

Key Carbon Management Provisions in Fiscal Year (FY) 2026 House Appropriations Bills

The House of Representatives Appropriations Committee has approved two FY2026 spending bills, including the Energy & Water Development appropriations bill and the Interior, Environment, and Related Agencies appropriations bill, which carry the bulk of annual funding for carbon management programs across government. The House Energy & Water bill included a disappointing decrease of \$178 million for foundational carbon management programs administered through the Department of Energy (DOE), including point-source carbon capture, carbon dioxide removal, and carbon transport and storage program areas. A full breakdown of the proposed funding for carbon management technologies is contained in the table below. In addition, the bill text includes provisions that would, if enacted, reprogram \$1 billion in unobligated funding for direct air capture hubs, \$1.5 billion in Carbon Dioxide Transport Infrastructure Finance and Innovation program funding, and **up to \$950 million** in carbon capture demonstrations, authorized and appropriated under the bipartisan Infrastructure Investment and Jobs Act (IIJA), to support nuclear technologies. Importantly, the bill effectively **closes** the Office of Clean Energy Demonstrations, which currently manages billions of unobligated funding from the IIJA. The bill text indicates that unobligated funding managed by OCED will be disbursed to other applied technology offices for management.

Separately, the bill also renames the Office of Fossil Energy and Carbon Management (FECM) to the Office of Fossil Energy (FE) – restoring the nomenclature used under the first Trump Administration. Additionally, the bill reorganizes the Office of Fossil Energy accounting structure—core carbon management R&D programs now fall under an account titled “Coal and Carbon Utilization,” signaling that the office is realigning priorities to be in line with those communicated by the White House.

While the House’s FY26 Energy and Water Development package was disappointing, the House FY26 Interior, Environment, and Related Agencies package included \$5 million in sustained funding for the mission-critical Class VI injection wells at the Underground Injection Control program administered by the Environmental Protection Agency, as well as \$1.8 million in funding to support education and training for Class VI program staff—an increase of \$600,000 over FY24/FY25 funding 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 FY26 appropriations cycle. While the Senate Appropriations Committee marked up their version of the FY26 Interior-Environment bill on July 24, they have not yet scheduled their markup of the FY26 Energy and Water bill. Though we typically anticipate a more favorable outcome in the Senate’s version of the annual Energy & Water bill, Senate Subcommittee Chairman John Kennedy (R-LA) has indicated that he is prioritizing deep funding cuts above all else. Additionally, as we near the end of the fiscal year, the possibility of a continuing resolution (CR) to fund the government past the September 30 funding deadline remains an open discussion. As these negotiations continue, Coalition members, staff, and consultants will continue to work in tandem to restore and preserve the important federal investments of the last several years in critical carbon management funding. If you have any questions, please contact the Coalition’s director of government affairs, Madelyn Morrison (mmorrison@carboncapturecoalition.org).

Office of Fossil Energy (FE) FY2026 Proposed Funding				
Coal and Carbon Utilization	FY2025 Enacted	FY2026 President's Budget Request	FY2026 House Bill	FY2025 Enacted vs FY2026 House Bill
Carbon Capture	\$127,500,000	\$50,000,000	\$65,000,000	-\$62,500,000
Carbon Dioxide Removal	\$70,000,000	\$4,000,000	\$15,000,000	-\$55,000,000
Carbon Utilization	\$52,250,000	\$30,000,000	\$35,000,000	-\$17,250,000
Carbon Transport & Storage	\$93,000,000	\$50,000,000	\$50,000,000	-\$43,000,000
Hydrogen with Carbon Management	\$85,000,000	--	--	--
CM Policy, Analysis & Engagement	\$0	--	--	--
Advanced Energy Systems	--	\$75,000,000	\$85,000,000	85,000,000
TOTAL	\$428,000,000	\$209,000,000	\$250,000,000	-\$178,000,000

House Energy & Water Development FY2026 Appropriations Bill

[Bill report](#)

[Bill text](#)

Department of Energy (DOE)

Notable Bill Text:

- The bill text includes provisions that would reprogram \$1 billion in unobligated direct air capture hub funding, \$1.5 billion in Carbon Dioxide Transport Infrastructure Finance and Innovation program funding, and **up to** \$950 million in unobligated carbon capture demo funding, authorized and appropriated under the bipartisan Infrastructure Investment and Jobs Act (IIJA), to support nuclear technologies.

