

Key Carbon Management Provisions in Fiscal Year (FY) 2025 Senate Appropriations Bills

On July 25 and August 1, the Senate Appropriations Committee approved the Interior, Environment, and Related Agencies appropriations bill and the Energy and Water Development appropriations bill, respectively. The annual Interior bill includes core funding for the Class VI well program at the Environmental Protection Agency (EPA), whereas the Energy and Water bill carries the bulk of annual funding for foundational research, design, development, and demonstration carbon management programs.

The Senate's FY25 Energy and Water bill includes a \$7.5M decrease in funding for carbon management technologies overall, and a \$17.5M decrease in funding for the carbon capture program which is focused on improving the scalability of capture systems, and importantly prioritizes things like Front-End Engineering and Design (FEED) studies in the power and industrial sectors. A full breakdown of the proposed funding for carbon management technology program areas, including carbon capture, carbon dioxide removal (CDR), carbon utilization, and carbon transport and storage, is contained in the table below. **Importantly, the bill does NOT include the reprogramming for \$1.5 billion in Carbon Dioxide Transport Infrastructure Finance and Innovation program funding to support nuclear demonstrations, as seen in the House's version of the FY2025 Energy and Water appropriations bill.** Additionally, the committee report provides a clear directive for funding to support the CDR competitive purchasing pilot program, funded under the FY2024 minibus at \$20 million.

The Senate's FY25 Interior, Environment, and Related Agencies bill included \$5.8 million in sustained funding for the mission-critical Class VI injection wells at the Underground Injection Control program administered by the EPA, **an increase of \$800k over FY24 levels**, as well as \$1.4 million in funding to support education and training for Class VI program staff, **an increase of \$200k over FY24 levels**. This funding will be vital to ensure adequate permitting capacity at the federal and state levels necessary for the buildout of safe and permanent carbon storage. In addition, targeted report language continued to reinforce the importance of providing clarity, transparency, and efficiency in the Class VI permitting process.

Still, much work remains to be done over the course of the remaining months of the FY25 appropriations cycle. As we near the end of the fiscal year, Congress has indicated that they will likely need to proceed with a continuing resolution (CR) to fund the government, as we do not expect the two chambers to resolve differences between their versions of the 12 annual appropriations bills ahead of the September 30 funding deadline. Given the additional political dynamics at play with the November 5 general election, some House Republicans have been calling for a CR that will extend government funding at current levels until early Spring 2025. As these conversations continue, Coalition members, staff, and consultants will continue to work in tandem to ensure that we restore and build upon the important federal investments of the last several years.

Fossil Energy and Carbon Management (FECM) FY2025 Proposed Funding

| Carbon Management Technologies | FY2024 Enacted | FY2025 President's Budget Request | FY2025 House Bill | FY2024 Enacted vs FY2025 House Bill | FY2025 Senate Bill | FY2024 Enacted vs FY2025 Senate Bill |
|----------------------------------|----------------------|-----------------------------------|----------------------|-------------------------------------|----------------------|--------------------------------------|
| Carbon Capture | \$127,500,00 | \$96,200,000 | \$85,000,000 | -\$42,500,000 | \$110,000,000 | -\$17,500,000 |
| Carbon Dioxide Removal | \$70,000,000 | \$90,200,000 | \$50,000,000 | -\$20,000,000 | \$80,000,000 | +\$10,000,000 |
| Carbon Utilization | \$52,250,000 | \$60,000,000 | \$55,000,000 | +\$2,500,000 | \$50,500,000 | -\$2,000,000 |
| Carbon Transport & Storage | \$93,000,000 | \$97,200,000 | \$85,000,000 | -\$8,000,000 | \$93,000,000 | -- |
| Hydrogen with Carbon Management | \$85,000,000 | \$85,000,000 | \$85,000,000 | -- | \$85,000,000 | -- |
| CM Policy, Analysis & Engagement | \$0 | \$7,000,000 | \$0 | -- | \$2,000,000 | +\$2,000,000 |
| TOTALS | \$428,000,000 | \$435,600,000 | \$360,000,000 | (\$68,000,000) | \$420,500,000 | (\$7,500,000) |

