



CARBON CAPTURE COALITION

Legislative Working Group
Meeting Notes
April 30, 2025

Meeting Overview

On April 30, the Carbon Capture Coalition Legislative Work Group met to discuss ongoing work group efforts regarding budget reconciliation, appropriations, and other moving pieces CCC staff are tracking at the federal level.

The meeting began with a **CONFIDENTIAL** presentation by Ernst & Young (EY) providing preliminary findings of a CCC/Carbon Utilization Research Council-commissioned analysis on the potential revenue impacts of proposed modifications to the 45Q tax credit. The EY analysis examines various policy scenarios, including inflation indexing using a base index year of 2021, increased credit levels, and providing parity to utilization projects. The discussion highlighted concerns around project survival rates contributing to higher deployment assumptions and scoring methodologies used by the Joint Committee on Taxation (JCT), which significantly affect revenue estimates. Coalition staff and consultants provided political updates on the ongoing budget reconciliation process and subsequent 45Q advocacy efforts, the upcoming release of a Coalition-commissioned 45Q techno-economic analysis, FY26 appropriations engagement, and planned Coalition efforts to potential EPA rollbacks of the Greenhouse Gas Reporting Program (GHGRP).

Highlights and Key-Takeaways

- **CONFIDENTIAL: EY 45Q Revenue Modeling**

*Note: This presentation is preliminary and **not** final, thus, we will not be sharing exact score estimates in these notes; please contact Coalition staff with questions on specific scoring scenarios analyzed.*

- The modeling scores the current policy baseline for 45Q and **six additional policy modification scenarios** over the 10-year budget window.
- Scenarios range from Carbon Capture Coalition tax policy priorities like inflation indexing to policy proposals that have been introduced or informally shared since the beginning of the 119th Congress.
- A key modeling assumption is a 40 percent project survival rate, though stakeholders noted that the actual rate is likely significantly lower.
 - CCC and CURC staff are working with EY to ensure that the most accurate information is being used to produce the most probable score outcome. We don't yet know if this will affect the final scores presented by EY.
 - JCT's scoring process is opaque and lacks detailed public methodology, making it hard to reconcile assumptions across analyses.
- **Policy Context**
 - Some analyzed options reflect priorities from current legislation or Coalition priorities, including inflation indexing with a 2021 base index year.
 - Sen. Kevin Cramer's (R-ND) office has submitted his proposal to the Senate Finance Committee as a top priority for budget reconciliation. EY has scored a similar scenario, which is the most expensive scenario (in 10-year budget window) explored by EY.
- **Budget Reconciliation Outlook**

- Committees are advancing their markups with House GOP leadership pushing for action soon.
- The House Ways & Means Committee is debating cuts to energy tax credits; outcomes remain uncertain.
- There is tension between House and Senate figures; some expect eventual alignment on budget packages.
- **Upcoming Coalition Actions**
 - A CCC-commissioned 45Q policy paper (previewed during last year's CCC Annual Meeting) is set to be released May 8.
 - CCC staff are hosting a briefing for Coalition members on the final results of the analysis. The briefing will take place at 2pm ET on Wednesday, May 7.
 - [Please register here.](#)
 - Coalition is preparing materials and advocacy efforts in response to possible EPA rollbacks of GHGRP, which could affect credit reporting and claiming the 45Q tax credit.
 - DOE Secretary Wright's FY26 budget hearing is next week; the Coalition is preparing questions for the record and a supporting appropriations letter.

Next Steps

- CCC/CURC to schedule a meeting with the Joint Committee on Taxation to discuss EY analysis.
- Finalize and share revenue analysis with Sen. Cramer's team.
- Circulate the appropriations letter and hearing notes to the membership and submit to Congress next week.
- Continue advocacy for maintaining and expanding 45Q during reconciliation negotiations.
- Monitor budget reconciliation developments and potential implications for 45Q.
- 45Q analysis: webinar for Coalition members on May 7 and external release of CCC-commissioned policy analysis on May 8.
- Organize meetings with EPA and relevant committee staff to support GHGRP and distribute advocacy materials.
- Collect feedback on CCC's upcoming 45Q analysis release from Sen. Cramer's (R-ND) office.
- Lead distribution of embargoed materials and coordinate briefings with key committee staff.

