, the success of coal- to- liquids heavily depends on volatile oil prices. If oil prices drop it could ruin the CTL industry, turning plants into money-losing machines and leaving taxpayers footing the bill. When Congress created the \$15 billion Synthetic Fuels Corporation in the 1980's to fund coal-to-liquid and other synfuel projects, volatile oil prices drove the industry into near bankruptcy, wasting billions of dollars spent on capital. Because of this, Standard & Poor's stated that without long-term taxpayer support, CTL projects "*are likely to be untenable.*"

Lawmakers may try to push proposals that would guarantee a minimum price for CTL fuels for a specified number of projects, or would try to set government mandates for the production of CTL fuel. But these measures would simply waste millions of taxpayer dollars by forcing the government to buy up uneconomical CTL fuel.

Coal liquids are a costly unproven technology that will not lead us to energy independence. TCS Action urges you to oppose any proposals that provide any loan guarantees, mandates or other subsidies for this technology. If you would like additional information please contact me or Autumn Hanna at (202) 546-8500 or [autumn@taxpayer.net](mailto:autumn@taxpayer.net).

Sincerely,

Ryan Alexander  
President