



CARBON CAPTURE COALITION

Legislative Work Group Meeting

Wednesday - March 6, 2024

Summary: The Carbon Capture Coalition Legislative Work Group met on March 6 to provide an update on Fiscal Year (FY) 2024 appropriations and discuss the next steps for FY2025. The meeting opened with a brief Capitol Hill update from our colleagues at KDCR, including ongoing permitting discussions, an overall lack of appetite for action on tax policy, and the status of PHMSA reauthorization. Staff then provided a readout of where carbon management priorities landed in the final FY2024 Energy & Water and Interior & Environment bills. **A complete summary of carbon management policies included in these two bills is attached.** Regarding FY2025, the Coalition has finalized our three requests, linked below for your convenience, and has begun submitting them to appropriators and champion offices. The meeting concluded by reviewing the recent final proposed rules from the Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) on direct pay for clean energy tax credits, including 45Q. Expected final rules on transferability and a recently published notice of proposed rulemaking (NPRM) on the eligibility of entities filing for direct pay as entities were also discussed.

Important Documents:

- Meeting Slide Deck (attached)
- [Coalition Statement on FY24 Minibus](#)
- FY2024 Final Appropriations Readout (attached)
- FY2025 President's Budget Request Summary (attached)
- Memo: House Energy & Commerce Markup (Pipeline Safety & Modernization Act)
- [CCC Hill Advocacy Day Sign-Up](#)
- [CO2NNECT Storage Summit Sign-up](#)
- [RFI: Industrial Decarbonization](#)
- Treasury [Final Rules](#) on Direct Pay
- Memo from Steptoe on Direct Pay Final Rules (attached)
- [NPRM](#) on Partnerships' Eligibility to Claim Clean Energy Credits

Meeting Notes:

Updates from Capitol Hill

- Permitting Discussions:
 - Sen. Manchin (D-WV) convening Senate Energy and Natural Resources Committee Democrats to update them on current state of discussions
 - Serious talks have largely stalled, though committee staff continue to trade paper on priorities; it is unclear how much substantive content there is to discuss
 - Clear that Sens. Manchin and Barrasso (R-WY) are eager to move something; a lame duck play continues to look most viable

- Tax Package:
 - Progress stalled in the Senate, though both sides still talking
 - Bulk of Senate GOP want to see changes to the package, including Senate Finance Ranking Member Crapo (R-ID)
 - Leader Schumer (D-NY) unlikely to put the package on the floor absent being assured there are 60 votes (i.e., at least 10 Republicans to vote 'aye')
 - Coalition staff engaging Sen. Cassidy (R-LA) to inquire about the possibility of filing a floor amendment to include the CCU Parity Act and inflation indexing for 45Q
 - Cassidy staff have noted that the Senator has a list of priorities for inclusion in the tax package, including CCU Parity; staff also discussing inclusion of inflation indexing and the pre-approval issue identified within the lifecycle analysis process for carbon utilization projects
- Pipeline and Hazardous Materials Safety Administration (PHMSA) Reauthorization
 - House Energy & Commerce Energy Subcommittee Markup of the Pipeline Safety and Modernization Act
 - Full Committee Chair McMorris-Rodgers (R-WA) and Subcommittee Chair Duncan (R-SC) bill to update safety protocol within PHMSA and reauthorize the administration
 - While bill was approved by the subcommittee (14Y, 10N) it was passed along party lines
 - Full Committee Ranking Member Pallone (D-NJ) and other committee Democrats incensed by the bill being a partisan work product; have cited decrease in authorization funding levels and the bill being less focused on safety and more on permitting
 - Coalition staff continue to engage relevant committees to ensure visibility of our priorities on a PHMSA reauthorization, including expanded training and resources for first responders

