

EPA Greenhouse Gas Reporting Program (GHGRP) FAQs:

FAQs on the GHGRP and §45Q	Answers and Clarifications
<i>What is the Environmental Protection Agency's (EPA) Greenhouse Gas Reporting Program (GHGRP)?</i>	<p>The GHGRP (codified at 40 CFR Part 98) requires reporting greenhouse gas (GHG) data and other relevant information from large GHG emission sources, fuel and industrial gas suppliers, and CO₂ injection sites in the United States.</p> <p>The GHGRP covers a total of 41 categories of reporters. Facilities (direct emitters) and suppliers (upstream suppliers) are generally required to submit annual reports under Part 98 if:</p> <ul style="list-style-type: none"> • GHG emissions from covered sources exceed 25,000 metric tons CO₂e per year. • The supply of certain products would result in over 25,000 metric tons of CO₂e of GHG emissions if released, combusted, or oxidized. • The facility receives 25,000 metric tons or more of CO₂ for underground injection. <p>CO₂ suppliers and those injecting CO₂ into the subsurface must report to the GHGRP. Under Subpart RR, any amount of CO₂ injected for long-term containment in subsurface geological formations must be reported; there is no minimum threshold for reporting.</p>
<i>Why is the GHGRP important for taxpayers electing §45Q?</i>	Suppliers and off-takers of CO ₂ must report to the GHGRP. 45Q is claimed based on the amount of CO ₂ stored or reused. Under the final guidance promulgated in 2021 by the Internal Revenue Service (IRS) Rule for §45Q, taxpayers claiming the §45Q tax credit for secure geologic storage must demonstrate by reporting the amount of CO₂ stored using the GHGRP.
<i>What is the cost of complying with the GHGRP for suppliers and injectors of CO₂?</i>	The cost of complying with the GHGRP for these reporters is minimal and relies on equipment and methods already being deployed by the industry.
<i>How does the GHGRP help ensure public and policymaker confidence in awarding the §45Q tax credit?</i>	<p>45Q is unique in relation to other energy tax credits in that it relies on a complementary regulatory program, the US EPA's GHGRP, to validate credits claimed under the tax credit.</p> <p>To claim 45Q, taxpayers must demonstrate secure geologic storage of captured or utilized CO₂.</p> <ul style="list-style-type: none"> • Taxpayers engaging in carbon storage must report under the GHGRP to quantify the amount of CO₂ stored.

	<ul style="list-style-type: none"> Taxpayers using carbon to produce commercial products rely on Lifecycle Analysis (LCA) processes jointly administered by the Department of Energy and the IRS. <p>Because the GHGRP and IRS Form 8933 are interconnected regarding claiming 45Q, the IRS and EPA can confirm the amounts of CO₂ sequestered.</p> <ul style="list-style-type: none"> The IRS has audit and enforcement authority over credits claimed under the §45Q tax credit. The EPA has audit and enforcement authority over the amounts of GHGs reported under the GHGRP. Taken together, IRS relies on the GHGRP database to ensure any credits issued reflect actual tons of securely stored CO₂. <p>Facilities reporting under subpart RR must have an EPA-approved Monitoring, Reporting, and Verification (MRV) plan to claim 45Q tax credits. Similarly, facilities reporting under subpart VV must submit an EOR operations MRV plan. Approval of the MRV plan is required to report injection under subpart RR and subpart VV, and it is also necessary to obtain before claiming the credit under 45Q.</p>
<i>How do the IRS and EPA coordinate to administer and monitor taxpayers who claim the 45Q tax credit?</i>	Taxpayers electing the 45Q tax credit must use Form 8933 to claim the §45Q tax credit. Using Form 8933, taxpayers report the Electronic Greenhouse Gas Reporting Tool (e-GGRT) ID number to help IRS track the amounts of CO ₂ captured and stored reported under the GHGRP and the volume of tons the taxpayer claims under 45Q.

GHGRP Subparts relevant to 45Q

Subpart PP	Regulates reporting requirements for suppliers of CO ₂ .
Subpart RR	Regulates reporting requirements for any well or group of wells that inject a CO ₂ stream for long-term containment in subsurface geologic formations.
Subpart VV	Regulates reporting requirements for wells used for EOR for reporters choosing ISO-27916 to quantify volumes of CO ₂ sequestered.