



CARBON CAPTURE IMPACT

FY2027 Appropriations Requests and Rationale

Reflecting on the outcomes of carbon management appropriations priorities in the last two appropriations cycles, Carbon Capture Impact has prepared three targeted appropriations requests for Fiscal Year 2027 that address critical near-term carbon management priorities at the US Department of Energy and the US Environmental Protection Agency.

Broadly, our priorities for the FY2027 appropriations cycle are to:

- **Rebuild funding support for core programmatic activities at DOE:** Annual foundational research, development, and demonstration (RD&D) funding for carbon management programmatic activities at the US Department of Energy has seen a marked downturn since the enactment of the Infrastructure Investment and Jobs Act, which provided a historic level of funding for demonstration and deployment activities. Core carbon management research and development programs managed by the Office of Hydrocarbons and Geothermal Energy remain a key pillar to **drive innovation, reduce costs, and improve the performance** of carbon capture, removal, utilization, transport, and storage technologies. The absence of robust, sustained federal funding causes delays in the development and deployment of these technologies, slowing progress toward American energy abundance and stifling American companies' ability to compete in global markets.
- **Provide robust federal resources to support the timely review of Class VI applications in a predictable timeframe:** Class VI well permits are the linchpin to scaling saline geologic storage at levels necessary to keep pace with the demand of the rapidly growing carbon management industry. To process these permit applications efficiently and effectively, EPA requires robust, sustained funding to support staffing, technical capacity, and program implementation. Predictable processes and timelines for reviewing permitting applications are critical to maintaining investor confidence in a project's ability to reach final investment decision (FID).
- **Provide federal resources to State and Tribal entities that have primary enforcement authority over Class VI injection wells:** Six states currently have primary enforcement authority (primacy) over the regulation of Class VI injection wells (North Dakota, Wyoming, Louisiana, West Virginia, Arizona, and Texas), which has partially helped to relieve the burden of well application review at the federal level. However, as demand for Class VI permits continues to accelerate, these states require the necessary resources to assist in standing up a robust primacy program. Funding dedicated to states that have been granted Class VI primacy would ensure that state and federal regulators have durable capacity to safely and efficiently permit geologic storage projects, reducing bottlenecks, and ensuring state and federal Class VI processes work as complementary programs.

1. Programmatic Funding Request – Coal and Carbon Utilization

Request level: \$359,000,000 for “Coal and Carbon Utilization” at the Hydrocarbons and Geothermal Energy Office (HGEO); \$50,000,000 increase over FY26-enacted levels.

Rationale: Robust, sustained funding levels for foundational RD&D programs at the Department of Energy (DOE) are crucial to maintaining a strong American carbon management industry. **This request represents a 17 percent increase over the FY26-enacted levels for all core carbon management RD&D funding programs at DOE, including carbon capture, carbon utilization, carbon dioxide removal, and carbon transport and storage.** Research and development programs managed by the Hydrocarbons and Geothermal Energy Office remain a key pillar to **drive innovation, reduce costs, and improve the performance** of carbon capture, removal, utilization, transport, and storage technologies. The requested funding levels are designed to keep pace with the rapidly growing industry while providing DOE the necessary tools and staffing to see the various carbon management programs under their purview scale to foster American energy and industrial production, protect and expand a high-wage job base, and maintain the US's global leadership in the development and deployment of these technologies.

2. Programmatic Funding Request – Class VI Injection Well Program

Request level: \$6,800,000 for the Underground Injection Program's work on Class VI injection wells at the Environmental Protection Agency, including not less than \$1,800,000 for regulator education and training; in line with FY26-enacted levels.

Rationale: Class VI injection wells administered by the Environmental Protection Agency's (EPA) Underground Injection Control (UIC) Program are the linchpin to ensuring that saline geologic storage can scale to meet anticipated storage demand from the now more than 288 announced projects across all phases of development; the majority of which are intending to store captured CO₂ in Class VI wells. While EPA has signaled that they intend to review and make determinations on completed applications within two years of receipt in a report to Congress in 2022, securing an EPA Class VI permit for secure geologic storage of captured CO₂ can take several years; what is inherently lacking from the process is certainty for project developers to move forward on various pieces of project development and deployment. This uncertainty can place carbon management projects at greater risk of missing key project deadlines, including securing financing, as well as other necessary components of project development like project planning and engineering. Not only rigorous but also timely and predictable review and decision-making on Class VI well applications are pivotal to providing the certainty needed to encourage necessary private investment and catalyze the deployment of this industry. **It remains paramount that the EPA has robust, sustained funding to implement the mission-critical Class VI program and process applications for both individual well permits and state primacy applications.**

3. Programmatic Funding + Report Language Request – States and Tribal Assistance Grants; Categorical Grant: Underground Injection Control (UIC)

Request topline: \$17,294,000 for Categorical Grant: Underground Injection Control (UIC); And specifically, \$5,000,000 for the Agency to award grants to States that have received EPA approval for primary enforcement authority over Class VI wells to support ongoing program implementation activities, including permitting, staffing, technical capacity, and data management.

Report language: Of the increase provided, the Committee directs no less than \$5,000,000 for the Agency to award grants to States to support the development, implementation, and ongoing administration of UIC Class VI programs for the geologic sequestration of carbon dioxide. The funds shall be made available to States, Tribes, and Territories that have received EPA approval for primary enforcement authority over Class VI injection wells under SDWA section 1422, to support ongoing program implementation activities, including permitting, staffing, technical capacity, and data management.

Rationale: The Infrastructure Investment and Jobs Act (IIJA) provided funding for states to apply for primary enforcement authority over Class VI well programs (approximately \$10 million per year, FY22-26). While this investment was designed to assist states in drafting and submitting Class VI applications and build initial regulatory capacity, demand for Class VI permits has accelerated significantly due to the scale up of carbon capture, DAC, and storage programs. Class VI permitting programs are not a one-time start-up effort, and states with Class VI primacy are managing a rapid influx of applications while simultaneously building the capacity to staff and execute Class VI programs. These state-led programs require sustained staffing, technical expertise, data systems, and ongoing regulatory oversight. Without additional federal support for both EPA's internal review capacity and state implementation of Class VI programs, permitting timelines will remain a bottleneck, delaying private investment, infrastructure deployment, and associated economic benefits. The funding ensures that federal and state regulators have durable capacity to safely and efficiently permit geologic storage projects as Congress intended until state-led Class VI programs are adequately staffed and established.