CARBON CAPTURE IMPACT

Carbon Capture Impact Statement for the Record
United States Senate Committee on Environment and Public Works Committee
Hearing: "Examine the Federal Environmental Review and Permitting Processes, Part II"
January 28, 2026

Introduction

Carbon Capture Impact (Impact) appreciates the opportunity to submit this statement for the record to the US Senate Environment and Public Works Committee for the January 28, 2026, hearing to examine the federal environmental review and permitting processes. Impact supports bipartisan efforts to modernize American permitting frameworks so critical infrastructure can be reviewed efficiently, transparently, and with strong environmental and public safety protections.

Carbon management technologies, including carbon capture, removal, utilization, transport, and storage, are an enabling technology platform for the production of cleaner energy and materials. Taken together, they are essential tools in a broader federal strategy to strengthen domestic energy security, improve air quality, bolster American technology leadership, and deliver well-paying jobs that families and local communities depend on.

As the domestic carbon management industry scales, these tangible benefits depend on the predictable implementation of enacted laws and an efficient, timely permitting system. This includes the timely and efficient review of the Environmental Protection Agency's (EPA) Underground Injection Control (UIC) Class VI well applications, and clear, modern safety and permitting frameworks for CO_2 pipelines.

About Us

Carbon Capture Impact is the premier national advocacy organization to advance common-sense federal policy solutions for the nationwide deployment of carbon management technologies. An allied initiative of the Carbon Capture Coalition, Impact amplifies the voices of a broad network of advocates representing nearly every facet of the carbon management industry and stakeholder community.

Existing Federal Framework of Carbon Management Project Deployment

For more than a decade, Congress has reinforced American leadership in carbon management technology, enacting a strong policy framework to catalyze the deployment of these essential technologies. Key milestones include critical bipartisan reforms and enhancements to the federal Section 45Q tax credit, prioritization of the buildout of transport and storage infrastructure through the enactment of the SCALE Act, and the enactment of the USE IT Act, which established two federal task forces to improve carbon management permitting and project delivery. Collectively, these improvements have set the stage for the world's most robust policy

framework, reinforcing America as the global leader in the development and deployment of these technologies.

Critically, this framework relies on coordinated implementation across agencies. EPA's permitting authorities, the US Department of the Treasury's administration of 45Q, and the Pipeline and Hazardous Materials Safety Administration (PHMSA)'s pipeline safety oversight work together to form the connective tissue of carbon management deployment. Permitting delays or regulatory uncertainty in any one area ripples across projects, financing, and timelines.

Challenges to Deployment

Despite this strong foundation that has launched the industry toward commercial deployment, the sectors that make up the carbon management value chain face significant headwinds in maturing and deploying the technologies nationwide. Current challenges include an increasing gap between available financing and costs of capital, as well as delays and uncertainty in the permitting process for transport and storage infrastructure. As a result, the federal supportive framework currently in place should mark the beginning, not the end, of efforts to build a durable, comprehensive portfolio of policies that enable timely permitting, attract sustained private investment, and support the efficient deployment of carbon management technologies at scale.

Project Financing

The federal Section 45Q tax credit is an essential, market-based tool to catalyze private investment in carbon management projects that strengthen domestic energy production, reduce emissions intensity, and provide family-sustaining jobs in energy and industrial communities. Its effectiveness is demonstrated by more than **$77 billion in capital investment** already committed by project developers across near-term and operating projects nationwide. However, project financing is increasingly sensitive to permitting timelines and regulatory predictability. Inflationary pressures, high interest rates, and rising construction costs magnify the cost of delay, particularly for more capital-intensive sectors, including coal and natural gas-fired power generation, diverse industrial sectors such as steel, cement, basic chemicals, and fertilizer, and direct air capture. **Announced projects within these sectors constitute more than half the total number of domestic project announcements to date**.

Permitting Transport and Storage Infrastructure

Class VI well applications and state primacy review timelines

The EPA's Underground Injection Control (UIC) program oversees federal permitting of secure geologic storage through its Class II and Class VI well programs. The EPA tailored the Class VI program rules to specifically address the permanent storage of CO_2 and ensure that wells are appropriately sited, constructed, tested, monitored, funded, and closed once injection activities are completed. Additionally, the EPA can grant primary enforcement authority (also known as primacy) to individual states, territories, or Tribal nations, which delegate authority to administer certain injection well classes under the UIC program in accordance with federal regulations.

Project developers looking to store CO_2 securely underground in appropriate geologic formations must obtain permits to construct Class VI wells from the EPA or the relevant state, territory, or Tribal Nation that has been granted primacy by the EPA.

The queue of federal Class VI injection well permit applications under review at EPA is ever-growing. As of January 2026, that queue includes 53 projects with a total of 206 well applications across 13 states, all under review by the agency (these figures do not include projects under review by states with primacy). While EPA has publicly stated its commitment to a 24-month application review process, around 16 percent of the projects under review are now past that mark. Extended review periods or uncertainty in the review timeline increase costs, delay construction, and undermine project financing. The historic lack of progress at the federal level in processing these applications underscores the need for predictable, timely review of Class VI well permit and state primacy applications.

Federal siting authority for interstate CO_2 pipelines

Robust infrastructure to safely transport and securely store captured CO_2 in geologic formations is an essential component of any broader energy and environment strategy. It is estimated that domestic CO_2 transport and storage infrastructure will need to expand by 25,000 to 65,000 miles to enable the economywide deployment of carbon capture technologies. For comparison, nearly 385,000 miles of operational pipelines in the US currently carry petroleum, natural gas, oil, and other products. Unlike natural gas pipelines, which have federal siting authority, the siting and permitting of interstate CO_2 pipelines currently occurs on a state-by-state basis, subject to regulations put forth by states impacted by their construction.

