



CARBON CAPTURE COALITION

Legislative Work Group Meeting
May 28, 2025

Meeting Summary

The Legislative Work Group meeting focused on the evolving budget reconciliation process and its implications for 45Q, with specific attention to preserving/enhancing credit values, restoring transferability, and addressing Foreign Entity of Concern (FEOC) restrictions. Coalition staff emphasized the importance of Senate advocacy in shaping the final package and discussed the challenges and opportunities associated with the House-passed bill. Members were briefed on strategic 'asks', ongoing outreach to Senate offices, and the trade-offs the Coalition may face in upcoming negotiations. The meeting also included updates on FY26 appropriations timelines, preparations for upcoming agency meetings, and a new proposed rulemaking from PHMSA.

Key-Takeaways

- **45Q Update:** The House bill preserved 45Q but repealed transferability (effective two years post-enactment) and added FEOC restrictions.
- **Senate Strategy:** The Senate will likely pursue a substitute amendment with scalpel-like changes. July 4 recess remains the target date for finalizing a package.
- **Transferability Importance:** Consensus emerged around the critical need to restore or extend transferability; members voiced differing views on acceptable trade-offs between transferability windows and credit increases.
- **Coalition Advocacy:** Coalition staff are refining strategic asks based on realistic Senate paths, emphasizing member-to-member outreach and leveraging updated advocacy materials.
- **FY26 Budget & Appropriations:** Awaiting release of full budget documents; House subcommittee markups begin in June, Senate schedule still pending.
- **Regulatory Update:** PHMSA issued a proposed rule on CO₂ pipeline repair; comments are due July 21.
- **Upcoming Engagements:** Meetings scheduled with administration officials at DOE and EPA in June; Annual Meeting registration now open.

Next-Steps

- **Member Advocacy:**
 - Use [updated target list](#) to contact Senate offices—especially Finance, ENR, EPW, and Leadership—on 45Q modifications.
 - Emphasize importance of restoring transferability, addressing inflation indexing, and increasing credit values.
- **Coalition Staff Tasks:**
 - Circulate updated materials, including the menu of 45Q policy options, transferability fact sheet, and talking points.

- Convene Regulatory & Guidance Work Group to prepare PHMSA NPRM comments.
- Track release of President's FY26 Budget Request and flag relevant agency funding tables or justifications.
- **Administrative Meetings:**
 - Prepare for June 4 DOE and June 18 EPA touch-base meetings.
 - Develop messaging on the importance of GHGRP for the EPA meeting.
- **Logistics:**
 - Recirculate Annual Meeting registration details and encourage early sign-ups.

Resources

- 45 protection [‘menu of options’](#) - INTERNAL ONLY
- Transferability [fact sheet](#)
- Senate outreach [email template](#) (attached)
- CCC 45Q [techno-economic analysis](#)
- Senate [targets list](#)
- 2025 Annual Meeting [registration link](#)

Meeting Notes

Political Landscape: What's Next?

- Budget Reconciliation
 - Senate Republicans are overwhelmed with the number of interests that want to meet with them currently
 - The plan is to negotiate something to put on the floor and send changes back to the House
 - Speaker Johnson (R-LA-04) is making the case that he will have trouble getting his caucus on board with sweeping changes, but the Senate is likely to put its mark on it with regard to IRA, Medicaid, and elsewhere
 - Leadership has indicated they intend to meet the arbitrary July 4 deadline to send the package to the President's desk; the House is in recess week of June 16, but the Senate is not, so they have the whole month to work through their process, but it's a very tight timeline
- Debt Ceiling
 - US likely to hit the debt limit in mid-August
 - Debt ceiling hike included in reconciliation package; provides a backstop for the reconciliation timeline
- FY26 Appropriations
 - House announced the markup schedule for the month of June
 - Unlikely to hear anything from the Senate on the markup schedule in the absence of any agreement on topline
 - House Appropriations Committee Ranking Member Rosa DeLauro (D-CT-03) and Senate Appropriations Committee Ranking Member Patty Murray (D-WA) are pushing the administration for a briefing on their spending plans
 - Likely to see more from Trump Administration on FY26 budget by end of week; unlikely to see full budget, but likely to see some budget tables from administration before they get back from recess
- Questions:

- You brought up the House and Senate dynamic with the House pushing for as little changes as possible, given the tight pathway in their chamber. Has the White House guided the Senate, and what's the interplay between the three?
 - I think the White House needs to give Leader Thune (R-SD) space to work with his caucus and not come down on people quite yet. There will be a point where they have to intervene; the question is how reactive the Members will be, whether that's conservative Members who want deeper cuts, or moderates in more Medicaid-reliant states who see the House version as politically damaging. Leader Thune (R-SD), like Speaker Johnson (R-LA-04), has a tough margin to work with.

