



CARBON CAPTURE COALITION

Legislative Work Group

June 11, 2025

Meeting Notes

Meeting Summary

The Coalition's Legislative Work Group convened to review fast-moving developments in budget reconciliation negotiations, focusing on 45Q tax credit provisions. Staff outlined the likely legislative timeline, status of potential enhancements to carbon management credits, and key outreach efforts underway. While restoration of transferability remains promising, further enhancements such as credit value increases or inflation indexing face significant political and scoring challenges. That said, Coalition staff stressed the importance of continuing to conduct outreach to key Senate offices and your delegation on 45Q. The group also discussed the implications of Foreign Entity of Concern (FEOC) provisions, coalition appropriations priorities, and upcoming federal budget hearings.

Key-Takeaways

- **Budget Reconciliation Timeline:** Senate bill text may be released as early as June 13, with potential Senate and House floor votes occurring late June through early July. Speaker Johnson has set a July 4 goal for final passage, though the Senate timeline may push this deadline.
- **45Q Outlook:** Transferability restoration is likely; other enhancements (e.g., inflation indexing, credit value increase) are less probable, but we should continue making the ask over the next several days. **Please wrap up any planned outreach to Senate Republicans on key pieces of 45Q by Friday morning.**
- **Policy Dynamics:** Coalition member advocacy has helped position 45Q incredibly well for preservation, but broader attention from lawmakers is focused on restoring aspects of other credits cut in the House bill, including 45V. No new 45Q champions have emerged in the last couple of weeks.
- **FEOC Provisions:** While 45Q is among the least affected credits regarding FEOC, changes are expected in the Senate bill, which could apply materials sourcing requirements across tax credits. Coalition members are encouraged to share project-specific concerns with Coalition staff.
- **Appropriations Strategy:** Coalition submitted FY26 funding requests to Energy/Water for DOE carbon management and Interior/Environment for Class VI well review timelines. Budget hearings in the House and Senate are ongoing, and individual appropriation bill markups will begin later this month.
- **President's Budget:** The President's Budget Request, released at the end of May, proposes steep cuts to DOE carbon management. After full agency justifications are available, the Coalition will circulate detailed readouts of relevant requests.
- **Other Coalition Updates:**
 - [PHMSA released a new ANPRM](#)

- [EPA rescinded the Clean Power Plan](#)

Next Steps

- Coalition staff sent materials to assist in your advocacy and outreach this week around the final push for budget reconciliation.
 - Continue project developer outreach, especially in priority states, to press for restoration of transferability and possible enhancements, **particularly inflation indexing**.
- Coalition members are encouraged to share FEOC-related project concerns directly with staff.
- Monitor release of Senate Finance bill text and updates on reconciliation timeline.
- Coalition staff will prepare a readout on full agency justifications for the FY26 President's Budget once available.
- Coalition meeting with the EPA Office of Air scheduled for June 18 to discuss the importance of the EPA's Greenhouse Gas Reporting Program for the election of the 45Q tax credit.

Attachments

- [List of Member Targets](#) in budget reconciliation outreach
- Senate Outreach Email Template (attached)
- [Carbon Capture Coalition Statement on Trump Administration Rollback of Regulations of CO₂ Emissions from the Power Sector](#)
- [Carbon Capture Coalition Statement on EPA Granting Texas Primacy over Class VI Wells for Secure Geologic Storage of Carbon Dioxide](#)

Meeting Notes

State-of-play:

- **Current timeline of budget reconciliation**
 - Could see Senate Finance text as early as this Friday
 - Already seeing some committee come out with draft text.
 - No markups scheduled, seems like lots of this will be conducted behind the scenes, then brought directly to the floor for votes.
 - Could see voting on the Senate floor as early as the week of June 23, with a vote-a-rama and conference in the House occurring in early July.
 - Speaker Johnson's (R-LA-04) self-imposed deadline to have a final bill passed through both chambers. A more realistic scenario is that the Senate finishes its work by the July 4 recess, and the bill is sent to the President's desk by the August recess
- **Overview of where 45Q is in negotiations**
 - Positive indicators regarding the prospects of lengthening the timeframe for electing transferability
 - There seems to be some agreement regarding the treatment of the various IRA credits this week, and transferability is likely to be in a good spot across credits.

From the beginning, we have heard from staff that there is a good chance we will see the restoration of transferability.

- The Coalition has worked closely with Senators Hoeven (R-ND) and Cramer (R-ND) to increase the possibility of further enhancements to 45Q. However, maintaining 45Q statutory language is currently the most likely scenario, given larger conversations around tax credits.

