

Maintaining a Strong American Carbon Management Industry

March 19, 2026



CARBON CAPTURE
IMPACT

About Carbon Capture Impact

Who We Are

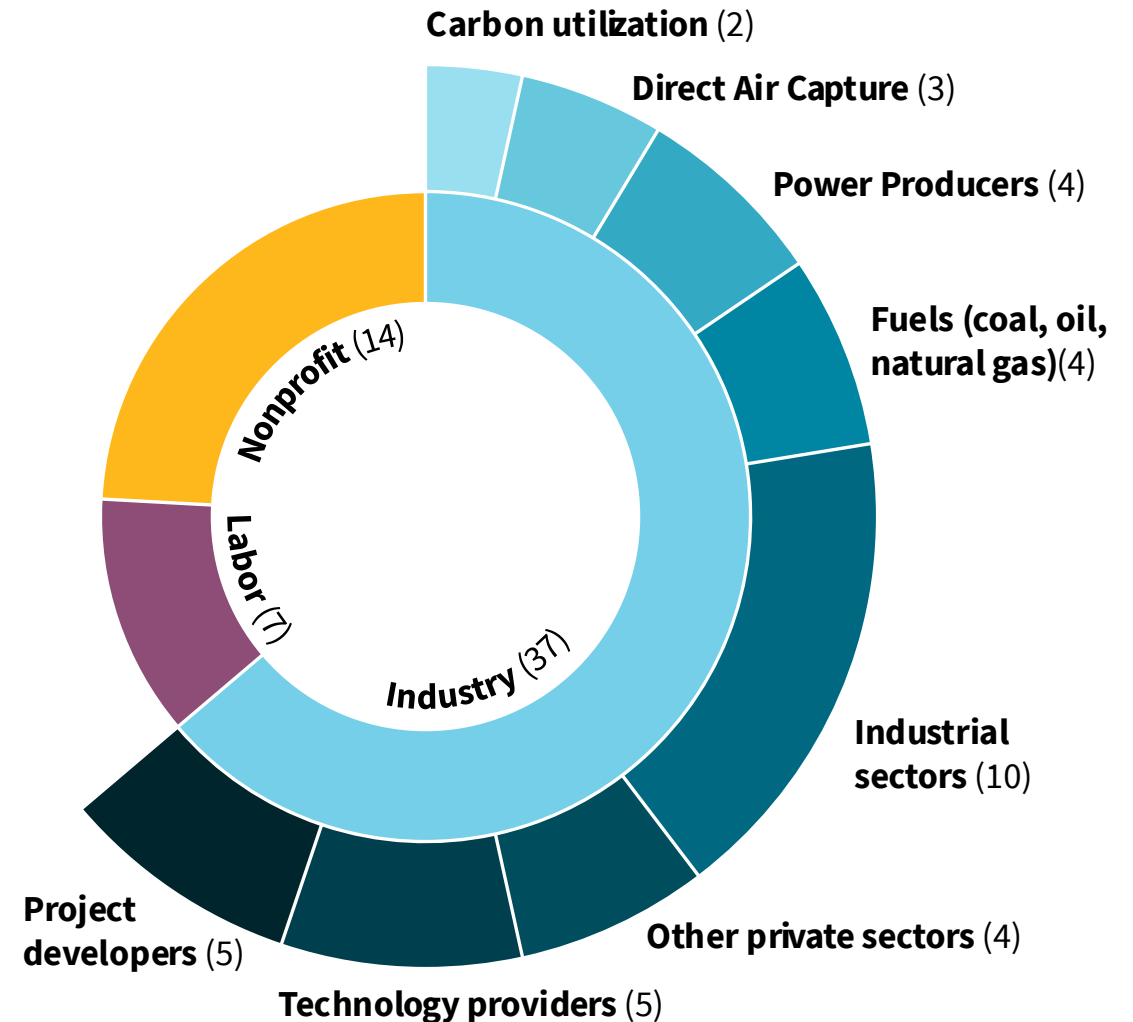
A sister initiative of the Carbon Capture Coalition, Impact amplifies the voices of a broad, far-reaching network of advocates representing nearly every facet of the carbon management industry and stakeholder community.