Meeting Notes

- **Confidential Presentation: Revenue estimates for modifying the 45Q tax credit for carbon sequestration**

*Note: This presentation is preliminary and **not final**, thus, we will not be sharing exact score estimates in these notes; please contact Coalition staff with questions on specific scoring scenarios*

- The meeting opened with a preview of Ernst and Young's (EY) preliminary results of the analysis commissioned by the CCC and CURC to evaluate potential budgetary impacts regarding policy modifications to the 45Q tax credit
- Outlook for 45Q
 - The study looked at all announcements of carbon capture in US today; Academic literature says that every announcement has roughly a 40 percent chance to make it to operation
 - The stated nameplate capacity is usually not what's actually being captured; All announcements in the US are prorated for nameplate, actuals, and failure rate
 - Covered revenue costs of six different 45Q scenarios, including:
 - Current Policy Baseline 45Q
 - This scenario represents the current 45Q policy, including modifications made to the credit under the Inflation Reduction Act

- Inflation adjustment with a 2021 base index year
 - This reflects the Coalition's top tax priority
- EOR and non-EOR utilization parity
 - This reflects a bill introduced in the Senate and House, which would bring both EOR and non-EOR utilization credit levels in line with those for dedicated geologic storage. While these bills are not explicitly endorsed by the Coalition, it is important to understand their budgetary impact
- 20-year credit duration and 2021 inflation indexing
 - This reflects Coalition discussions from the formulation of the 2025 Federal Policy Blueprint prior to finalization
- EOR and non-EOR utilization parity plus 2021 inflation indexing
 - This scenario reflects a Coalition top tax priority (inflation indexing) and proposed modifications to 45Q via the [Enhancing Energy Recovery Act \(S.425 / H.R.1003\)](#)
- Base credit increased to \$100, plus EOR and utilization parity, plus 2021 inflation indexing
 - This scenario reflects a credit level increase to \$100 (as discussed by members of CURC) and the Enhancing Energy Recovery Act, and the Coalition's top tax priority (inflation indexing).
- Base credit increased to \$120, plus EOR and utilization parity, plus 2021 inflation indexing
 - This scenario reflects proposed modifications to 45Q via Sen. Cramer's discussion draft
- Q: I noticed that you used an assumed 40percent survival rate for these projects, is that what JCT is using? The participant noted that there are about 270 projects in the pipeline but that the survival rate is more like 10 percent than 40 percent, but it really boils down to what JTC is using
 - A: JCT question
 - It's a very opaque process, they don't tell us what they use for estimates; our report has a technical appendix, but JCT reports do not
 - Survival rates question
 - There is only one significant study looking at failure rates, so limited literature; a lot of this revenue cost to the federal government is 5 to 10 years down the road, which makes scoring tricky
 - There's a difference between the first short term period of the credit, which doesn't account for much of the estimate, rather than the back 7 years; as one point, the last 3 years of the credit accounts for about half of the total revenue cost
 - One has to take a guess at how much carbon capture we see in the 2030s in making these assumptions, which is tricky and inexact; one could argue that the last 10 years of carbon management development doesn't look like next 10 years, but it's hard to do anything beyond looking at past project performance
 - Q: When 45Q was previously scored by JTC, they didn't take account that a higher credit will equal a

higher survival rate as more projects are in the money and viable. Does EY's work do that?

- On the baseline policy score we don't, but in terms of actual policies we add JCT "behavior" language where we assume that there will be a higher number of facilities; we looked at the difference between pre and post IRA 45Q values and resulting economic activity to take this into account
- Q: Why are policy 1 and 2 ordered the way they are given that 2 has a lower score?
 - That's down to two pieces: for one, policies with an inflation 2021 base year result in the amount going up every year. Under an inflation adjusted credit, every year, there is an increase in credit value depending on inflation, whereas EOR and non-EOR utilization parity will just depend on the end use of captured carbon in the baseline.
 - Based on announcements today, where do these land in terms of a score? Option 2 doesn't have inflation indexing, so it is more straightforward to score.
- Additional context on additional policies:
 - The policies included are scenarios that we see as most likely to be on the table for budget reconciliation negotiations, including introduced legislation (Enhancing Energy Recover Act), other legislative proposals that have been discussed within the past several months, and Coalition stated priorities (inflation adjustment)
- Q: Do we have info on timing for scoring for the reconciliation package that Congress is proposing?
 - A: We do not have text of the tax title that House Ways and Means will mark up yet; JCT generally scores separate proposals, rather than the whole package, but we will likely see scores released when there are details on the broader package
- Next steps
 - The Coalition is working with our partners at CURC to schedule a meeting with JCT next week to discuss EY's findings; preferably ahead of the House Ways and Means mark up
 - Once the analysis is final, we will share with Sen. Cramer's (R-ND) team to determine next steps
 - C: The Coalition and CURC teams have shared some concerns about projects that will actually get done versus listed projects and the data which EY is using to determine credit uptake. We've shared some market data (including a list of FID projects and approved Class VI wells) with EY to help inform them of real-world scenarios and give this a more accurate score. If the score is artificially high, that may make us targets of rescissions, so we want to ensure whatever we're sharing with JCT is as accurate as possible
- **Budget Reconciliation**
 - Short update on political landscape
The authorizing committees are currently working through their markup schedule; Speaker Johnson (R-LA-04) wants to the House to move on their reconciliation package ahead of the Memorial Day recess

