

September 30, 2021

The Honorable Chuck Schumer
U.S. Senate Majority Leader
S-221, The Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker of the House
H-232, The Capitol
Washington, D.C. 20515

Dear Majority Leader Schumer and Speaker Pelosi:

On behalf of the undersigned industrial companies, **we strongly support enactment of targeted carbon management provisions which are featured in several bipartisan infrastructure and tax bills and backed by a broad coalition of companies, unions and NGOs.** These include direct pay and extension of the 45Q tax credit, enhanced credit values, reduced arbitrary 45Q eligibility thresholds, CO₂ transport and storage infrastructure financing, and robust incentives for commercial-scale demonstration of carbon capture, utilization and direct air capture technologies.

These measures are essential to decarbonizing hard-to-abate sectors and putting American industry on a path to net-zero emissions, while creating and retaining jobs that pay above prevailing wages, providing environmental and other benefits to communities, and safeguarding the long-term viability of America's domestic, trade-exposed industries.

Thank you for including CO₂ transport and storage provisions, increased commercial demonstration funding, direct pay and extension of 45Q, and substantial reductions in 45Q eligibility thresholds in bipartisan infrastructure legislation and current base budget reconciliation texts. These represent important and welcome steps forward. However, three critical problems remain in budget reconciliation legislation that, if unaddressed, risk undoing these gains.

First, **we request an increase in 45Q credit values to ensure deployment of industrial carbon capture and utilization projects sufficient to scale these technologies to reach net-zero emissions by midcentury.** We recommend that 45Q credit values for carbon capture from all industrial sectors and power generation increase to at least \$85 per metric ton for saline geologic storage, \$85 per ton for carbon utilization and \$50 per ton for geologic storage in oil and gas fields.

Second, **we urge removal of new annual facility-level percentage capture requirements for industrial and power plant carbon capture projects to avoid deeply harmful impacts on deployment.** Industrial facilities have multiple emissions sources, only some of which are suitable for carbon capture. Introducing a plant-level percentage capture requirement covering all emissions sources will only serve to stymie broader decarbonization of steel, chemicals, cement, refining, ethanol, fertilizer and other industrial facilities.

Finally, **we also ask for removal of the Section 103(d)(4) credit reduction provision in the Senate Clean Energy for America Act.** This destructive provision reduces the value of 45Q for carbon capture, utilization and direct air capture projects that receive federal, state or local grants, financing, tax breaks and other benefits. It directly undermines the intent of the bipartisan infrastructure bill and contradicts past precedent of Congress successfully pairing federal financial assistance with tax credits to deploy emerging technologies, such as with utility scale solar projects.

These changes, coupled with provisions already in infrastructure and budget reconciliation legislation, are estimated to achieve annual emission reductions of roughly 210-250 million tons of CO₂ by 2035 and create tens of thousands of high-wage jobs. Moreover, the fiscal score for 45Q direct pay and extension is less than one-half of one percent of the entire House clean energy tax title, meaning that these priority requests can be accommodated at *de minimus* cost.

Thank you for your consideration of these requests.

Sincerely,

Archer-Daniels-Midland
ArcelorMittal
DTE Energy

Growth Energy
LafargeHolcim
LanzaTech
Mitsubishi Heavy Industries America
National Waste & Recycling Association
Navigator CO2 Ventures LLC
NSI Inc.
Portland Cement Association
Renewable Fuels Association
Republic Services
Shell
Summit Carbon Solutions
Svante Inc.
TotalEnergies
Waste Management