Senate Energy & Water Development FY2025 Appropriations Bill

[Bill report](#)

[Bill text](#)

Department of Energy (DOE)

Notable Report Language:

Cross-cutting Initiatives

Industrial Decarbonization:

- The recommendation includes not less than **\$884,000,000 for industrial decarbonization**, including not less than \$511,000,000 from EERE, not less than \$255,000,000 from FECM, not less than \$48,000,000 from Nuclear Energy [NE], and not less than \$70,000,000 from the Office of Science.
- The Committee believes that innovative energy sources are necessary for manufacturers to transition from traditional carbon- emitting fuels to fuels with significantly lower greenhouse gases on a net basis. In support of that transition, more data is necessary for the long-term sustainability of combusting non-traditional fuels.
- The Department of Energy's Industrial Decarbonization Roadmap emphasizes that greater research, design, and deployment into alternative fuels usage is necessary to reduce carbon emissions in the industrial sector.
- The Committee encourages the Department to partner with an institution of higher learning to conduct research on greenhouse gas and other air emissions from the combustion and energy

recovery of non-traditional fuels, such as biomass, wood, pulp and paper, agricultural waste, plastics, and municipal waste in cement manufacturing.

- The Committee expects the program to compare and analyze the calorific/heating value; greenhouse gas & other pollutants over any possible lifecycles of the fuel; fuel collection, processing and supply, and the regulatory barriers to utilizing potential fuels over traditional ones.
- The Committee also directs the Department to conduct this research in consultation with other agencies, as necessary.
- The Committee directs the Department to report its progress of data collection to Committee within a year of enactment of this act.

Office of Fossil Energy and Carbon Management (FECM)

- The Committee continues to support the budget request, which refocuses funding toward industrial emission reduction and climate-centric activities focused on decarbonization. The Department is directed to prioritize Carbon Capture Utilization and Storage [CCUS] funding on projects and research that look to reduce the cost of these technologies for commercial deployment.

Carbon Management Technologies

Carbon Capture:

- The Committee recognizes the benefits of developing carbon capture technologies across multiple sources, including for carbon dioxide removal technologies, and directs the Secretary to invest in a research and development portfolio of carbon capture technologies that will lower the cost of carbon capture, utilization, and storage [CCUS] through continued large-scale demonstration and pilot programs.
- The Committee recommends funding for the Department's **National Carbon Capture Center** consistent with the cooperative agreement. The Department is directed to use funds within Carbon Management Technologies for research and development across a broad range of technology and fuel applications as it determines to be merited.
- The recommendation provides **\$110,000,000 for carbon capture**. Within available funds, the Committee recommends up to **\$55,000,000 to support front-end engineering and design studies, large pilot projects, and demonstration projects** for all applications of carbon capture technologies.
 - **The Department is directed to focus on point source capture for industrial sources and small-scale pilots and demos.**
- The Committee recognizes the carbon capture demonstration and pilot programs enacted in Public Law 117–58 will complement the technology development within the Department's research and development portfolio.

Carbon Dioxide Removal:

- The Committee provides not less than **\$40,000,000 to support the continuation of the carbon dioxide removal pilot prize** that the Secretary was directed to establish in the fiscal year 2023 Energy and Water Development joint explanatory statement, consistent with division D of Public Law 117–328. *Note: this program was created under the FY23 omnibus and funded at \$20M under the FY24 minibus*

- In carrying out the pilot prize, the Committee recommends that the Secretary prioritize no fewer than four different carbon removal technology pathways, and emphasize methods that minimize removal reversibility and maximize storage duration.
 - The Committee provides not less than **\$4,000,000 to develop measurement, monitoring, reporting, and verification**, including to inform the pilot prize, offtake agreements, and other Federal incentives.
 - Further, the Committee directed the Department in fiscal year 2024 to provide the Committee a report on the progress of the competitive purchasing pilot program. The Committee is still awaiting this report and directs the Department to provide it immediately.
- The Committee directs the Department under 42 U.S. Code Section 16298d to consider implementing a demand-side program to accelerate commercial readiness of the Regional DAC Hubs.

