



To: Carbon Capture Coalition Members  
From: Carbon Capture Coalition  
Date: 5/09/2023  
Re: **Tough Questions**

## **EPA Power Plant Rule**

- **Due to the wide-ranging membership of the Coalition, we have not reached a consensus-based opinion on the upcoming EPA power plant rule** – we will have to review the rules when they come out with the full breadth of our membership. Throughout our decade+ history, we've been focused on incentives, namely the 45Q tax credit, and other complementary policies that are absolutely necessary to drive down the cost of deploying the technology.
- That said, **our members agree that deploying carbon capture technologies in the power sector is absolutely critical to reduce emissions, provide affordable, reliable baseload power in a deeply decarbonized energy grid, as well as meet climate objectives.**
- Today, the power sector is responsible for approximately a quarter of U.S. greenhouse gases, and natural gas dominates these emissions. Natural gas power will be in the energy mix for decades. Even aggressive, high penetration renewable scenarios which show significant deployment of renewable resources in the next decade, we'll need firm, dispatchable power, which can be provided by carbon capture at natural gas power facilities.

## **Permitting / Class VI**

- Efficient and effective permitting timelines along with transparency of the federal environmental review process will be critical in scaling the carbon management industry at the pace necessary to keep up with anticipated project deployment incentivized by recent policy successes.
- The EPA Underground Injection Control Class VI injection wells program is an important piece of the regulatory puzzle in scaling up carbon management projects across the nation.
- For the past several years, **the Coalition has prioritized and successfully advocated for increased resources for the EPA's Underground Injection Control program**, which includes oversight of the Class VI well program. These resources are critical for EPA to adequately meet the anticipated increase in Class VI well permit applications in response to the significant restructuring of 45Q in the 2018 FUTURE Act, and most recently through further enhancements to the 45Q program in the Inflation Reduction Act. Timely and **effective Class VI permitting is one important component to scaling the carbon management industry at the pace required by midcentury climate targets.**
- Regardless, **we do know that standing up and staffing a regulatory program of this nature and complexity takes time.** The Bipartisan Infrastructure Law has now been in place for nearly 18 months, and we look forward to continuing to work with EPA to ensure that they are fully resourced to adequately and swiftly work with the growing number of project developers who are looking to apply for, and secure, Class VI permits in timeframes that enable successful project development.
- **We are certainly focused on ensuring these technologies have the right regulatory environment to scale,** and to that end, we're continuing the conversation with our incredibly diverse membership to identify potential areas of consensus in this broader conversation that's unfolding.

## **Cost to the Taxpayer**

- Thanks to the robust support for bipartisan carbon management policies last Congress, the U.S. now provides the most comprehensive federal policy support for the economywide deployment of carbon management technologies across the globe.

- In fact, the essential enhancements to the foundational 45Q tax credit signed into law last year were scored by the JCT at just over \$2 billion—less than one half of one percent of the estimated Inflation Reduction Act spending.
- 45Q is just good economic policy:
  - **Encourages domestic investment in clean energy:** By providing financial incentives to companies that invest in carbon management technology, the 45Q tax credit encourages investment in domestic clean energy—driving innovation in the energy sector.
  - **Reduces greenhouse gas emissions:** GHG emissions are a major contributor to climate change, and reducing these emissions is essential for mitigating the impact of global warming. By incentivizing companies to capture and store CO<sub>2</sub>, the 45Q tax credit helps to reduce the amount of carbon that is released into the atmosphere, or directly remove CO<sub>2</sub> already in the atmosphere.
  - **Increases energy security:** By promoting the development of clean energy technologies, the 45Q tax credit can help to increase energy security—reducing dependence on foreign sources of energy and improve national security.
  - **Promotes economic growth:** The development of carbon management and other low- and zero-carbon energy technologies promotes economic growth by creating new industries and job opportunities—sustaining the lifeblood of the American economy.
- Given the economic reality of project deployment, the carbon management industry has historically been focused on oil production, but the policy framework now in place dramatically shifts interest and the market toward secure geologic storage or conversion. Since the **2018 reform and expansion of the 45Q tax credit**, there have been more than **120 publicly announced projects** in the critical to decarbonize industry and power sectors, along with the direct air capture sector, that are in various phases of development.