



CARBON CAPTURE COALITION

Legislative Work Group

Meeting Notes

May 14, 2025

Meeting Summary

On the Coalition's May 14 Legislative Work Group call, members and staff reviewed ongoing developments in House Budget Reconciliation efforts and their implications for carbon management policy, with particular attention to 45Q tax credit provisions. Members discussed recent House Ways and Means and Energy and Commerce Committee markups, focusing on key provisions like 45Q transferability phaseouts and a proposed federal permitting pathway for CO₂ pipelines. Despite broader rollbacks to clean energy credits, 45Q remained largely intact. Coalition staff highlighted ongoing advocacy efforts in the Senate to further strengthen 45Q and flagged upcoming appropriations deadlines, outreach to the Joint Committee on Taxation, and future engagement on potential EPA rollbacks. Members were also briefed on the finalized 45Q analysis and Ernst & Young scoring, and preparations for the 2025 Annual Meeting.

Key-Takeaways

- House Ways and Means package keeps 45Q largely intact, though it includes a two-year phaseout of credit transferability.
- The Foreign Entity of Concern (FEOC) provision's impact on 45Q is still being evaluated, but appears less severe than for other credits.
- Energy & Commerce text proposes a "federal license" for CO₂ pipeline permitting—seen as a positive signal for future permitting reforms despite Byrd Rule concerns.
- CCC's updated 45Q scoring analysis reflects more realistic project deployment and has been shared with JCT and key Senate offices.
- Senate Republicans, particularly Senators John Barrasso (R-WY) and Kevin Cramer (R-ND), remain the Coalition's most promising allies for strengthening 45Q through potential inflation indexing or credit increases.
- FY26 appropriations process is moving slowly; the Coalition's letter on appropriations priorities will be sent on Monday, May 19.
- The Coalition has submitted questions for EPA budget hearings and is planning follow-up engagement with EPA's Office of Air on GHGRP and Class VI well issues.
- Registration for the CCC 2025 Annual Meeting in California opens tomorrow (May 15).

Next Steps

- Coalition staff will draft internal analysis on the FEOC provision's project impacts.
- Coalition Members are encouraged to maintain advocacy with Senate Finance Republicans, especially Sens. Barrasso (R-WY), Steve Daines (R-MT), and James Lankford (R-OK).
- Coalition staff will update and circulate the Congressional Outreach Tracker to coordinate Senate advocacy.
- Coalition staff will share the finalized GHGRP fact sheet and FAQ next week.

- Coalition staff will send the FY26 appropriations priorities letter to Appropriators by May 19.
- Coalition staff will provide a readout of this week's EPA budget hearings in the Coalition's weekly update.
- Members should watch for 2025 Annual Meeting registration details in their inboxes on May 15.

Links & Attachments

- [CCC memo on House Ways and Means text](#)
- [CCC memo on Energy & Commerce text](#)
- [CCC-commissioned 45Q analysis](#)
 - [Blog post](#)
 - [Webinar recording](#)
- [Congressional Outreach Tracker](#)
- [2025 Annual Meeting registration page](#)

Meeting Notes

- **Political Landscape: What's Next?**
 - Budget Reconciliation
 - It has been a marathon 24 hours in the House
 - The Energy and Commerce (E&C) and Agricultural Committees are still marking up their packages
 - The Ways & Means Committee (W&M) has finished their piece
 - Their package is in a precarious position for a vote count because of a lack of agreement on State and Local Tax (SALT) provisions as currently proposed in the W&M tax title
 - There is some friction between Chairman Smith (R-MO-08) and Speaker Johnson (R-LA-04) about how this should play out
 - The current plan is to have E&C and Agriculture Committees finish in time for a vote at 5, then package this all for a floor vote Friday in the Budget Committee; Leadership needs to strike a deal to make this acceptable to moderates in the Caucus
 - Conservative pushback on package is also an issue but they are more likely to fall in line from a vote perspective
 - If/when they can get this package off the floor, it will be up to the Senate to put their touches on it
 - Senate Republicans are currently waiting to react to what comes out of the House
 - Debt Ceiling
 - X date for when the US will default on its debt is a moving target but it provides a clean deadline for the GOP to finish their bill
 - The current July 4 pressure point might be challenging, but it will likely be closer to the August recess; Lawmakers are currently meeting their self-imposed deadlines but they've largely addressed the low-hanging fruit, the rest of what's needed will be more difficult
 - FY26 Appropriations