Budget Reconciliation

- House-passed package:
 - Reminder on contents of the package:
 - Huge thank you to all Coalition members who have been tirelessly advocating for the protection of 45Q on the Hill; this is a win for 45Q in the House where they were always looking at much more aggressive cuts than their Senate counterparts; this proves how important your advocacy is and was in this outcome
 - 45Q largely preserved
 - Transferability repealed (two years post-enactment)
 - If the project commences construction before the 2-year window, it can fully utilize transferability for the full lifetime of the credit
 - New FEOC restrictions
 - Industry is trying to assess how impactful FEOC restrictions will be; Coalition staff are still trying to determine if and how we should advocate for removing this with Senate Republicans
 - How are folks thinking about these provisions at your respective organizations?
 - One member expressed that it should be a priority for CCC; even though 45Q is treated better than other credits, this could be problematic. From talking to people in the industry, 'foreign influence' can be hard to pin down. This could affect complex financial, tax, production, and ownership structures. We have to explain clearly why, though good-intentioned, this isn't the right path
 - Have heard from Coalition members that these restrictions could tie 45Q up in additional, potentially lengthy guidance. It would be challenging to move forward with putting guidance on these provisions together with how they're written
 - Clarifying how foreign influence is defined in FEOC can get fuzzy; something to think about as well
 - When the House bill was first dropped, there was discussion about how the Senate would moderate it and ease restrictions. Is there anything more concrete on that?
 - Not definitive intelligence from people in the room, this is just the rumor we have heard

- This is a significant point for the renewables trades and a complex set of rules. Encouraged the Coalition to work with other organizations in the weeds; they would likely welcome another voice saying that FEOC, as written, is unworkable. The renewables sector is in a full-court press, which we should join
 - CO₂ pipeline federal siting pathway removed
 - Was originally in House Energy & Commerce (E&C) markup
 - \$60M+ rescissions at OCED removed
 - Was also in the original E&C markup
 - Neither of the above provisions were included in the final House bill
- CCC Advocacy Efforts
 - The next few weeks will be pivotal. It seems like the Senate is likely to forgo markups in Finance and will take a scalpel approach to the House Bill through a substitute amendment. Still hope to have both bills through both chambers by July fourth recess; tight timeline, but they continue to meet their deadlines, so we should assume they'll stick to this too
 - Refine Coalition 'ask'
 - Staff put together a 'menu of options' of most probable and impactful scenarios in play, based on which bills and proposals have received traction from Senate Republicans
 - Discuss 'menu of options', includes all relevant 45Q proposals on the table:
 - The Coalition's inflation adjustment proposal, Senator Kevin Cramer's (R-ND) 45Q modification proposal, and Senator John Barrasso's (R-WY) Enhancing Energy Recovery Act
 - A more detailed word document that thoughtfully explains the political realities behind each of these scenarios is linked above
 - Rationale behind putting together this menu of options was recognizing the fact that we will likely need to work with Senate Republicans to Frankenstein together some possibilities for 45Q in the Senate to get the most out of any modifications we can
 - Transferability – how many years can we live with?
 - Coalition staff have been in touch with a larger Coalition of trade groups and other organizations, sharing intel on how the bill could make adjustments to transferability
 - Based on conversations we've had with Senate Republicans, it's essential to hone in on the importance of transferability for carbon management specifically, rather than making a broad ask about transferability across the board
 - The Coalition will continue pushing credit increases, inflation adjustment, and restoring transferability, and elements of the Cramer proposal as core priorities
 - Given that we may be forced to negotiate on items, to dial the numbers just right, we need to have a conversation about transferability and what industry could live with if restoring full