Carbon capture, removal, reuse, transport, and storage projects and associated infrastructure must be responsibly deployed at the pace and speed of growing investor and developer interest in these technologies. In its current state, the available framework is falling short, causing delays in siting and construction of interstate CO_2 pipelines and in permitting geologic storage wells. In some cases, these delays have led to the wholesale cancellation of projects.

Regulatory Uncertainty

Retaining the utility of the Environmental Protection Agency's (EPA) greenhouse gas reporting program (GHGRP) is vital to carbon management project deployment

EPA established the GHGRP in 2009 in response to clear congressional direction from the 2008 and 2009 appropriations packages to develop and publish a rule requiring mandatory reporting of greenhouse gas emissions above appropriate thresholds across all sectors of the United States economy. The program provides timely, credible greenhouse gas data reporting across the US economy, supporting decision-making within American businesses and our trading partners who purchase reliable, affordable, and increasingly clean supplies of American energy and products. Most relevant to the issue of project deployment, taxpayers are required to use Subpart RR of the GHGRP in claiming the federal Section 45Q tax credit for carbon oxide sequestration, and EPA-

approved monitoring, reporting, and verification (MRV) plans are relied upon by regulators and investors to demonstrate secure geologic storage.

In 2025, EPA announced its intent to repeal the GHGRP, injecting significant uncertainty into an industry that was poised to rapidly deploy. Regulations promulgated by the Treasury require taxpayers claiming the 45Q tax credit for secure geologic storage to demonstrate the amount of CO_2 stored using the GHGRP reporting mechanism, which provides important public transparency and accountability for the tax credit. Today, these reporting mechanisms enjoy broad support and buy-in across the carbon management industry and stakeholder community. As stated in the Carbon Capture Coalition's comment on EPA's proposed repeal, the GHGRP, along with the Class VI injection well program, serves as the regulatory backbone of the carbon management industry, underpinning the integrity, transparency, and accountability of the 45Q tax credit in the United States. By rescinding a program inextricably linked to the election of the federal Section 45Q tax credit, this proposed rule endangers the more than $77 billion in investments by American businesses in these technologies nationwide.

The Pipeline and Hazardous Materials Safety Administration (PHMSA) must release updated safety guidelines for CO_2 pipelines

The carbon management industry has grown significantly in size and scope since the agency promulgated CO_2 pipeline safety regulations in 2004. Today, more than 5,000 miles of CO_2 pipelines operate safely across this country. Robust policies that reinforce the safe and efficient expansion of CO_2 pipeline infrastructure nationwide are instrumental in ensuring abundant American energy and manufacturing, while promoting American leadership in the carbon management sector globally. As industry continues to scale this critical infrastructure, modernizing safety regulations would bolster public and policymaker confidence in these systems that are essential to supporting abundant American energy and strengthening American global competitiveness.

PHMSA's safety regulations, including its integrity management criteria for conducting pipeline repairs, have not been updated since PHMSA's creation in 2004. As such, they do not fully incorporate considerations made possible by new technologies or newly identified industry best practices. Impact supports rigorous safety design, inspection, and maintenance protocols associated with carbon capture, transport, and storage infrastructure. Given the industry's maturation, Impact members have signaled overwhelming support for modernizing the nation's safety regulations for CO_2 pipelines. Safety regulations not only enhance public confidence in the reliability of CO_2 pipeline networks, but they also provide long-overdue regulatory certainty to project developers. Furthermore, updated safety regulations play a critical role in promoting public understanding around carbon management projects. Carbon management stakeholders more broadly align on these points because, overwhelmingly, they desire consistency in addition to further guidance on compliance.

Recommendations

As Congress continues to consider pragmatic reforms to the nation's permitting regime, Carbon Capture Impact makes the following recommendations to catalyze the responsible, efficient deployment of carbon management technologies:

- **Establish an optional pathway for federal siting authority for interstate CO_2 pipelines** to enable the efficient and responsible build-out of the necessary CO_2 pipeline network to achieve deployment goals.
    - Current and future CO_2 pipelines that are well served by the current state-by-state regulatory siting authority should be allowed to continue under the current state-by-state process.
- **Encourage EPA to commit to reviewing and providing final decisions on individual Class VI injection well applications within 18 months** of those applications having been deemed "administratively complete."
- As PHMSA considers additional commonsense safety measures for CO_2 pipelines, **Impact makes the following recommendations**:
    - Expand first responder training for CO_2 pipeline safety incidents;
    - Require project proponents to more rigorously consider potential geohazard impacts on CO_2 pipelines during design, siting, construction, and maintenance;
    - Request that PHMSA conduct additional reporting on the public safety record of CO_2 pipelines.
- **Encourage EPA not to repeal the GHGRP** without an appropriate alternative regulatory mechanism available for taxpayers to claim 45Q.

Conclusion

The American carbon management industry depends on modern, predictable permitting systems that protect public safety while enabling timely infrastructure development. Clear timelines, updated safety standards, and regulatory certainty will accelerate investment and ensure accountability. As such, Carbon Capture Impact urges the Committee to consider the recommendations above and work with agency staff to implement them as soon as practicable. To that end, our members stand ready to assist the Committee in this work and look forward to being a resource to Members as they explore legislative solutions to strengthen and reform the country's permitting system.

Should you have any questions about anything outlined in this statement, please contact Madelyn Morrison, Director of Government Affairs, Carbon Capture Impact (mmorrison@carboncaptureimpact.org).