- There is an overdrive of whipping to ensure that the deficit reductions Energy & Commerce (E&C) Committee produces will be politically feasible
 - Ways and Means Committee is currently considering how to appease moderates on energy tax credits as they seek savings; they are also considering other mechanisms to roll back, like transferability, credit duration, and direct pay
 - Some members believe that the current proposed cuts aren't sufficient; Sen. Ron Johnson (R-WI) has said he wants to see \$5B in cuts, for instance
 - **CCC and our members must keep doing the work advocating for protecting and expanding 45Q, and we continue to encourage member outreach**
 - There also still is no X-date on the debt limit, which will provide some urgency to move the package; there is a Republican agreement to tie the debt limit increase to reconciliation, so we will need to keep an eye out for that
 - The rescissions package has yet to be released and will likely be heavily amended once it is; from what we've heard, we're unlikely to be impacted by that initial target list—the package is currently thought to be very narrow (e.g., USAID, public broadcasting, etc.).
 - Q: I've heard from API that the Ways and Means Committee is considering moving forward with the current policy baseline scoring mechanism to be in line with the Senate
 - I haven't heard that, but at some point, we need to see a marriage of the Senate and House processes, so that makes some sense
 - The Senate Parliamentarian is allowing the GOP to proceed under its current plan, letting Senator Lindsey Graham (R-SC) create a current policy baseline for the process
 - There's a lot that we're tracking on the budget, and we're also expecting fiscal year (FY) 2025 spend plans and the President's 'Skinny' Budget Request yet this week
- **CCC-Commissioned 45Q Policy Analysis**
 - Timeline for release
 - The CCC commissioned a techno-economic analysis from Jeff Brown late last year to highlight the impact inflation and other factors have had on the deployment of carbon management projects across the country, and to further assess the credit level necessary to drive deployment across sectors; Jeff previewed this analysis for Coalition members at our 2024 annual meeting
 - We will be publishing a narrower piece of the analysis focused on the value the credit needs for wide-scale deployment
 - The new analysis is in an easily digestible, slide deck format and discusses increasing the credit and instead of providing a specific dollar amount, focuses on a credit level range to incentivize deployment across sectors
 - Next steps
 - Madelyn is soliciting feedback on the release from Sen. Cramer's (R-ND) team; we will also offer briefings with key committee staff (Senate Finance Committee, House Ways and Means Committee) and share embargoed copies with champion Hill offices
 - We plan to release the deck on May 8, with an accompanying blog post and an internal webinar for Coalition members on May 7 at 2pm ET
- **Appropriations**
 - DOE Secretary Wright is testifying on Wednesday, May 7, in front of the House Appropriations Energy and Water Subcommittee next Wednesday regarding DOE's FY26 budget

- Coalition staff will put together questions for Members to ask during this hearing, which we will be submitting to Committee Members in advance
- **Potential EPA Rollbacks to GHGRP**
 - Coalition staff are preparing resources for members to share with Hill staff and administration officials on the importance of the GHGRP in claiming the 45Q tax credit and the broader deployment of these technologies
 - Talking points for sharing this information with Hill offices
 - Fact Sheet on the general parameters of the program
 - FAQ on the program's interplay with 45Q
 - Coalition efforts/actions
 - We are setting up meetings with Member offices of key committees (EPW, ENR, E&C) and committee staff to demonstrate support for the program
 - Coalition staff are also scheduling a similar advocacy-focused meeting with EPA's Office of Air, which implements and oversees the GHGRP
 - Q: What happens if GHGRP is rolled back in terms of reporting the credit?
 - The agency would have to come up with another pathway to access 45Q through rulemaking; they could use something similar to the ISO standard for EOR
 - It was noted that this also affects subpart RR and subpart PP; Products being sold under this program receive a premium for being able to quantify their emissions intensity; this not only hurts us in domestic markets that value cleaner products, but also more directly in markets like the EU, which have a CBAM in place