2025 Federal Policy Blueprint
Next Generation Technology Development Work Group
Meeting #1
July 24, 2024

Summary:

On Wednesday, July 24, the Coalition's Next Generation Technology Development Work Group met for its first meeting of the 2025 Policy Blueprint drafting process. The meeting commenced with a welcome and an overview of shared background materials, including the agenda, background document, the Infrastructure Investment and Jobs Act (IIJA) Implementation document, and a proposal from a coalition member.

Announcements included an in-person Blueprint Meeting on October 7th, 2024, in Washington, DC. The discussion covered existing Coalition RDD&D policy positions, particularly around appropriations and IIJA implementation, and explored funding challenges and gaps. The group addressed ongoing implementation needs, priorities for the annual appropriations process, and the need for additional federal investments in various sectors. They also discussed specific proposals, such as providing DOE with explicit authority to provide input to stakeholders on lifecycle analysis (LCA) applications for utilization projects, and next steps, including key themes and potential follow-up meetings.

Key Next Steps:

- Please review the notes and background materials and reach out to Coalition staff **by September 2** to identify your organization's top 1 – 3 priorities.
- Please provide feedback on the LCA technical assistance proposal.

Meeting Notes:

- **Welcome and Overview of Work Group**
  - Background materials:
    - Agenda
    - Background Doc
    - IIJA Implementation Doc
    - Proposal from Coalition member
  - Additional Resources:

        - C: MIT and Harvard put out a Roosevelt Project report on steel decarbonization

- **Announcements**
    - In-person Blueprint Meeting: October 7th, 2024; Washington, DC
    - Will be sending Eventbrite registration soon.

- **Overview of Existing Coalition Policy Positions**
    - *Appropriations*
        - In context of this discussion, appropriated programs are a separate pot of money from infrastructure law. Specifically, FECM receives funding annually through the appropriations process for base programs, whereas most BIL funding is only authorized through 2025/2026.
        - Historically, the Coalition has engaged on RDD&D funding through annual appropriations requests and our efforts around innovation funding (i.e., the Energy Act of 2020).
        - Coalition has consistently worked to protect and build upon core carbon management funding at FECM. Coalition has tried to be more intentional in requests where there may be funding gaps. Challenge participants to think of appropriations in this context and broader R&D funding.
    - *BIL Implementation*
        - BIL has appropriations for over $12 billion across 10 different carbon management programs which were authorized initially under 2020 Energy Act.
            - Being selected doesn't necessarily mean the amount has been awarded, an important distinction.
        - Coalition staff prepared a spreadsheet of all projects selected or awarded under each program/FOA.
        - Currently, DOE has only made $8.5 billion available, but only $0.4 billion has reached projects. WG participants spent a significant amount of time discussing the impact of delays in award negotiations on project deployment.

- **Framing Questions for Discussion**
    - **Questions**
        - What are the ongoing implementation needs for BIL funding?

- Over the next two years, what are some of our highest priorities for the annual appropriations process?
- What sectors require additional federal investments beyond what is allocated through BIL?

- **Discussion**
  - Might be useful to have conversations with folks actually in these programs (on the recipient or DOE end) about how these processes have actually gone and what funding has actually been allocated.
  - Beyond defense of existing programs, what needs funding in the future; sectors like cement, other next-gen ideas. What would we want in a future Energy Act?
  - C: Would also emphasize timing, those gaps between selection and getting contracts in place are becoming quite protracted. One project developer mentioned draft CarbonSAFE project took over 400 days, some can take over 500. Need to acknowledge that if DOE can't give reasonable funding timelines, they're not a reliable business partner. Not everyone has the balance sheets to sit around waiting on contracts for multiple years. We run a real risk with investors, that the only people who can do these projects are companies which can wait multiple years for DOE funding. Ultimately, that will diminish the diversity of the CCS industry.
    - C: DOE needs additional staffing resources through appropriations to address. A lot of new programs and projects have been thrown at them.
    - C: OCED is getting a reputation for moving goalposts, some think there's not real motivation to get these contracts across the line. Companies are being much more judicious about how they plan for DOE funding from now on.
  - C: As we're thinking of the next Blueprint, need to double down on educating members of Congress that basic RD&D is great but actual deployment also super important. Why spend billions on research if we can't deploy these technologies? Need to hammer home the deployment part of RDD&D.
  - C: Is there a common position we can state that DOE, especially OCED, needs the resources to actually carry out its work and that's a topline position? To request the appropriate amount?
    - C: Definitely a good one, would also include FECM.