Vision

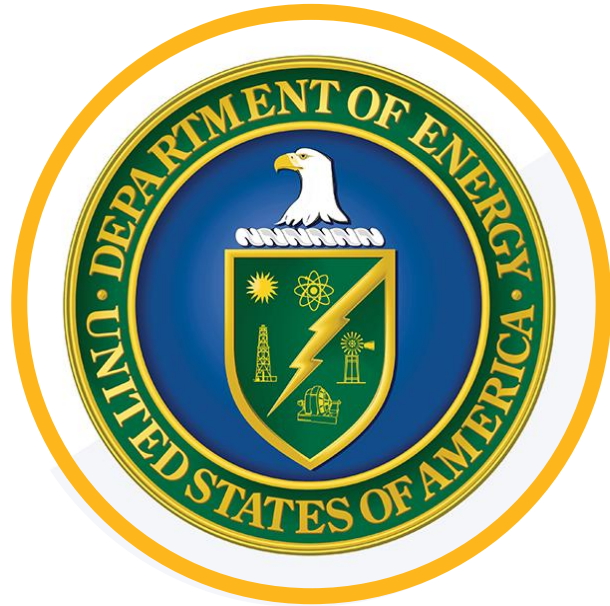
Carbon management technologies are a widely deployed emissions abatement strategy.

Mission

Carbon Capture Impact engages with bipartisan lawmakers to enact and implement the supportive portfolio of federal policies that enable the nationwide deployment of carbon management technologies.