45Q Possible Scenarios

- We are among the best situated of all the tax credits, thanks to this group's efforts and collective efforts.
- Key provisions possibly in play at this time for 45Q
 - Restoring full transferability
 - Senator Barrasso's Enhancing Energy Recovery Act (S. 425) parity (@ \$85/ton)
 - Have not heard anything concrete on parity in the past week, but given where all the other tax credits are, there is not likely to be a path to additional modifications
- Advocating for additional enhancements
 - Have been working closely with Sens. Hoeven (R-ND) and Cramer (R-ND) on a push to include inflation indexing and raise the point-source credit value to \$120/ton.
 - Some sort of time-limited credit value increase has been brought up in the past, but it still looks unlikely we'll see additional enhancements
- Targeted Congressional Engagement
 - Outreach conducted with key Senate Finance (SFC), Energy & Natural Resources (ENR), and Environment & Public Works (EPW) offices. No active opposition, but limited identification of new champions.
 - Have heard high support for 45Q but also a recognition that it's well situated and there's much work to be done on 45V and other credits.
- Q: Have we heard a distinction between a value increase or a simple inflation fix?
 - A: We've heard that parity and not inflation indexing is the most likely scenario.
 - A: All about numbers at this point, in terms of all the competing priorities out there, for example, it seems like tech-neutral credits have improved their position. The focus of many of our supportive offices is on restoring credits like 45V, given the treatment it received in the House package.

FEOC Discussion

- The final Senate bill will include some FEOC provisions—the Senate wants to be 'smart' about China.
 - In the House language, 45Q is one of the least affected credits; we have not heard any concerns related to FEOC for 45Q, specifically.
 - Other credits that are more impacted are lobbying on this provision.
 - Our current understanding is that the Senate will tweak the House language, but some version of FEOC will likely apply across credits.
- If you have specific anecdotes about how these restrictions could impact your projects, please share with Coalition staff directly.

- One developer expressed that they've received intel that Senate Republicans want to retain some form of FEOC. What comes out of the Senate might mean a blanket FEOC across all credits, possibly applying a materials sourcing provision.
- Other groups have been advocating and lobbying heavily on this issue for their respective credits.

Follow-up with Senate Republicans:

- You received follow-up information from Jessie on Wednesday evening, including an email template for your continued outreach (see attached).
- The Senate Finance budget reconciliation language is likely coming together by the end of this week, so please wrap up any outreach on Coalition priorities, especially inflation indexing with a base year of 2021 and transferability, no later than Friday (6/13) midday.
- From what we've been hearing, the most impactful outreach right now will be from project developers to their members; if you have projects in priority states, please reach out if possible, in addition to your outreach to your delegation.

Appropriations

- Coalition letter to House/Senate Appropriations committee leadership last week, supporting our appropriations asks
- Appropriations Schedule:
 - House Appropriations Committee will markup 12 bills over June/July
 - Interior/Environment - Monday, June 23
 - Energy & Water - Second week of July, after July 4 recess
 - The Senate has yet to release its markup schedule
- Still waiting on some sort of signal from Senate appropriators on their process; recessions dynamic and reconciliation fight making appropriation tricky, but House appropriators still want to continue their cadence throughout this month and next.
- Lots of Democrats are using project and funding cuts as a line of attack in Budget hearings.
- Coalition FY26 appropriations requests:
 - *DOE Carbon Management Funding*: The Coalition requested \$492.2 million in FY 2026 funding for the Department of Energy's Office of Fossil Energy and Carbon Management—an increase of \$64.2 million over FY 2024 enacted levels—to sustain and scale carbon management RDD&D programs critical to commercial deployment.
 - *EPA Class VI Well Permitting*: The Coalition urged Congress to recommend that the EPA complete final decisions on Class VI CO₂ injection well applications within 18 months of being deemed administratively complete, to accelerate geologic storage project timelines and unlock private investment.

President's Budget Request

- On May 30, the White House released the President's FY26 Budget Request. It calls to eliminate billions in unspent funding appropriated under the IIJA, IRA, and other appropriated funds.

- Will not see the full White House budget until Congress passes “One Big Beautiful Bill”.
- DOE released its budget in brief, which contains a 31 percent cut to programmatic funding at FECM.
- Once we have full justifications for DOE, Interior & EPA, we’ll prepare a read-out to share with Coalition members.

Upcoming Budget Hearings

- Agency heads testifying on the President’s Budget Request this month. The Coalition continues to submit questions for the record for relevant hearings.
- Secretary Burgum
 - [Senate Energy & Natural Resources budget hearing, Wednesday 6/11](#)
- Secretary Wright
 - [Senate Energy & Commerce Subcommittee on Energy, Tuesday 6/10](#)
 - Senate Energy & Natural Resources budget hearing, Wednesday, 6/18

Housekeeping

- [PHMSA published another ANPRM last week seeking input on a broader set of potential regulatory reforms.](#)
 - In addition to the [original ANPRM](#) referencing updated repair criteria for carbon pipelines
 - Coalition staff is evaluating a potential response to both ANPRMs and will reconvene with the Regulatory & Guidance Work Group on any response.
- [EPA rescinded the Clean Power Plan on Wednesday, 6/11](#)
 - [Coalition statement](#)
- Coalition statement on recent DOE Office of Clean Energy Demonstration project cancellations
- Upcoming Coalition meeting: EPA Office of Air, June 18
 - Will express our support for the EPA’s Greenhouse Gas Reporting Program and underscore GHGRP’s role in electing the 45Q tax credit.
 - Plan to have a GHGRP fact sheet ready to share with Coalition members next week.