        - C: Also need to hire and staff up the resources even with full funding is important.
        - C: When we talk about this, we need to talk about it in the broader context of competitiveness of the US industry. Not just funding for climate programs but also in terms of competitiveness of the US industry.
            - C: Historically, we've only talk about this in the context of our appropriations work, but can should weave this theme into our communications and the blueprint.
- C: There are gaps in particular industries, particularly steel according to new research. CATF plans to publish blog on this in next couple weeks.
    - C: Talked about how if we're going to get to Nth-of-kind projects across industrial sectors, the amount of funding is not enough, we need to start building broader case for more demonstration funding especially for heavy industry.
- Q: Seems like there's an assumption here that getting to 3 or 4 demonstrations is the level where costs will start falling. Can you explain that?
    - A: That's the assumption. Comes from the literature on project funding.
        - C: If doing relatively identical projects you'd see that, but demos across different technologies won't necessarily benefit from those cost savings. We will also see some costs go down as systems deploy but will probably see higher longer-term costs than people have been calculating, due to inflation and the rising costs of materials.
        - C: Could be useful to identify common technologies in spaces that still require traditional R&D. There's some basic research that needs to be done which will contribute to lowering costs.
            - C: One concern is that opposition to CCUS is continuing to mount, a lot of EJ groups are starting to write off carbon management. Need to get people to see different technologies with different upsides and downsides, get alternative techs in front of stakeholders.

        - Q: Are there lower-cost asks/needs (like FEED studies) where an outsized impact could be made, lower-cost buckets that would be good to identify in advocating for DOE funding?
            - C: Tough because things like more FEED studies would be useful but not if it's going to be years and years in the future since getting funding from DOE has been slow. If DOE's not a reliable partner, we need to find other ways to fund these studies.
                - C: Wonder if there's a way to design a more quickly operable DOE FEED study program.

- **Proposals from Members**
    - LCA technical assistance proposal
        - **Proposal Summary: Formal program at DOE to work with companies in mid- to late-stages of project development, to provide technical assistance for lifecycle analyses so they can more likely be approved by IRS.** The need for such a program comes from DOE claiming they lack authority to engage with project developers, since they are only involved in LCA review by collaborating with IRS.
            - 45Q is difficult to access for utilization projects due to preapproval requirement in 45Q guidance, which requires Treasury to preapprove lifecycle analysis. Feedback received that they want actual data to be used for the LCA, which is essentially requiring developers to build their projects before they can access 45Q credits.
                - C: DOE and FECM don't feel like they have authority to talk to anyone who's submitted LCAs and give them feedback, this just gives them the ability to provide that feedback. DOE is claiming IRS is tying their hands on contacting applicants. DOE bit of a black box here.
        - Desire to make LCA program and DOE guidance more accessible
            - C: One correction in wording, they aren't doing preapprovals ever, they only do approvals or not in tax filing year so even worse. Like the idea since it doesn't cost a lot of money, if nothing else to give us something to talk about.
            - C: One small issue to talk through is that this requires a completed FEED study, would suggest tweaking the

language to allow earlier stages to apply for such a technical assistance program.

- C: If this is something in regulations, could it be done through appropriations report language?
    - C: It could be, the Coalition tried this year to get rid of the preapproval requirement through Treasury, but so far, that effort has not been successful in getting into Senate or House Committee reports.
    - C: Even if preapproval is taken out, there is still utility in companies having access to this kind of resource.
    - Q: Has there been any thinking on what an annual appropriations level for this would be?
        - A: Would be a conversation with the committee and DOE, though this proposal would likely start with an authorization.

- **Next Generation Pipeline Research and Development Act** (includes carbon pipelines) would create DOE research initiative and create cross agency efforts. The bill passed the House Science, Space, and Technology Committee in March, waiting for time on the suspension calendar. Looking for Senate sponsors, could be something to keep an eye out for in the next Congress.
- We should think about if we get to next year and there's an Energy Act of 2025, what do we want what's our basket? It is important that we are not left out if/when those conversations happen.

Key Themes identified during discussion:

- Need to double down on education regarding the role of RDD&D in American competitiveness.
- Discussion of staffing and funding pace at DOE.
- Further workshopping areas needing future innovation work and basic R&D, including heavy industry.