Key federal agencies



**US Department
of Energy**



**US Department
of the Treasury**

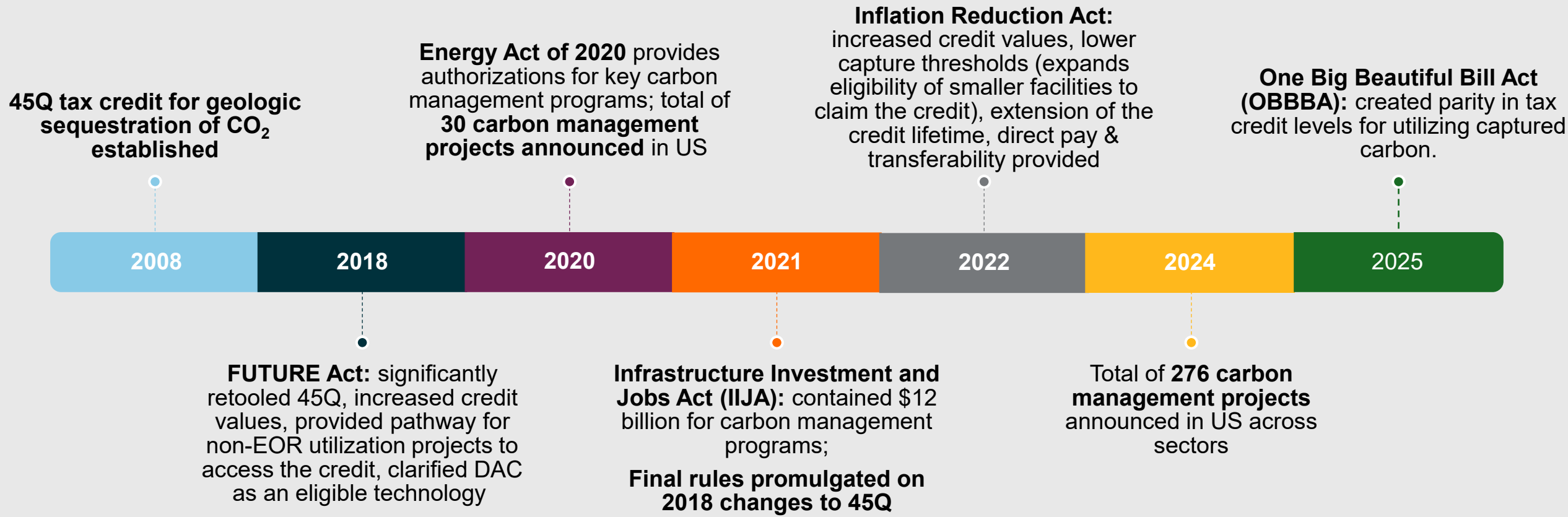


**US Environmental
Protection Agency**



**US Department of
Transportation**

Evolution of carbon management federal policy



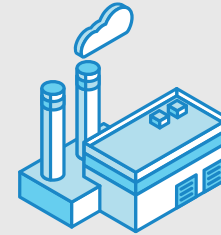
Federal framework driving deployment



45Q tax credit
& regulations



EPA Class VI Injection
Well Permitting &
State Primacy



DOE Research,
Development,
Demonstration and
Deployment Programs

Recent Federal Actions:

- DOE Project Cancellations
- EPA grants primacy to WV, AZ, and TX
- Proposed repeal of EPA Greenhouse Gas Reporting Program
- Treasury provides interim guidance to taxpayers to enable electing the 45Q tax credit for tax year 2025

Eligibility to claim the 45Q tax credit

The party eligible to claim the tax credit must:

- Own the capture equipment
- Physically or contractually ensure the storage or reuse of the carbon oxide
- May elect to transfer the credit to another taxpaying entity

Annual carbon capture thresholds determine the eligibility of different types of facilities for the credit.

Direct Air Capture Facilities	Industrial Facilities	Electric Generating Units
1,000 +	12,500 +	18,750 +

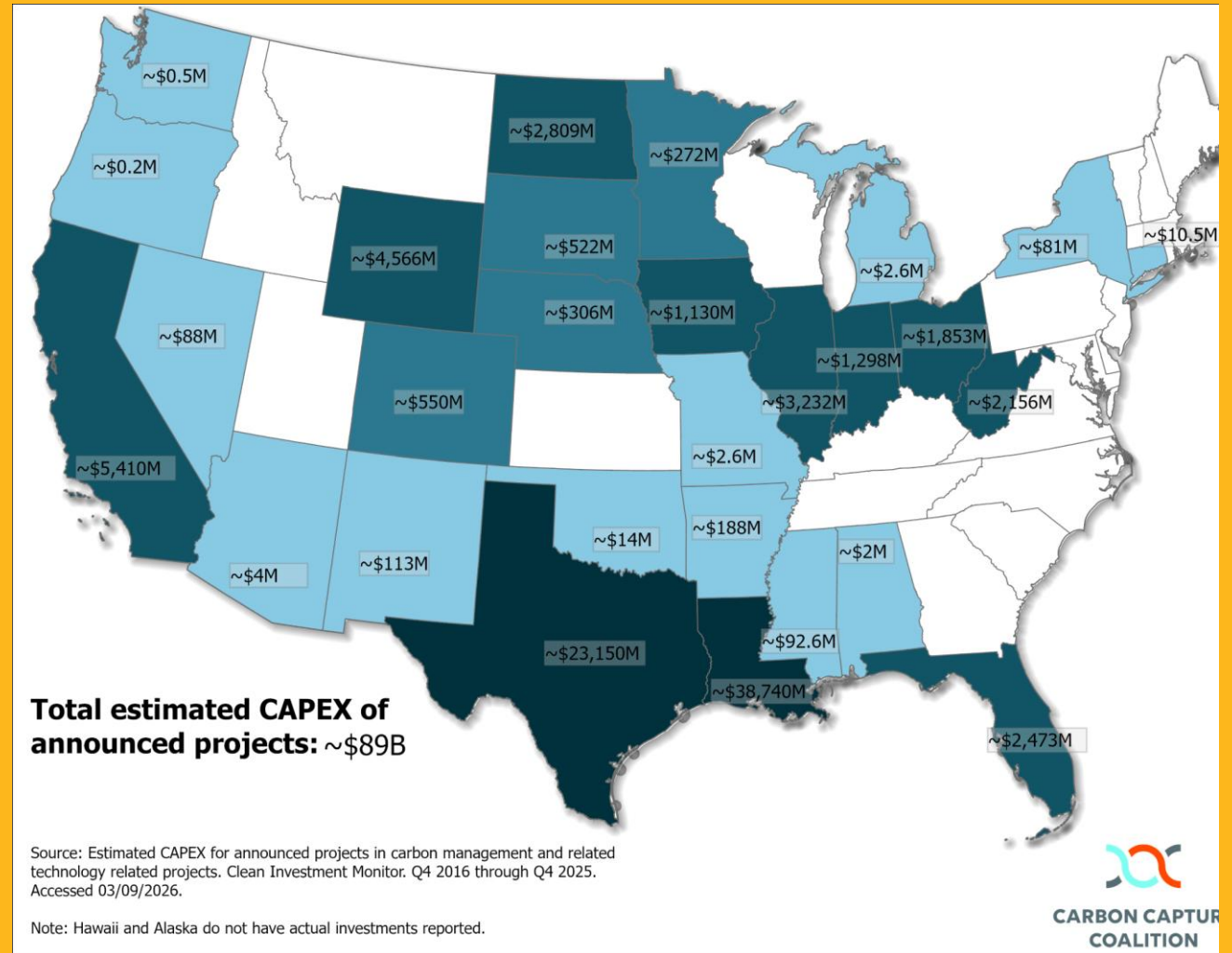
**Capture thresholds listed in Metric Tons of CO₂/CO Captured*

