

December 11, 2023

The Honorable Mike Johnson
Speaker of the House
H-232, The Capitol
Washington, D.C. 20510

The Honorable Charles Schumer
U.S. Senate Majority Leader
S-221, The Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
U.S. Senate Minority Leader
S-230, The Capitol
Washington, D.C. 20510

The Honorable Hakeem Jeffries
House Minority Leader
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Johnson, Leader Schumer, Leader Jeffries and Leader McConnell:

On behalf of the undersigned, thank you for your continued commitment to expand and accelerate the responsible deployment of carbon management technologies to provide reliable American energy, reduce greenhouse gas emissions, create and retain jobs that families and local economies depend upon, and spur investment in domestic energy, industry and manufacturing sectors. As you consider end of the year legislative proposals including tax-based policies, **we urge you to prioritize a targeted suite of small-scale adjustments to the federal Section 45Q tax credit as an essential component of any forthcoming legislative package.**

The 117th Congress enacted a suite of essential, widely supported enhancements to the federal Section 45Q tax credit, the foundational policy mechanism to incentivize the deployment of carbon management projects. These measures, coupled with the incremental enactment of additional supportive policies over the course of the past several years, underscores Congress' commitment to enabling carbon management projects to fulfill their emissions reduction and job creation potential. That said, remaining small-scale gaps in federal policy threaten to impede the economywide deployment of these technologies – imperiling American jobs, economic development, energy security and the prospect of urgently needed – and achievable – greenhouse gas emissions reductions.

Thanks to robust and sustained bipartisan congressional support, the United States now provides the most forward-looking policies in the world for the deployment of carbon management technologies and many organizations stand ready to act. However, there is still work to be done to ensure the historic investments made in carbon management over the past several years translate to widescale project deployment. **Congress now has the immediate opportunity to provide a set of targeted, pragmatic adjustments to the 45Q tax credit to underpin and grow the role of American leadership in the development and deployment of these technologies throughout the remainder of this crucial decade of deployment and beyond, including:**

- **Indexing 45Q for inflation immediately:** Increased credit values provided to projects developed in the industry, power and direct air capture sectors are the cornerstone of the recent enhancements made to the 45Q program in 2022. However, unlike other low- and zero-emissions technology tax credits recently reformed or created by the 117th Congress, the 45Q tax credit value is not adjusted for inflation until 2027. Already, much of the value increase realized in recent 45Q enhancements has been eroded due to significant inflation in both capital goods costs and energy price increases. To prevent further reduction of the credit value in today's dollars, 45Q should be adjusted for inflation immediately.
- **Creating parity between carbon utilization credit levels and those associated with geologic storage:** Under the current statute, there is a \$25 per ton disparity between those projects that reuse carbon emissions to manufacture valuable products versus those that securely and permanently store the captured carbon. This disparity effectively disincentivizes the development and deployment of relatively nascent carbon reuse technologies. This disparity rises to \$50 per ton in relation to direct air capture projects. Removing policy barriers like the credit level disparity between carbon reuse and geologic storage in 45Q is a critical factor in boosting the availability of carbon feedstocks for reuse applications across the value chain of carbon-based commodities, specialty products, and chemicals.

As you consider the inclusion of tax-based policies in upcoming bipartisan legislation, there remains broad support among lawmakers and external partners to ensure these technologies can scale at the rate necessary to provide tangible emissions reductions and climate benefits, while securing American energy reliability and technology leadership. We stand ready to work with you to advance necessary policies to catalyze the deployment of carbon management and broader clean energy technologies included as part of an end of the year package or in another moving legislative vehicle this Congress. Should you have any questions about the outlined provisions noted in this letter, please contact Madelyn Morrison, Director of Government Affairs, Carbon Capture Coalition at mmorrison@carboncapturecoalition.org.

Sincerely,

Carbon Capture Coalition

8 Rivers Capital, LLC

Aircapture

ADM

Baker Hughes

BASF

Biomass Power Association

Blue Planet Systems

Braemar Energy Ventures

Capital Power

Carbon America

Carbon To Stone, Inc.

CarbonCap Holdings LLC

CarbonCapture Inc.

CarbonCure

CarbonFree Chemicals

Carbonova Corp.

CarbonQuest

Cemvita

Center for Climate and Energy Solutions

CERT Systems

Chart Industries

Clean Air Task Force

ClearPath Action

Dioxycle
Equinor
Fortera
Fortistar
GE Vernova
Glenrock Energy
Green Plains Inc.
Growth Energy
Heirloom
Holcim US
Husky Partners, LLC
International Brotherhood of Boilermakers
LanzaJet
LanzaTech, Inc.
Lapis Energy
Lydian
Melzer CO2Consulting
Methanex
Mitsubishi Heavy Industries America
National Wildlife Federation
NET Power
Oxy Low Carbon Ventures
Pennsylvania Environmental Council
Portland Cement Association
Quartz Energy Partners LLC
Renewable Fuels Association
Republic Services
Summit Carbon Solutions
Svante
United Airlines
United Steelworkers