- Waiting for a more comprehensive budget from Trump Administration; we are expecting House markup around the end of June
 - There is no clear perspective on Senate timing at the moment
 - Q: In terms of political dynamics, how important is energy relative to other priorities?
 - A: It is more relevant to the Senate. Energy credit rollbacks are unlikely to lose House votes based on the energy provisions in the current packages. Things like SALT are seen as a much bigger stumbling block, with energy kind of in the background for the House. Some credits like nuclear are creating some consternation, but leadership has been pushing members to get to the next step and walk fine line to get this out of their committees and the chamber. There's also an expectation from more energy-minded House members that some of this will be changed in the Senate.
- **Budget Reconciliation**
 - [CCC memo](#) on House Ways and Means text
 - High-level summary of big-ticket carbon management items in both bills.
 - The package broadly decimated a lot of IRA-era energy credits but 45Q itself was virtually kept whole; This was somewhat of a best-case scenario for 45Q given where other credits were at
 - The text did include a phaseout of transferability beginning 2 years after enactment
 - If you begin construction before the 2-year window, projects would have transferability throughout lifetime of the credit
 - There is no transferability afforded to projects that commence construction after that 2-year period
 - We have been in touch with Senate offices in the past few weeks and it is clear there are strong Republican champions in the Senate on transferability who may be willing to tweak the transferability provision
 - Q: On the Foreign Entity of Concern (FEOC) provision, does that fall on the taxpayer?
 - For 45Q, it restricts 45Q if the taxpayer is a specified-foreign entity or a foreign-influenced entity
 - The 45Q language is more narrow than the language appearing with respect to 45Y and others
 - The Coalition is still trying to parse out exactly how impactful this will be to carbon management industry. Do folks on the call have reactions on this piece?
 - The definition is buried in a piece of the code that is not locatable
 - The definition also shows up in 45Y language in House markup

- There is a reasonable question about whether this provision will pass Byrd restrictions
 - The argument for it being able to pass Byrd would be that it has an incidental effect on revenues, but it is not clear in Joint Committee on Taxation (JCT) score how this specific aspect scored; It is an incidental rather than direct effect on revenues which will have to be thought about on the Senate side
 - Where does the \$18 billion in savings come from in the JCT scoring?
 - We had a meeting with JCT staff earlier this week on a separate issue, but we may reach out to get a shakedown of what was included in that number; Our assumption is that the bulk of that saving comes from transferability rather than the FEOC provision
 - Staff will be putting broader thoughts together on how the FEOC provision will impact project certainty
 - The component supply chains in nuclear and other sectors will make this completely unworkable for some sectors; It seems like carbon capture will not be impacted to this scale
- [CCC memo](#) on House Energy and Commerce (E&C) text
 - Potential federal pathway for CO₂ pipeline projects
 - Allows projects to apply for a “federal license” that would afford CO₂, hydrogen, and petroleum pipelines the ability to be considered under same permitting regime as the Natural Gas Act (NGA)
 - This comes with a \$10 million application fee
 - Importantly, this does not directly amend the NGA to include CO₂ under its jurisdiction
 - The provision also doesn’t include regulations or restrictions on rate or access which had been a topic of previous discussions
 - We didn’t expect to see this in the E&C text since it would be difficult to make the case that this would have a budgetary impact; House members believe the \$10 million application fee makes this a direct budgetary impact due to that being a revenue-raiser
 - Whether this will make the final package or not comes down to how the Parliamentarian weighs policy vs revenue and how hard the Senate wants to fight for this
 - Q: Is this application fee precedented and do we know where this language came from?

- We are unaware if Natural Gas pipelines also have \$10 million fee, do others on the call know?
 - A: A member of an oil & gas company on the call expressed that they weren't sure of the exact fee, but that it's definitely not as high as \$10 million
 - This language came from an oil pipeline developer and E&C staff has had a lot of advocacy from folks in the carbon management and hydrogen communities on the need for a federal siting pathway; E&C staff saw this as a creative way to address that
- Any reactions to this provision?
 - Whether this makes it through the Byrd bath or not, this is a really good signal for future permitting conversations
 - A member expressed that we have to look at the details carefully. They understood this provision as expediting the National Environmental Policy Act (NEPA), so the details really matter. Even if NEPA is expedited, that doesn't necessarily mean the project complies with NEPA.
 - NOTE: CCC staff have since confirmed that staff presentation was correct—the proposal being discussed was not directly related to expediting NEPA; That said, we will of course do additional digging in on the pipeline provision to ensure we have the full picture as we look to discuss further in the future.
 - A member flagged that the Bipartisan Policy Center (BPC) did a lot of work on an actual proposal, which is quite different from this; The details of how this would be implemented would be worth discussing and working on
 - NOTE: The Coalition supported this proposal in the 118th Congress.
 - This language looks like it may be a placeholder since it doesn't amend the actual statute, meaning that more congressional action would be needed to actually operationalize this
 - The Coalition touched base with Senate Energy and Natural Resources Committee majority staff (ENR) earlier this week, and their read is that this will not pass a Byrd bath, but that this will be a starting point for conversations when a permitting package comes into view
- CCC Advocacy Efforts
 - CCC/CURC 45Q Scoring Analysis