45Q Tax Credit Level: Depends on Project Type

	Dedicated storage of CO ₂ in saline or other geologic formations	Carbon reuse projects to convert carbon into useful products (e.g., fuels, chemicals, products)	Secure geologic storage of CO ₂ in oil and gas fields
Industry & Power	\$85/metric ton	\$85/metric ton	\$85/metric ton
Direct Air Capture	\$180/metric ton	\$180/metric ton	\$180/metric ton

Federal Policy Framework is Driving Investments

- 45Q is a key economic driver across the country, with project announcements already translating to roughly **\$89 billion in combined private and federal investment across states and regions** since 2016.
- These federal and private domestic investments are key to driving US leadership in carbon management innovation and creating and sustaining jobs for American families.



Current challenges

- GHGRP repeal presents unprecedented regulatory uncertainty
- Inflation means 45Q values are falling short for power and heavy industry
- DOE project cancellations threaten public-private partnership between federal government and industry
- Class VI well permitting timelines
- Patchwork of state permitting regimes for siting and constructing CO₂ pipelines



GHGRP repeal = regulatory uncertainty

45Q relies on GHGRP:

- 45Q is unique in that it is a tax credit underpinned by a separate regulatory program, the GHGRP.
- Facilities must report amounts of captured CO₂ geologically stored, either through EOR or in saline aquifers, under GHGRP to claim 45Q.
- Companies use GHGRP to quantify emissions and demonstrate carbon intensity for export markets.
- GHGRP's relevant subparts promote public transparency and stewardship of taxpayer dollars for volumes of CO₂ captured and stored.

Potential solutions:

Congress could establish an alternative reporting program housed at another agency

- Requires taxpayers to report volumes of CO₂ geologically stored
- Provides reporting oversight
- Taxpayers would provide this information to IRS

