CARBON CAPTURE COALITION

June 2021

# The Coordinated Action to Capture Harmful (CATCH) Emissions Act (S.2230/H.R.3538)

***To achieve carbon capture's full potential for achieving net-zero emissions by mid-century, enhancing domestic energy and industrial production, and protecting and creating jobs that pay family-sustaining wages, we need a suite of federal policies that enhance the federal Section 45Q tax credit. The Coordinated Action to Capture Harmful (CATCH) Emissions Act helps meet this urgent need.***

**The CATCH Act:**

- **Increases the 45Q credit value for carbon capture projects at industrial facilities and power plants to incentivize wider adoption:**
    - The bill establishes an $85 per metric ton credit level for industrial and power generation facilities seeking to securely store captured CO2 in saline geologic formations; and
    - $60 per metric ton for storage in oil and gas fields and for the beneficial utilization of captured carbon to manufacture low and zero-carbon fuels, chemicals, building products, advanced materials and other products of economic value.

- **Eliminates the annual $CO_2$ capture thresholds in the 45Q program** to enable more industrial facilities, power plants and future direct air capture plants to participate and qualify for the credit. These thresholds are arbitrary, serve no policy purpose and reduce the overall technology innovation and emissions reduction potential of the 45Q incentive.

**Why the CATCH Act matters for investment, jobs and climate:**

- The 2018 reform and expansion of the 45Q tax credit remains a signature bipartisan accomplishment and the most important carbon capture and storage incentive globally. 45Q is already spurring the development of over 40 publicly announced projects to capture and manage emissions from industrial facilities, power plants, and from ambient air through direct air capture, with many more unannounced projects in the development pipeline.

- The largest sources of carbon emissions—industrial sectors such as steel, cement, chemicals and refining, and electric power generation—feature lower concentrations of $CO_2$, thus increasing the per-ton costs of capture. Even in industry sectors with lower capture costs, the required additional investment in $CO_2$ transport and geologic storage can quickly exceed the current value of the 45Q credit. This makes higher credit values critical to incentivizing widescale deployment of carbon capture technologies in these sectors.

- Based on 2019 U.S. Environmental Protection Agency data, approximately 54 percent of power plants and 75 percent of industrial facilities fall below current 45Q eligibility thresholds, and many direct air capture and carbon utilization projects deploying emerging technologies simply lack the scale to meet these requirements. Eliminating thresholds would foster greater carbon capture, direct air capture and carbon utilization project development, technology innovation and cost reductions across sectors, as we work to meet net-zero emissions targets.

- Expanded and accelerated adoption of carbon capture, direct air capture and carbon utilization is not only essential to meeting our climate goals, but critical to continued American technology leadership and future viability of domestic energy, industry and manufacturing sectors and the high wage jobs and communities that depend on them. Recent analyses by the Rhodium Group show that, together with direct pay and a ten-year extension of 45Q, increased credit values in this bill would result in an estimated 212-252 million metric tons of carbon capture capacity by 2035 in the U.S. industrial sector alone.

- Additionally, higher 45Q values would lead to increases in capture capacity of up to 61 percent at hydrogen plants, 79 percent at refineries, and 386 percent at cement facilities. Without these provisions, the Rhodium Group finds no carbon capture deployment at domestic iron and steel plants. The projected $12-15 billion in total investment in through 2035 translates into an estimated 60,700-78,600 additional job-years over the time period.