



# CARBON CAPTURE COALITION

May 11, 2020

The Honorable Steven T. Mnuchin  
Secretary of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, DC 20220

The Honorable Charles P. Rettig  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, N.W.  
Washington, DC 20224

Dear Secretary Mnuchin and Commissioner Rettig:

On behalf of the Carbon Capture Coalition's over 75 energy, industrial and technology companies, labor unions, and conservation, environmental and clean energy organizations, we respectfully request that you take decisive action in the wake of findings by the Internal Revenue Service's (IRS) Inspector General (IG) that companies claiming the bulk of Section 45Q tax credits to date have failed to undertake the required monitoring, reporting and verification (MRV) to demonstrate secure geologic storage.

First, we encourage you to continue IRS auditing and enforcement action against noncompliant taxpayers that have claimed credits under the 45Q program. Fortunately, the IG's investigation reveals that the system is working. According to the IG's findings, the IRS has disallowed noncompliant credits revealed in its audits, taking action as early as 2012 to deny credits to taxpayers that failed to carry out MRV under the U.S. Environmental Protection Agency's (EPA) Subpart RR rule of federal Greenhouse Gas Reporting Program as required by the IRS. This diligence provides confidence that the 45Q program—reformed and expanded in early 2018 with bipartisan passage of legislation backed by a diverse industry, labor and environmental coalition—can proceed with appropriate oversight. However, it is critical that thorough auditing and enforcement be sustained.

Second, we request that you maintain and reaffirm robust transparency and accountability provisions for demonstrating secure geologic storage in IRS guidance and rulemaking. The results of the IG's review underscores the imperative of safeguarding policymakers' and the public's faith in the accounting undertaken to claim the 45Q credit.

Toward that end, companies and NGOs in the Coalition worked for months to reach agreement on MRV [recommendations](#) to Treasury and the IRS in June 2019. The Coalition then followed up on its comments with a March 5, 2020 [letter](#) to you, reiterating our recommendations and requesting that the IRS promulgate requirements in the forthcoming rule that preserve the integrity of the 45Q program and maintain public support for this important policy. Therefore, we appreciate that the IRS' recent guidance on beginning construction reaffirms reporting under EPA's Subpart RR rule as an approved method of MRV to claim the 45Q credit, which is something the Coalition requested. We also reiterate now our

recommendation that an equivalent MRV program option be established based on a recent international ISO standard for geologic storage of carbon dioxide (CO<sub>2</sub>) that, when combined with transparency and accountability provisions, can provide for the demonstration of secure geologic storage, as does EPA's Subpart RR reporting program. It is our understanding that few new 45Q credits have been claimed since Congress revamped the program over two years ago, and most eligible projects remain under development. This provides a window of opportunity to further identify and undertake enforcement against those actors who wrongly claimed credits previously and, going forward, to ensure that the pending IRS rule retains credible MRV requirements to sustain public confidence in this vital, performance-based incentive.

Thank you in advance for your consideration of our requests. Please let us know if you or your staff would like any further information.

Sincerely,

A handwritten signature in black ink that reads "Brad Crabtree". The signature is written in a cursive, slightly slanted style.

Brad Crabtree  
Director  
Carbon Capture Coalition  
701-647-2041 (o) | 701-830-0302 (m)  
[bcrabtree@gpisd.net](mailto:bcrabtree@gpisd.net)



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## Coalition Participants:

Accelergy  
AFL-CIO  
Air Liquide  
Air Products  
AK Steel  
American Carbon Registry  
ArcelorMittal  
Arch Coal  
Archer Daniels Midland Co.  
Baker Hughes  
Bipartisan Policy Center  
Action  
Capital Power  
Carbon180  
Carbon Wrangler LLC  
Center for Climate and Energy  
Solutions  
Citizens for Responsible  
Energy Solutions Forum  
Clean Air Task Force  
ClearPath  
Conestoga Energy Partners  
Core Energy LLC  
DTE Energy  
EBR Development LLC

Elysian Ventures  
EnergyBlue Project  
Energy Innovation Reform  
Project  
Glenrock Energy  
Great River Energy  
Greene Street Capital  
Impact Natural Resources LLC  
ION Engineering LLC  
International Brotherhood of  
Boilermakers  
International Brotherhood of  
Electrical Workers  
Jackson Hole Center for  
Global Affairs  
Jupiter Oxygen Corporation  
Lake Charles Methanol  
LanzaTech  
Linde LLC  
Mitsubishi Heavy Industries  
America, Inc.  
National Audubon Society  
National Farmers Union  
National Wildlife Federation  
NET Power

New Steel International, Inc.  
NRG Energy  
Occidental  
Pacific Ethanol  
Peabody  
Prairie State Generating  
Company  
Praxair, Inc.  
Shell  
SMART Transportation  
Division (of the Sheet Metal,  
Air, Rail and Transportation  
Workers)  
Summit Power Group  
Svante  
The Nature Conservancy  
Third Way  
Thunderbolt Clean Energy LLC  
United Mine Workers of  
America  
United Steel Workers  
Utility Workers Union of  
America  
White Energy  
Wyoming Outdoor Council

## Coalition Observers:

Algae Biomass Organization  
Biomass Power Association  
Brown Brothers Energy &  
Environment, LLC  
Carbon Engineering  
Carbon Utilization Research  
Council  
Chart Industries  
Cornerpost CO2 LLC

Enhanced Oil Recovery  
Institute, University of  
Wyoming  
Environmental Defense Fund  
Growth Energy  
Institute of Clean Air  
Companies  
Melzer Consulting  
Portland Cement Association

School of Energy Resources,  
University of Wyoming  
Systems International | The  
ZEROS Project  
Tellus Operating Group  
World Resources Institute