Treasury and IRS could extend interim guidance beyond tax year 2025

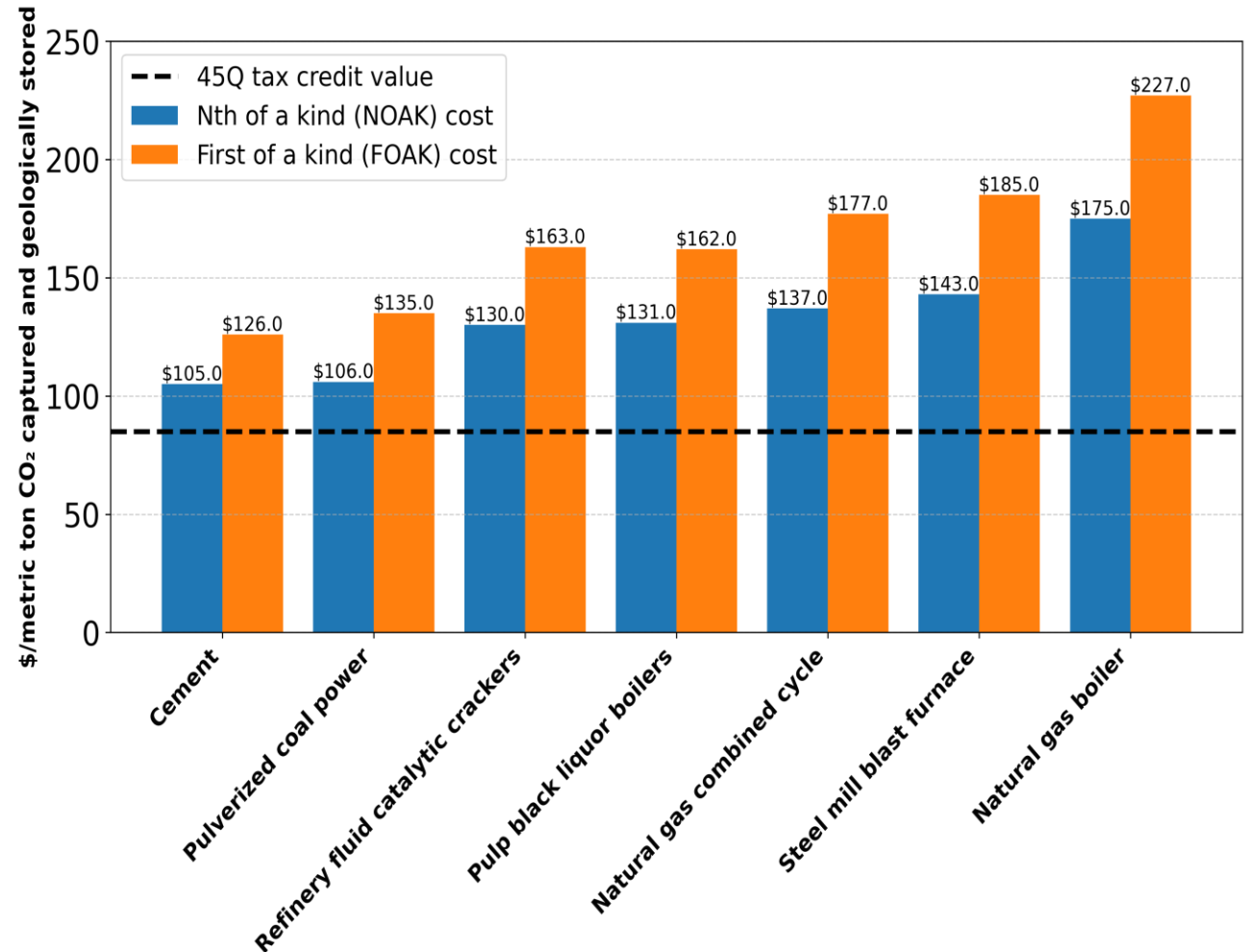
- Would provide a safe harbor until the Treasury and IRS issue guidance
- Treasury needs to allow EOR operators to continue opting into Subpart RR
- Taxpayers would substantiate reporting using third-party verification
- Would not contain public transparency mechanisms