transferability for the lifetime of the credit is not in the cards

- From our perspective, getting us over the hump of this administration in terms of 4-5 years out would be the floor of what we can accept as a Coalition, but I'm curious about others' thoughts on this
 - A representative from a DAC company shared that they view transferability as crucial to project developers, especially those who don't already have tax appetite or aren't sure when they will be able to secure FID. In their view, we need full reinstatement of transferability, and they view this as their top priority
 - This is not to suggest that we would negotiate against ourselves, but more thinking about if we're presented with a best offer from Senate Finance, we want to determine what folks can live with
 - Transferability for 45Q is slightly different since a limited transferability clause for 45Q existed before IRA and was just expanded; this is essential framing since we had transferability before the IRA
 - A member company expressed that we need to start mentally thinking about the tradeoffs. The minimum is likely five years to get it into the next administration, and it also gives projects being developed now more time to get under construction. Champions are pushing for top-line increases, like Senator Cramer's (R-ND), and we need to think about alignment with them there
 - Was this an attempt by the tax writers to essentially make 45Q impotent?
 - They wanted to repeal transferability across the board for IRA credits, and JCT somehow came up with an \$18 billion score for repealing transferability, which sweetened the pot. However, Coalition conversations haven't indicated that this was done to the neoter industry
 - Transferability has some adverse effects, as it has changed the market and monetized depreciation for credit. In their view (representative from a power/technology company), increased credit values are more important. There are also ways to start construction sooner. It would also be easier to extend the construction window in future years, but increasing credit values is difficult. Direct pay is also still an option for developers

- Have heard that direct pay is significantly less helpful than transferability at this point
 - A representative from a project developer took the opposite view. Permitting and securing equipment extend the window for projects; a two-year window makes it almost impossible to get projects to the point of commencing construction. In their view, transferability is more critical than increased values. The minimum they could accept would be a four-five-year window due to complexities with FID and financing. If two years, essentially living with transferability not applying to our projects
- Transferability is essential, but there will also be a question of whether that will be a binary ask, or one to which we give a runway, and if there are cost differences. We must consider this trade-off because that could be a world where the staff end up. If there is an opportunity to get some of the increases Senate champions are pushing for, we must consider the best outcomes. Do we take transferability over a credit increase, or vice versa? Is it a combination of the two? Have to think through these tradeoffs
- Is there anything people see missing as a potential option for how things could go in the Senate? These options are what the Coalition views as most probable and impactful scenarios
 - Hearing from the group that companies have different structures for project financing, but we need to, at a minimum, push for maintaining transferability. Also, from a Coalition perspective, it's essential to focus on the pieces that will lift all boats in the industry, like transferability and inflation adjustment, which is part of why we've structured these scenarios as we have
- Update on Senate conversations
 - Senators Hoeven (R-ND) and Cramer (R-ND) are leading conversations around increasing the value proposition for 45Q including elevated credit levels, inflation adjustment, and parity. Both Senators are making member-level touches behind the scenes and have gotten certain offices to at least commit to discussing 45Q modifications with their staff
 - We have heard from these offices that the more impactful play at the moment is having Members of the Senate make direct asks to their colleagues to support these provisions in the Senate negotiations. These negotiations have reached the point where they're largely focused on member-to-member negotiations
- CCC Call-to-Action
 - [New list of Senate targets](#)

- **We have heard from Hill staff that we need the full force of our membership to make a plea to the Senate on transferability, credit increases, inflation adjustment, etc., individually.** Now is the time for us to make these touches individually to show the breadth of forces working on this
 - Have created an updated list for member outreach focused on Senate Finance, Energy and Natural Resources (ENR), Environment and Public Works (EPW), Leadership
 - We recognize it has been challenging to schedule meetings, so also sharing an email template with essential points we would like to get across if the staff is unable to meet
- CCC resources:
 - CCC 45Q techno-economic analysis
 - New transferability fact sheet
 - Updated talking points
- Timeline: over the next two to three weeks
 - The next two to three weeks is crunch time; we need to prioritize advocacy with that target group of members

FY26 Appropriations

- FY26 President's Budget Request
 - Still don't have the full budget request
 - Hearing that we are poised to get something by Friday, but unclear if that's just funding tables or full agency justifications. Once we receive full justifications, we'll send out a one-pager on how these impact carbon management
- Subcommittee Markups
 - House set to start Subcommittee markups in June:
 - House Interior Subcommittee: June 23
 - House Energy and Water Subcommittee: July 7
 - Senate yet to release markup schedule but will flag that for folks once released

Other Updates / Housekeeping

- Upcoming Coalition Administration meetings:
 - June 4: DOE Office of Fossil Energy
 - Their Assistant Secretary is not confirmed yet, so more of a 'touch-base' meeting
 - June 18: EPA Office of Air
 - Making the case primarily around GHGRP and its importance to carbon management industry
- PHMSA NPRM
 - PHMSA shared proposed rulemaking on repair requirements for pipelines
 - We are still reviewing; comments are due July 21
 - Coalition intends to comment
 - Staff will convene Regulatory and Guidance work group to discuss these
- CCC 2025 Annual Meeting Registration
 - November 6 – Lafayette Park, CA
 - November 5 site visit: Calpine capture facility + Oxy Class VI R&D well