Carbon Utilization:

- The Committee provides **\$7,000,000 for research and demonstration of carbon conversion in durable building materials** and not less than **\$2,000,000 to evaluate carbon oxide utilization pathways for consideration under section 45Q of title 26 CFR**.

Carbon Transport and Storage:

- The Committee supports an expanded focus on infrastructure development strategies through continued regional geological basin characterization to reduce uncertainties, collect data, and facilitate and inform regional permitting and policy challenges.
- Within available funds, up to **\$26,000,000 should be provided for advanced storage R&D** activities, including risk integration tools and storage integrity and assurance.
- Also within available funds, the Department is **directed to begin characterization of offshore storage sites as well as investigate injection of CO₂ in existing offshore oil and gas wells** to affirm the integrity of the use of those wells and coordinate with the Department of the Interior to identify appropriate tools for conducting offshore CO₂ storage.
- The Committee **supports the use of resources provided by Public Law 117–58 for carbon storage validation and testing for the Department of Energy to support the processing of Class VI permits** for Geologic Sequestration of Carbon Dioxide by the Environmental Protection Agency and by States with primary enforcement authority.

Hydrogen with Carbon Management:

- The Committee encourages the Department to support research, development, and demonstration activities related to clean hydrogen production with fossil fuel feedstock with the objectives of reducing CO₂ and conventional emissions from hydrogen production and electric

power generation.

Office of Science

Basic Energy Sciences:

- The Committee provides up to **\$25,000,000 to establish a crosscutting Carbon Sequestration Research and Geologic Computational Science Initiative** as authorized in division B of Public Law 117–167, 42 U.S.C. 18911. In carrying out this initiative, the Committee recommends that the Department coordinate and leverage existing activities across the Department, including from the Office of Science, the Office of Fossil Energy and Carbon Management, and the Office of Clean Energy Demonstrations, and from the United States Geological Survey.

Senate Interior, Environment, and Related Agencies FY2025 Appropriations Bill

[Bill report](#)

[Bill text](#)

Department of the Interior

Notable Report Language:

Bureau of Ocean Energy Management

Ocean Energy Management:

- The **Committee strongly urges the Bureau [of Ocean Energy Management] to publish the proposed rule on carbon, capture, and sequestration required by Public Law 117-58 by the end of calendar year 2024** and to provide a briefing to the Senate Committees on Appropriations and Energy and Natural Resources and the House Committees on Appropriations and Natural Resources on the Bureau's progress toward meeting that deadline within 30 days of enactment of this act and every 30 days thereafter until it is published.

Environmental Protection Agency

Notable Report Language:

Environmental Programs and Management

Underground Injection Control (UIC) – Class VI Carbon Sequestration Wells

- **The Committee is concerned by the long processing time for Underground Injection Control Class VI well applications and the small number of final decisions approved by the Agency. The Committee urges greater priority be given to these permits within the Agency, including reviewing State applications for primacy.**
- The Committee provides **\$5,800,000** for the Agency's continued work within the **Underground Injection Control [UIC] program related to Class VI wells** for geologic sequestration to help

develop expertise and capacity at the Agency and process primacy applications. *Note: The Senate FY25 Interior, Environment, and Related Agencies Committee report includes an increase of \$800k over FY24 levels for work pertaining to Class VI wells.*

- In addition, the Committee provides **\$1,400,000 to support regulator education and training programs in conjunction with States or an association of States.**
Note: The Senate FY25 Interior, Environment, and Related Agencies Committee report includes \$1.4M for Class VI regulator education and training programs—an increase of \$200k over FY24 funding levels. This is a continuation of funding initially appropriated under the FY23 omnibus.
- The Agency is directed to provide an update to the Committee on the program direction regarding Underground Injection Control Wells contained in Senate Report 118–83.