FY2024 Appropriations

- Appropriations:
 - CCC FY24 Appropriations requests – status in FY24 final bills:
 - Energy and Water:
 - **Programmatic Funding Request – Carbon Management Technologies Request level:** \$492,200,000 for “Carbon Management Technologies” at the Office of Fossil Energy and Carbon Management (FECM)
 - Senate bill: \$462M
 - House bill: \$385,404M
 - **FINAL: \$428,000M (Decrease of \$32M from FY23-enacted levels)**
 - Funding bucket includes carbon capture program, carbon dioxide removal program, carbon transport and storage program, carbon utilization program, and hydrogen with carbon management
 - Updated funding table below
 - **Report Language Request – Carbon Utilization Program:** “Of available funds, \$60M for the Carbon Utilization Program”
 - Senate bill: \$50M

- House bill: \$80,404M
- **FINAL: \$52,250M (Increase of \$2,250,000)**
- **Report Language Request – Carbon Dioxide Cross-Cutting Initiative:**
Requests \$20M of funds provided be dedicated to the CDR competitive purchasing pilot program established under the FY23 omnibus
 - Senate bill: Included
 - House bill: Not included
 - **FINAL: INCLUDED**

Fossil Energy and Carbon Management (FECM) FY2024 Funding					
Carbon Management Technologies	FY2023 Enacted	FY2024 House Bill	FY2024 Senate Bill	Final FY2024 Bill	FY2023 Enacted vs FY2024 Final Bill
Carbon Capture	\$135,000,000	\$100,000,000	\$135,000,000	\$127,500,00	-\$7,500,000
Carbon Dioxide Removal	\$70,000,000	\$15,000,000	\$74,000,000	\$70,000,000	--
Carbon Utilization	\$50,000,000	\$80,404,000	\$50,000,000	\$52,250,000	+\$2,500,000
Carbon Transport & Storage	\$110,000,000	\$95,000,000	\$106,000,000	\$93,000,000	-\$17,000,000
Hydrogen with Carbon Management	\$95,000,000	\$95,000,000	\$95,000,000	\$85,000,000	-\$10,000,000
CM Policy, Analysis & Engagement	\$0	\$0	\$2,000,000	\$0	--
TOTAL				\$428,000,000	-\$32,000,000

- Interior and Environment and Related Agencies:
 - Coalition did not make specific requests under the Interior & Environment appropriations bill for FY24, but sharing helpful topline below:
 - Funding stayed level at \$5M
 - \$1.2M included to support Class VI regulator education and training
 - Funding first seen in FY23 omnibus—significant to see it continued this year
 - Report language included that prompts EPA to provide a report to the Appropriations Committees detailing a plan for issuing guidance on transitioning Class II wells to Class VI wells within the existing regulatory system
 - A lot of supportive report language for Class VI in both House and Senate committee reports, which carry the same weight as the final conference report
 - Those noted in the attached full readout of FY24

FY2025 Appropriations

- CCC FY25 Appropriations requests have been made final; final PDFs and full language and justifications have been disseminated to this group
- Submission deadlines:
 - Several offices have posted submission deadlines for mid-March

- KDCR compiling deadlines in a spreadsheet of full Appropriations Committees
- Appropriations committees have not yet given deadlines for individual subcommittees
- CCC staff and consultants conducting follow-up meetings with offices and committee staff over the coming weeks on our FY25 requests

Housekeeping

- DOE – [Industrial Decarb RFI](#)
 - DOE is interested in sector-specific input, particularly from sectors involving the production of aluminum, ammonia, cement, glass, iron and steel, lime, petrochemicals, paper, refining, soda ash, and liquified natural gas
 - Deadline extended to 5:00 p.m. ET on April 1, 2024
- Treasury – Direct Pay Final Guidance:
 - Final guidance issued
 - Memo from Coalition tax consultants Steptoe, attached, which provides an overview of the final rule
 - Final rules on transferability are forthcoming, as yesterday's rule only addresses direct pay
 - Next Steps
 - [NPRM](#) on partnerships' eligibility to claim clean energy credits has comment period open for 60 days
- Event Reminders:
 - GPI CO2NNECT on Storage Summit
 - April 10 in Austin, TX
 - Register [here](#)
 - 2024 CCC Capitol Hill Day
 - May 15
 - Anticipated Agenda:
 - Breakfast prep session at the Monocle on Capitol Hill
 - Scheduled group Hill meetings
 - Afternoon reception on the Hill