Notable Report Language:

Office of Fossil Energy

University-led Research and Technology Development:

- The Committee directs the Department to continue funding competitive, university-led projects that drive innovation and workforce development in subsurface energy production. The Department is encouraged to maintain a balance of funding between early-stage, university-driven projects and later-stage, demonstration projects with industry. Within available funding, the Committee recommends that 15 percent of FE's research and development funding be for competitive, university-led projects to conduct early-stage research and technology development. **Priority areas should include natural gas research, including unconventional gas production; methane emissions detection and prevention; coupling of Carbon Capture, Utilization, and Storage with CO₂ enhanced oil recovery, enhanced oil and gas recovery technologies in unconventional reservoirs; artificial lift technologies for unconventional wells; wellbore integrity and well stimulation; and produced water treatment and disposal.** This effort shall also include applying new technologies, including artificial intelligence and machine learning, to gain a better understanding of the complex physics in unconventional reservoirs, and improved stimulation practices and subsurface characterization to focus on reducing greenhouse gas emissions from subsurface energy production and related operations as well as maximizing the recovery of existing hydrocarbon reservoirs. To improve the environmental sustainability of subsurface energy production, the Department is encouraged to advance technologies related to increased efficiency and energy recovery from field operations. In continuing with prior direction from this Committee, the Department is directed to ensure these activities are led by research universities.

Coal and Carbon Utilization

- The Committee recommends funding for the Department's National Carbon Capture Center consistent with the cooperative agreement.

Carbon Capture:

- The recommendation provides **\$5,000,000 for competitively-awarded chemical looping hydrogen production and carbon capture pre-commercial demonstration projects**, focusing on pre-commercial-scale demonstrations of chemical looping technologies.
- **The Committee recommends \$5,000,000 for the research, development, and demonstration of reactive carbon capture (RCC) technologies.** The Department is directed to provide competitive grants and cooperative agreements with a particular focus on supporting RCC projects that mineralize carbon emissions using solid waste streams or by-products from industrial sites, including coal ash and iron/steel slag. The Department is encouraged to work cooperatively with industry, universities, and other appropriate parties.

Carbon Dioxide Removal:

- The Committee supports initiatives to improve measurement, monitoring, reporting, and verification for carbon dioxide removal technologies.

Carbon Storage:

- The Committee notes that resources provided by Public Law 117–58 for carbon storage validation and testing for the Department of Energy are eligible to be used to provide

information that supports the processing of Class VI permits for Geologic Sequestration of Carbon Dioxide by the Environmental Protection Agency and by states with primary enforcement authority.

Oil, Gas, and Critical Minerals

Natural Gas Infrastructure and Hydrogen:

- The Committee directs the Department to continue expanding its research and demonstration capabilities toward production, storage, transport, and utilization of hydrogen. This work shall focus on net-negative carbon hydrogen production from gasification and co-gasification of mixed wastes, biomass, plastics and traditional feedstocks, reversible solid oxide cell technology development for hydrogen and power production, carbon capture, advanced turbines, natural gas-based hydrogen production, hydrogen pipeline infrastructure, and subsurface hydrogen storage.

Office of Clean Energy Demonstrations

- **The Committee accepts the budget request proposal to close out the Office of Clean Energy Demonstrations.** The Committee understands project management activities and remaining funding will be managed by other applied energy technology offices within the Department.
*Note: We understand that the bill does **not** provide any funding for OCED to continue operations; however, we understand that unobligated funding managed by OCED will now be managed by other applied technology offices.*

House Interior, Environment, and Related Agencies FY2026 Appropriations Bill

[Bill report](#)

[Bill text](#)

Notable Bill Text:

- The bill text includes provisions that prohibit Federal agencies from using the social cost of carbon in any rulemaking, guidance document, or environmental decision-making process.

Environmental Protection Agency

Notable Report Language:

Environmental Programs and Management

Ensure Safe Drinking Water:

- Within available funds, **the Committee provides no less than \$5,000,000 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. These funds should be used by the Agency to expeditiously review and process Class VI permits and primacy applications from States and Tribes.

Note: The House FY25 Interior, Environment, and Related Agencies Committee report includes level funding for work pertaining to Class VI wells at \$5M.

- In addition, **the Committee provides no less than \$1,800,000 to support regulator education and training programs** in conjunction with States or an association of States.
Note: The House FY26 Interior, Environment, and Related Agencies Committee report includes \$600,000 in increased funding for Class VI regulator training and education programs.
- Additionally, the Committee directs the Agency to promptly undertake necessary improvements to promote process efficiencies that increase the number of completed reviews and decisions on the Class VI applications and primacy applications related to Class VI. Doing so will allow greater predictability for applicants, investors, and States and Tribes seeking to address emissions, particularly for projects with higher volumes, that are in an advanced state of readiness planning, and have signed off-take agreements. **In addition to the amount provided under this heading, the Committee notes that Public Law 117–58 provides \$5,000,000 for fiscal year 2026 for this effort.**
Note: This report language is carried over from the House’s FY25 bill report, reinforcing the importance of timely and transparent reviews
- Additionally, the Committee continues the directive from House Report 117–400 requiring the Agency to provide an annual report to the Committee on the status of Class VI injection well primacy applications within the UIC Program. The report shall include the status and progress of current primacy applications, including a projected timeline for final decisions on the applications.
Note: The House FY26 Interior, Environment, and Related Agencies Committee report includes language that directs the EPA to provide an annual report to the Appropriations Committees on the status of Class VI injection well primacy applications; this is also reflective of an FY23 CCC report language request.