- We had a presentation on last call on draft of analysis; There was some consternation about Ernst and Young (EY) numbers being a little bloated
 - We met with our EY account manager to provide them with more information regarding failure rates, FIDs, the GHGRP data, etc., to ensure we're moving forward with an analysis that isn't overly optimistic on project deployment
 - They have provided an updated version of the analysis which is a much more accurate reflection of the deployment we're likely to see in next 10 years
 - CCC Meeting with JCT Staff
 - We presented EY analysis to JCT staff this past Monday (5/12), and stressed the importance of using datasets that aren't overly optimistic about the deployment of these projects; It seemed like a good conversation which will help inform JCT as we move into a possible 45Q Senate play
 - Q: Any engagement to W&M on their package at this point?
 - We have more of a focus on the Senate. With the way things are lying in W&M right now we want to keep our head down since we're in a better position than most credits, and our conversations have been much more positive with Senate Republicans
- CCC-commissioned 45Q analysis
 - We finalized and released this analysis last week; It considers several different cost factors driving up the cost of deployment
 - We shared this in a member-only webinar last Wednesday
 - We have posted the analysis and a subsequent blog detailing the results of this analysis on the Coalition website
 - Had the chance to share this with a few different Hill offices and have received good feedback; This backs up many of our priorities around modifying 45Q
- Next steps on advocacy:
 - We are pivoting our efforts to the Senate' We will re-up outreach tracker so you can see who we're meeting with and who would be good to keep up the drumbeat with
 - We have had positive conversations with Senate Republicans and there seems to be more of an appetite to bolster 45Q there; We are not only pushing for inflation indexing but also a potential credit increase
 - We have also had good conversations with Senator Barrasso's (R-WY) staff and others on the importance of transferability and the potential for tweaks.
 - Q: Other than Sen. Cramer's (R-ND) office, which Senate offices have been most receptive?
 - A: I think that the Coalition's priority should be getting Senator Barrasso (R-WY) and Senator

Cramer's (R-ND) offices in step to move forward;
Right now, Sen. Barrasso's office sees the vulnerability of 45Q with regard to the erosion of the credit value with inflation, so it makes the most sense to ensure these two offices can move forward together

- Also have had positive conversations with Senator Lankford (R-OK) and a few other down-dais Senate Finance Republicans; Please continue the drumbeat with Senate Finance Republicans

- **FY26 Appropriations**

- CCC letter to Senate/House Appropriators: Monday, May 19
 - Our letter on our priorities will be going to offices and congressional leadership next Monday
- Budget hearings:
 - EPA Administrator Zeldin:
 - Senate Appropriations Interior Sub: Today (5/14)
 - House Appropriations Interior Sub: Tomorrow (5/15)
 - Coalition submitted questions for the record to some offices on the subcommittee regarding the Greenhouse Gas Reporting Program (GHGRP) and Class VI; We will provide a readout of these hearings in our weekly update this week

- **Potential Greenhouse Gas Reporting Program (GHGRP) Rollbacks**

- Coalition Governance Board meeting with EPA Office of Air: June
 - We are hoping to shake loose how that office is thinking about potential rollbacks and how we can further hit home the importance of the GHGRP in claiming 45Q
- Coalition Fact Sheet and FAQ
 - We are hoping to share these resources next week, as they are in the final stages of development

- **Housekeeping**

- CCC 2025 Annual Meeting Registration
 - The meeting will be held on November 6 in Lafayette Park, California (25 minute from San Francisco)
 - We will host an optional site tour at Calpine's Los Medanos facility on November 5
 - Our registration website with further details will be out tomorrow, so look out for that in your inboxes