



To: Carbon Capture Coalition Members

From: Carbon Capture Coalition

Date: 4/18/2023

Re: **2023 Federal Policy Blueprint Release Talking Points**

## **Opportunities in the 118th Congress**

- Carbon management technologies have **historically suffered from a significant lack of federal policy support** necessary to de-risk, develop, and make commercially available the technologies that make up the carbon management sectors. The previous Congress made historic investments to build upon previous bipartisan legislative accomplishments and growing momentum to advance the necessary policy framework to deploy the full suite of carbon management technologies. Building off this success, **the 118th Congress can reinforce and grow the role of American leadership** in the development and deployment of these technologies throughout the remainder of this decade. Therefore, it is **essential that bipartisan legislation** introduced this Congress **include key Coalition recommendations** advocated for in the blueprint.

## **Carbon Management as an Essential Suite of Technologies**

- As the U.S. continues to lead the charge on supportive policy levers to enable economywide deployment of these technologies, globally, the momentum and support for carbon management deployment is making similar strides. However, despite impressive advances in the sector over a short period of time, the **current pace of development is not on track to meet economywide decarbonization**, with carbon management needing to capture and store at 1.6 gigatons (billion tons) of CO<sub>2</sub> globally per year by 2030 and subsequently increasing to 7.6 gigatons per year by midcentury. These levels of **deployment will require additional policy, regulatory and legal frameworks** at the federal and state level, as well as **increased coordination** between project proponents, local communities, government, and stakeholders. While the remarkable progress achieved with the passage of legislation in the last Congress is an important start, we must continue building on this momentum if we are to meet the goals established in midcentury climate targets.

## **Carbon Management's Role in Addressing Climate Change and Air Quality**

- Modeling done by the United Nation's Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) to assess pathways to achieve 2050 climate goals **continues to reaffirm the essential role that economywide and dramatically accelerated commercial deployment of carbon management technologies must play in managing emissions** from existing **industrial facilities and power plants**, balancing emissions from **challenging-to-decarbonize sectors**, and **removing legacy CO<sub>2</sub> emissions** from the atmosphere.
- As the global leader in carbon management technology development, the **United States has a unique role to play in sharing resources, technology, and knowledge** of carbon management technologies worldwide, to ensure that low- and zero-carbon energy technologies are affordable and accessible as global economies set net-zero targets in motion. Furthermore, the US has an opportunity to export carbon management technologies to countries that continue to build infrastructure that will require carbon abatement to have any hope of meeting climate goals.
- While the primary objective of carbon management is to reduce and abate CO<sub>2</sub> emissions and mitigate the worst impacts of climate change, carbon capture and reuse at industrial facilities **may also result in the significant reduction of conventional air pollutant emissions**. Carbon capture retrofits at industry and power facilities should **prioritize reducing not only greenhouse gases but also these harmful criteria air pollutants** to provide **tangible air quality benefits to communities** in close proximity to these existing facilities.

## Carbon Management's Role in Preserving and Expanding a High Wage Jobs Space

- Widespread deployment of carbon management technologies at **industrial, power, and large-scale direct air capture facilities economywide** is an **essential tool to preserving and expanding a high-wage jobs base** in key sectors across almost every state in the nation.
- Rhodium Group found that **carbon capture retrofit opportunities at industrial and electric power facilities across a 21-state region have the potential to create 70,000 to 100,000 jobs per year over the next 15 years**. Up to nearly 20,000 additional jobs would be created per year over this period by the buildout of a regional and national network of CO<sub>2</sub> transport and storage infrastructure, recently enabled by the enactment of critical policy levers included in the Bipartisan Infrastructure Law.

## Ensuring Benefits Flow to Affected Communities and Workers

- As the U.S. prepares to deploy carbon management technologies at scale, **community considerations must be centered** in the deployment of the full value chain of carbon management technologies to ensure that benefits—in jobs, economic development, as well as potential co-benefits of project development—flow to the communities and workers that will host and build these diverse projects.
- One potential local benefit of carbon capture retrofits at industrial and power facilities is the **reduction of other kinds of pollution** in addition to CO<sub>2</sub> to **protect communities** from increases in cumulative pollution.

