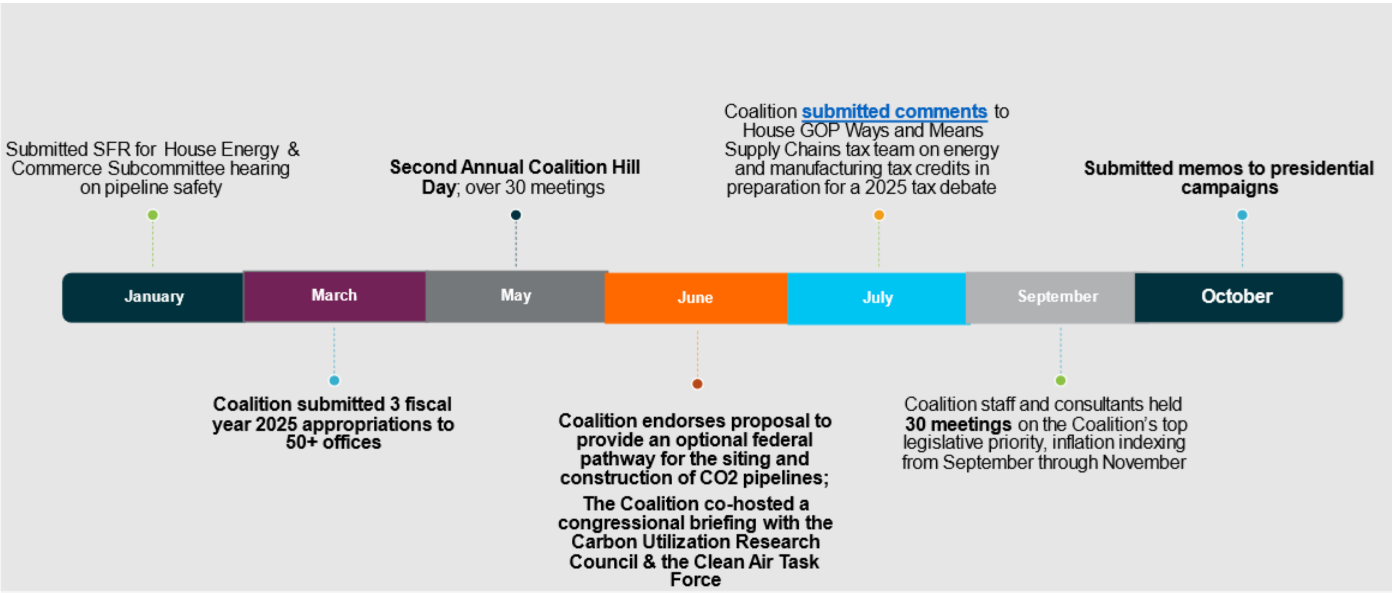
CARBON CAPTURE COALITION

2024 Year in Review

Legislative Work Group



Fiscal Year (FY) 2025 Appropriations

The FY25 appropriations cycle has certainly been challenging for a myriad of reasons including multiple continuing resolutions and an attempt to reprogram critical funding for carbon management infrastructure funding. While the politics around the federal budget have been difficult in recent years, annual federal funding negotiations are an important policy lever for the Coalition to engage in to ensure that critical research, development, and deployment dollars remain available for the full suite of carbon management technologies.

That said, in February of 2024, Coalition members developed three requests to support core carbon management programs across agencies. These requests were submitted to more than 50 appropriators across both the Senate and House Appropriations Committees and included follow-up with individual offices and committee staff.

- **Programmatic Funding Request – Carbon Management Technologies:** $492,200,000 for "Carbon Management Technologies" at the Office of Fossil Energy and Carbon Management (FECM); $32,200,000 increase over FY23-enacted levels.
    - Senate bill: $420,500M
    - House bill: $360M
- **Report Language Request – Class VI Injection Well Program:** "Within the Office of Ground Water and Drinking Water, the Committee recommends that the Agency review and provide a final decision on individual Class VI injection well applications within 18 months of having been deemed 'administratively complete' by the Underground Injection Control Program. Within 90 days of enactment, EPA will brief the Committee on how the UIC program intends to meet this timeline of review."

