



CARBON CAPTURE COALITION

May 11, 2020

The Honorable Robert Menendez
United States Senate
528 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Menendez:

On behalf of the Carbon Capture Coalition's over 75 conservation, environmental and clean energy organizations, energy, industrial and technology companies, and labor unions, thank you for requesting a review by the Internal Revenue Service (IRS) Inspector General (IG) of auditing and enforcement of claims for the Section 45Q tax credit.

We support your efforts to ensure integrity in the 45Q program, especially as the IRS finalizes rules to implement recent congressional reforms to the program. Economywide deployment of carbon capture, transport, use, removal and geologic storage is essential to meeting midcentury climate goals and, as the cornerstone federal policy for incentivizing that deployment, it is imperative that policymakers and the public have faith in the accounting undertaken by taxpayers to claim the 45Q credit.

Toward that end, NGOs and companies in the Coalition worked for months to reach agreement on robust transparency and accountability [recommendations](#) submitted to Treasury and the IRS in June 2019. The Coalition's recommendations affirm Subpart RR rule of the federal Greenhouse Gas Reporting Program, the U.S. Environmental Protection Agency's (EPA) existing method for monitoring, reporting and verification (MRV) that the IRS currently requires to demonstrate secure geologic storage and claim the 45Q tax credit. Our comments also recommend an equivalent MRV program option based on a recent international ISO standard for secure geologic storage of carbon dioxide (CO₂) 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.

Then, on March 5, 2020, the Coalition [wrote](#) to Treasury Secretary Mnuchin and IRS Commissioner Rettig, urging them to adopt our transparency and accountability recommendations and to safeguard the integrity of 45Q tax credit accounting in the IRS' forthcoming rule.

The Coalition also supports your call for continued enforcement. Fortunately, the IG's findings reveal that the system is working—the IRS has disallowed noncompliant credits revealed during its audits, beginning enforcement as early as 2012. IRS leadership should be encouraged to sustain these auditing and enforcement actions and to continue to disallow credits for those instances in which MRV requirements have not been met.

Finally, the Coalition respectfully disagrees with your call to suspend the claiming of 45Q credits for geologic storage of CO₂ through enhanced oil recovery. This would penalize those companies that followed the rules in the past, as well as those currently developing new projects under the revamped

45Q program. Instead, we believe that the best way to address the IG's findings is through robust enforcement of existing requirements and establishment of rigorous standards moving forward. As you know, Congress reformed and expanded the 45Q program with passage of legislation in February 2018 that garnered unprecedented bipartisan support for federal energy and climate policy. It is our understanding that few credits have even been claimed at this point under the revamped program. With most eligible projects still under development, there is ample time to identify and undertake further enforcement against bad actors who wrongly claimed credits previously, as well as to implement robust MRV standards for credits claimed under the reformed program. The path forward is more sunlight, sustained auditing and enforcement by IRS, and continued oversight by you and your colleagues in Congress.

We commend and thank you again for prioritizing the integrity of the 45Q program. Please let us know if we can provide 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
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Carbon Capture Coalition
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CARBON CAPTURE COALITION

Coalition Participants:

Accelergy	Elysian Ventures	New Steel International, Inc.
AFL-CIO	EnergyBlue Project	NRG Energy
Air Liquide	Energy Innovation Reform Project	Occidental
Air Products	Glenrock Energy	Pacific Ethanol
AK Steel	Great River Energy	Peabody
American Carbon Registry	Greene Street Capital	Prairie State Generating Company
ArcelorMittal	Impact Natural Resources LLC	Praxair, Inc.
Arch Coal	ION Engineering LLC	Shell
Archer Daniels Midland Co.	International Brotherhood of Boilermakers	SMART Transportation Division (of the Sheet Metal, Air, Rail and Transportation Workers)
Baker Hughes	International Brotherhood of Electrical Workers	Summit Power Group
Bipartisan Policy Center Action	Jackson Hole Center for Global Affairs	Svante
Capital Power	Jupiter Oxygen Corporation	The Nature Conservancy
Carbon180	Lake Charles Methanol	Third Way
Carbon Wrangler LLC	LanzaTech	Thunderbolt Clean Energy LLC
Center for Climate and Energy Solutions	Linde LLC	United Mine Workers of America
Citizens for Responsible Energy Solutions Forum	Mitsubishi Heavy Industries America, Inc.	United Steel Workers
Clean Air Task Force	National Audubon Society	Utility Workers Union of America
ClearPath	National Farmers Union	White Energy
Conestoga Energy Partners	National Wildlife Federation	Wyoming Outdoor Council
Core Energy LLC	NET Power	
DTE Energy		
EBR Development LLC		

Coalition Observers:

Algae Biomass Organization	Enhanced Oil Recovery Institute, University of Wyoming	School of Energy Resources, University of Wyoming
Biomass Power Association	Environmental Defense Fund	Systems International The ZEROS Project
Brown Brothers Energy & Environment, LLC	Growth Energy	Tellus Operating Group
Carbon Engineering	Institute of Clean Air Companies	World Resources Institute
Carbon Utilization Research Council	Melzer Consulting	
Chart Industries	Portland Cement Association	
Cornerpost CO2 LLC		