EPA could make carbon management subparts voluntary

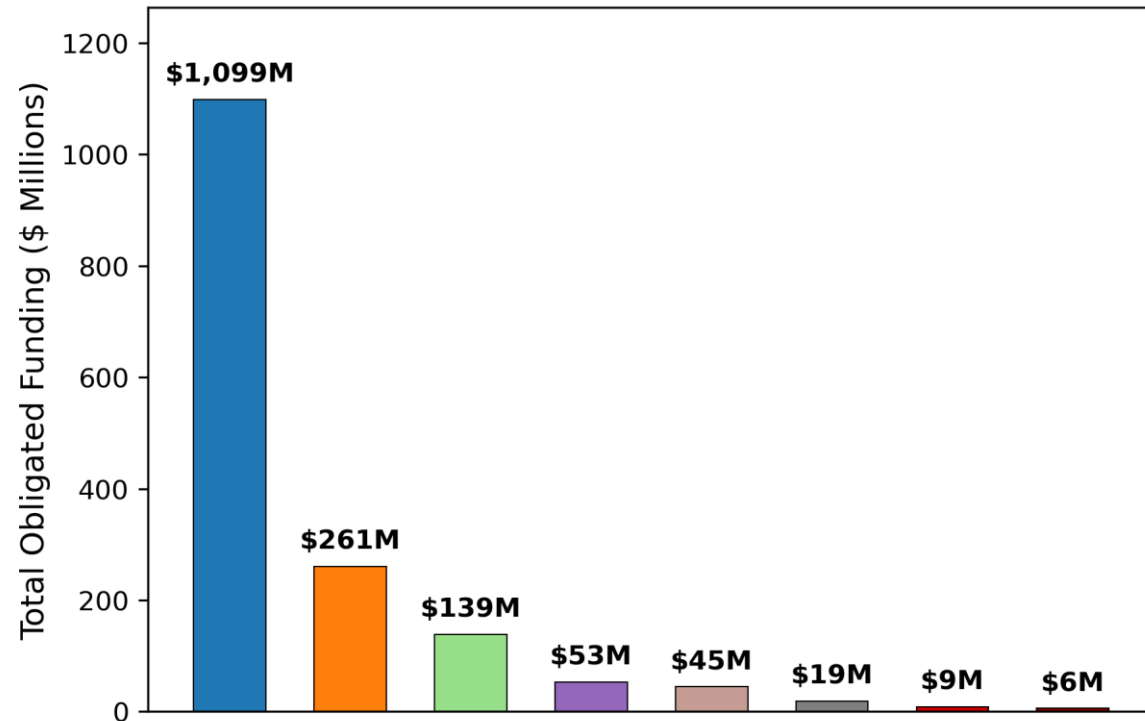
- Maintain the program for those interested in reporting

Current 45Q values falling short for power and heavy industry

- Inflation and rising interest rates have diminished benefits
- The costs of deploying the technology in key sectors exceed the value provided by 45Q
- Carbon management is one of the only technologies to decarbonize key industry sectors



Difficult headwinds at DOE



- Several clean energy projects were cancelled across the board at DOE in 2025, including a significant contingency of carbon management projects.
- Of the ~\$1.7 billion in obligated funding associated with projects canceled on DOE's May 30 and October 2 announcements, **California, Illinois, Colorado, Massachusetts, and New Mexico** were the most affected.
- Separate from project cancellations, carbon management federal funding has seen about \$3.5 billion in funding reprogrammed to other technologies in the past two funding cycles.

Permitting hurdles

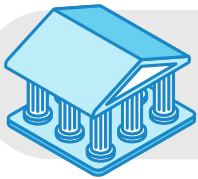
- Class VI well review timelines
- Patchwork, state framework for siting and constructing CO₂ transport systems
- States recently granted primacy lack the sustained resources to stand up robust review processes to ease the burden of federal bottlenecks



Maintaining a strong American carbon management industry requires:



A durable, stable 45Q framework that supports private investment across all sectors



Regulatory certainty for project developers and investors



Consistent support for federal RDD&D funding through DOE



Improved permitting efficiency for both Class VI wells and CO₂ pipelines



Continued bipartisan engagement



Thank you!

For more information, visit
carboncaptureimpact.org