- Senate bill: *Not included

  **Note: Committee report did explicitly include concern regarding current processing timeline for Class VI well applications and directs EPA to brief the Committee on status of applications and associated processing timelines, consistent with the Coalition's FY23 appropriations request.*

- House bill: *Not included

  **Note: Committee report did include new language directing agency to improve efficiencies for greater predictability for applicants, consistent with Coalition rationale for 18-mo review timeline.*

Find a full readout of the House FY25 Appropriations bills here.

Find a full readout of the Senate FY25 Appropriations bills here.

- **Report Language Request – Finalize 45Q Guidance and Address Issues with Electing the Carbon Utilization Pathway:** "The Committee recognizes the important role carbon utilization technologies can play in achieving critical greenhouse gas emissions reductions. **In addition to issuing guidance on the most recent enhancements to the federal Section 45Q tax credit, the Department should finalize guidance associated with electing the federal Section 45Q tax credit under the utilization pathway, including addressing barriers to electing the credit.** Final guidance is necessary to provide clarity and certainty for carbon utilization project developers. The Committee further recommends that within final guidance, Treasury eliminate the current pre-approval requirement for lifecycle analysis (LCA) in Treas. Reg. § 1.45Q-4(c)(6) and instead give taxpayers an option to petition DOE for a technical review of an LCA as a risk management tool."
  - Senate bill: Not included
  - House bill: Not included

In June, the Coalition led a letter to House and Senate Appropriations Committee leaders detailing the Coalition's consensus FY25 appropriations requests. The letter more specifically focused on the need for robust funding for carbon management technologies at the DOE Office of Fossil Energy and Carbon Management.

Read the Senate letter here and the House letter here.

Additionally, to combat an effort in the House's version of the FY25 Energy and Water appropriations bill to reprogram $1.5 billion in funding appropriated by the Bipartisan Infrastructure Law for the **Carbon Dioxide Transport Infrastructure Finance and Innovation** (CIFIA) program to instead **be used for nuclear demonstrations**, the Coalition signed two separate letters to Appropriations Committee leaders urging Congress to protect this funding, and other funding managed by the DOE's Loans Program Office, for its intended use. You can find the first letter, which was sent in July of 2024 here, and the second letter, which was sent in December of 2024 here.

While the FY25 appropriations process is still ongoing, to the right is a chart of current funding levels for the four foundational carbon management programs at the DOE Office of Fossil Energy and Carbon Management. As the FY25 appropriations process wraps up, we will keep you updated on where our requests ultimately land.

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)

Adjustments to the 45Q Tax Credit

The 117th Congress provided consequential modifications to the federal Section 45Q tax credit necessary to see the adoption of carbon management technologies in numerous sectors, ranging from heavy industry to power and direct air capture. However, further adjustments to the credit will be necessary to maximize the number of sectors able to access the credit, retain the US' global leadership in deploying these technologies, and provide the greatest possible amount of greenhouse gas emissions reductions, as Congress intended. With this in mind, the Coalition dedicated much of our advocacy efforts in 2024 to socializing our two top tax-based priorities with Members of Congress in an effort to best position ourselves for what we anticipate will be a robust tax debate in 2025. This included:

- **Urging Congress to index the 45Q tax credit for inflation beginning immediately, using 2021 as a base index year to remain consistent with 2021 marker bills which formed the basis of the enhancements to the tax credit contained in the IRA; and**
- **Creating parity between credit levels for geologic storage and those associated with utilizing CO_2 as a feedstock in manufacturing valuable products.**

To aid in Coalition members' advocacy efforts for these two policies, Coalition staff developed several pieces of collateral and resources to effectively message Coalition consensus-based recommendations on 45Q inflation indexing and the Coalition-endorsed CCU Parity Act (S.542/H.R.1262), including:

- 45Q Inflation Adjustment Fact Sheet
- "Making the Case for Inflation Adjustment" Talking Points
- CCU Parity Act (S.542/H.R.1262) Fact Sheet
- "Making the Case for the CCU Parity Act" Talking Points