## The blueprint contains a comprehensive set of recommendations needed to rapidly deploy these technologies:

- **Ensure that the recently enacted supportive policy ecosystem for carbon management is properly implemented at the federal level.** Congress has made historic recent investments in carbon management with the enactment of the Bipartisan Infrastructure Law, the Inflation Reduction Act, and the CHIPS and Science Act to bolster federal investment in carbon management technologies and realize economies of scale. The Coalition looks forward to continuing to work with DOE, IRS, and EPA to ensure that implementation of these programs is timely, transparent, and consistent with legislative intent, to allow for project deployment to make significant progress in the next several years and put the carbon management industries on a pathway to achieve 2030 deployment goals.
- **Policies and mechanisms to further ensure that benefits from project development flow to affected communities and workers** through coordinated federal actions. This includes developing stakeholder engagement best practices, as well as data and analysis to support planning, siting, and transparent reporting mechanisms, to support providing direct community benefits and minimize potential risks from project deployment.
- **Demand-side policies** to incentivize commercial production of products and services sourced from carbon management projects. This includes developing monitoring standards and common frameworks for measuring the life cycle emission reductions from services and products sourced from direct air capture and products sourced from carbon reuse.
- **Provide federal resources for developing less commercially mature and next generation carbon management technologies.** Through long-term investments in carbon management technology innovation, the United States also has a once-in-a-generation opportunity to drive additional technological advancements, leading to a more efficient and effective carbon management sector that will further establish domestic leadership in affordable, reliable and exportable low- and zero-emissions technology development.
- **Complementary policies to existing laws and programs to strengthen the available portfolio of federal policy support**, to help close the cost gap between levels of financing available for project deployment and the necessary financing needed for first-of-a-kind projects or less commercially mature technologies.

- **Enable the appropriate transport and storage of CO<sub>2</sub> by swift and coordinated federal action.** Commercial-scale deployment of carbon management technologies requires a robust and responsible buildout of an interconnected, nationwide network of carbon dioxide transport and storage infrastructure. This buildout is multifaceted and requires policy mechanisms for CO<sub>2</sub> transport, geologic storage, and carbon reuse.

## What the blueprint Means for America

- The blueprint is more than just a set of principles, it's a guide to decarbonizing industry, preserving jobs and promoting economic development and accelerating environmental protection efforts necessary to ensure we meet midcentury climate goals.
- It is our hope that this blueprint will be used as a roadmap by congressional staff and regulators in determining the bipartisan, broad-based policies and regulations needed to advance the U.S. economy, protect our environment, and promote continued economic development.
- We are proud to endorse this blueprint and look forward to working with our colleagues and partners in the Carbon Capture Coalition to build bipartisan support for enactment of the policies and regulations it recommends.

## Coalition Near-term Legislative Priorities

Time and again, Congress has reinforced the important and dynamic role carbon management technologies will play in America's domestic energy and climate policy agenda. The 117th Congress alone provided the single largest investment in carbon management technologies to date, as well as the enactment of essential, bipartisan policies to strengthen the U.S.' leadership in deploying these technologies economywide. The Carbon Capture Coalition's *2023 Federal Policy Blueprint* aims to build upon these policy successes by providing a roadmap of targeted, pragmatic recommendations for the 118th Congress, to underpin and grow the role of American leadership in the development and deployment of these technologies throughout the remainder of this decade and beyond. Top near-term priorities for the Coalition include:

- **Resources for Next Generation Technology Deployment**
  - Increased funding for demonstration of industrial carbon capture activities authorized by the 2020 Energy Act.
  - Appropriations for relevant carbon management authorizations enacted by the CHIPS and Science Act.
  - Further buildout of federal funding and support for earlier scale carbon dioxide removal technologies.
  - Increased federal support for the development of robust monitoring, reporting, and verification protocols for the full suite of carbon management and carbon dioxide removal technology pathways.
- **Ensure Investment Certainty by Closing the Cost Gap**
  - Index 45Q for Inflation
  - Create Parity Between Carbon Utilization Credit Levels and Those Associated with Geologic Storage
  - Extend the Impact of a Direct Pay Mechanism to Cover Lifetime of 45Q Credit
- **Prioritize CO<sub>2</sub> Transport and Storage Infrastructure**
  - Provide Clarity for CO<sub>2</sub> Storage Projects on Federal Lands
  - Provide appropriate regulatory clarity for interstate construction of CO<sub>2</sub> transport projects

## 2023 Policy Blueprint Recommendations

### Implementing the Supportive Policy Ecosystem



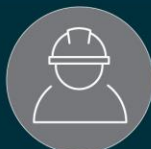
- Support swift and effective implementation of 45Q tax enhancements
- Ensure federal funding is timely, transparent, and in keeping with congressional intent
- Promulgate CO<sub>2</sub> storage regulations for federal lands

### Demand-Side Policies



- Develop a federal role in standardizing the marketplace
- Support purchasing of innovative carbon management products and services

### Jobs, Economic Development, and Affected Communities



- Leverage existing policy levers to expand support for jobs training
- Collect and disseminate information on air and environmental quality
- Provide technical assistance for community engagement

### Transport and Storage Infrastructure



- Support supplemental safety measures for CO<sub>2</sub> pipelines
- Provide clarity for CO<sub>2</sub> storage projects on federal lands
- Support implementation of Title 41 of the FAST Act
- Provide appropriate regulatory clarity for interstate construction

### Resources for Next Generation Technology Deployment



- Build upon momentum provided by federal demonstration programs
- Continue to scale federal funding for core carbon management activities
- Ensure the rapid scale-up of the carbon management industry

### Ensuring Investment Certainty



- Increase credit levels for carbon reuse for commercial products
- Index 45Q to inflation immediately to ensure carbon management's progress
- Provide clarity and certainty to the 45Q reuse pathway
- Catalyze the growth of a diverse carbon management industry
- Ensure the intended impact of the direct pay mechanism