In anticipation of the 2025 expiration of the 2017 Tax Cuts and Jobs Act, over the summer House Ways and Means Republicans formed working groups to begin parsing out tax policy priorities as we approach the tax cliff. In June, Rep. Carol Miller (R-WV), Chairwoman of the Supply Chains Tax Team, provided a public forum for organizations to comment on various energy tax credits and incentives under consideration. Miller's staff noted that the goal of the exercise is for Republican Ways and Means members to better understand where, when, and how various energy investments across the country are being supported (or could be supported) by different parts of the tax code. With this in mind, the Coalition developed and submitted a comment letter to the tax team detailing the legislative and regulatory policies identified by the Coalition in our 2023 Federal Policy Blueprint.

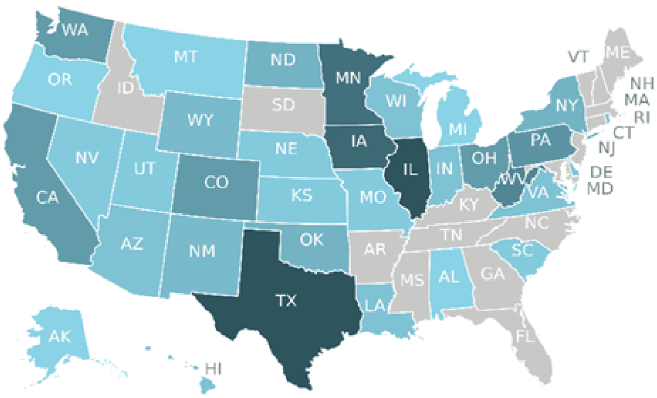
Federal Permitting

As negotiations around a federal permitting package progressed over the course of 2024, the legislative work group looked to utilize the Coalition's Guiding Principles for Permitting to engage in time-sensitive conversations. A document borne out of the collaboration of more than 60 member organizations, these principles focus on providing clarity, transparency, and efficiency to catalyze the safe, effective and responsible deployment of carbon management projects.

Using this document, in June, the legislative work group considered a proposal developed by a Coalition member organization that would establish an *optional* federal pathway for the siting and construction of carbon dioxide pipelines. The proposal, developed in response to the growing permitting challenges for CO_2 transport systems, mirrors and expands upon the Coalition's guiding principles for permitting. Following a work group meeting and a subsequent review period, staff heard *no objections* from legislative work group members regarding the Coalition endorsing the proposal. Thus, Coalition staff moved forward in sharing the Coalition's support of the legislative proposal with Member offices and staff of pertinent committees, including the Senate Energy and Natural Resources Committee, the House Energy and Commerce Committee, and the House Transportation and Infrastructure Committee, among others. At this time, the Coalition's endorsement does not contain a public-facing element but simply allows Coalition staff to share support for the proposal with pertinent committee staff and other key offices involved in conversations.

2024 Coalition Advocacy Efforts

The Carbon Capture Coalition thrives on Capitol Hill due to the diverse breadth of our membership and our ability to unite toward a common cause. **In 2024, Carbon Capture Coalition staff and members conducted more than 90 congressional meetings across both chambers and political parties, spanning 30 state delegations and 65 individual offices and committees.** These meetings ranged from advocating for our shared legislative priorities to providing basic education to offices about the importance of carbon management technologies as climate-essential tools and necessary policy levers to further drive deployment.



Thank you to each of you who have taken part in these meetings over the past year. Due to your engagement, we've been able to host two important events:

- The second-annual CCC fly-in in May 2024, focused on advancing the Coalition's top two tax-based policy priorities; and
- A congressional briefing focused on educating Hill staff on the full carbon management ecosystem.

In addition to Coalition efforts on Capitol Hill, the Coalition also engaged the presidential campaigns ahead of the November 2024 election. In October, the Coalition sent memos to the Trump campaign and the Harris campaign emphasizing the important role a strong carbon management policy framework will play in a broader domestic climate and energy policy portfolio and demonstrating carbon management's ability to convene a coalition of unlikely collaborators to forge durable, bipartisan policy solutions.

Find the memo to President Donald J. Trump's campaign here.

Find the memo to former Vice President Kamala Harris's campaign here.