



CARBON CAPTURE COALITION

April 30th, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives

The Honorable Chuck Schumer
Democratic Leader
United States Senate

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives

Dear Majority Leader McConnell, Leader Schumer, Speaker Pelosi, and Leader McCarthy:

On behalf of the Carbon Capture Coalition's over 75 energy, industrial and technology companies, labor unions, and conservation, environmental and clean energy NGOs, thank you for your leadership in shepherding bold measures to protect human health and provide emergency economic relief for our country amidst the COVID-19 global pandemic. We applaud efforts by Congress to respond decisively to this unprecedented national crisis.

After the immediate national health emergency has stabilized, we look forward to working with you to support a broad-based economic recovery that positions our nation for technology leadership, high-wage jobs and emissions reductions. To that end, we write to recommend targeted measures to provide immediate support for current carbon capture projects at risk of delay or cancellation due to the COVID-19 crisis and to increase the number of projects in the near-term development pipeline.

Our recommendations are drawn from a broader federal policy blueprint agreed to by all Coalition participants last year and prioritized in the COVID-19 context to spur economic activity and protect and create jobs. The recommendations highlighted below would provide financial certainty to investors, leverage private capital, and ensure access to existing incentives. In crafting these recommendations, we were guided by three criteria aimed at ensuring a timely and effective federal response to economic needs. Proposed measures should: 1) rely on existing legislative authorities, wherever possible; 2) avoid or minimize the need for further rulemaking or guidance procedures; and 3) have the potential for broad bipartisan support.

The Coalition's top priority is implementation of direct pay to provide carbon capture project developers the option to receive a cash payment to monetize the federal 45Q tax credit directly. Direct pay would enable project financing to proceed at a time when tax equity markets are constrained and otherwise unable to provide the investment needed to ensure that 45Q achieves its full potential for incentivizing development of a carbon capture industry.

In combination with direct pay, extending the 45Q tax credit is urgently needed to prevent the cancellation of carbon capture, use, removal and geologic storage projects that are currently in various stages of development, engineering, financing and permitting. Multiyear extension of 45Q enjoys strong bipartisan support. More than two years of Congress' current 45Q authorization has already been lost to Treasury's delays in finalizing guidance and a proposed rule. Current market turmoil associated with COVID-19 now magnifies the risk that project developers will fail to meet the January 1, 2024 deadline to begin construction.

Beyond these top two priorities, the Coalition has drawn on our broader consensus federal policy blueprint to prepare both near- and medium-term economic recovery recommendations that involve slight modifications of existing incentives and policies or additional appropriations for current programs. Enacting these recommendations would spur economic activity across the country, support existing jobs and create new ones. We encourage Congress to consider the following provisions as part of a broader economic recovery package:

- Enact proposed bipartisan technical revisions to the 48A tax credit to unblock access to an estimated \$2 billion in available federal funds for retrofitting existing power plants with carbon capture, as well as provide a direct pay option for the 48A credit;
- Adopt a bipartisan proposal amending Section 142(a) of the tax code to make capital expenditures on industrial and power plant carbon capture and direct air capture (DAC) technologies eligible for financing with private activity bonds, which would provide project developers access to long-term and fixed-rate tax-exempt debt;
- Appropriate additional funds to advance existing CarbonSAFE saline geologic storage projects, both ensuring that companies have access to cost-effective saline geologic storage sites and enabling further near-term development of carbon capture projects under 45Q;
- Appropriate increased funding for the Environmental Protection Agency and related state agencies to ensure sufficient federal and state Class VI permitting capacity to meet the near-term increase in saline storage project permit applications anticipated under 45Q;
- Provide for a temporarily-expanded DOE cost share program in a post-COVID-19 context to help finance: 1) commercial-scale demonstrations of industrial, power plant carbon capture, and DAC technologies, 2) front-end engineering and design studies for additional projects, and 3) development of large-scale commercial saline geologic storage facilities and associated CO₂ transport infrastructure; and
- Implement improvements to the administration of the DOE Loan Program to cover credit subsidy costs, reduce fees, and eliminate requirements precluding eligibility of carbon capture technologies that are commercially available, but not widely deployed.

Attached is a more detailed summary of the Coalition's recommendations. Thank you for your consideration of these recommendations. Please let us know if we can provide further information to you and your staff.

Sincerely,



Brad Crabtree
Director
Carbon Capture Coalition, Great Plains Institute

cc: Senate Environment and Public Works Committee
Senate Energy and Natural Resources Committee
Senate Finance Committee
House Energy and Commerce Committee
House Transportation and Infrastructure Committee
House Ways and Means Committee



CARBON CAPTURE COALITION

Coalition Participants:

Accelergy	Elysian Ventures	NRG Energy
AFL-CIO	EnergyBlue Project	Occidental
Air Liquide	Energy Innovation Reform Project	Pacific Ethanol
Air Products	Glenrock Energy	Peabody
AK Steel	Great River Energy	Prairie State Generating Company
American Carbon Registry	Greene Street Capital	Praxair, Inc.
ArcelorMittal	Impact Natural Resources LLC	Shell
Arch Coal	ION Engineering LLC	SMART Transportation Division (of the Sheet Metal, Air, Rail and Transportation Workers)
Archer Daniels Midland Co.	International Brotherhood of Boilermakers	Summit Power Group
Baker Hughes	International Brotherhood of Electrical Workers	Svante
Bipartisan Policy Center Action	Jackson Hole Center for Global Affairs	Tenaska Energy
Capital Power	Jupiter Oxygen Corporation	The Nature Conservancy
Carbon180	Lake Charles Methanol	Third Way
Carbon Wrangler LLC	LanzaTech	Thunderbolt Clean Energy LLC
Center for Climate and Energy Solutions	Linde LLC	United Mine Workers of America
Citizens for Responsible Energy Solutions Forum	Mitsubishi Heavy Industries America, Inc.	United Steel Workers
Clean Air Task Force	National Audubon Society	Utility Workers Union of America
ClearPath	National Farmers Union	White Energy
Conestoga Energy Partners	National Wildlife Federation	Wyoming Outdoor Council
Core Energy LLC	NET Power	
DTE Energy	New Steel International, Inc.	
EBR Development LLC		

Coalition Observers:

Algae Biomass Organization	Environmental Defense Fund
Biomass Power Association	Growth Energy
Brown Brothers Energy & Environment, LLC	Institute of Clean Air Companies
Carbon Engineering	Melzer Consulting
Carbon Utilization Research Council	Portland Cement Association
Chart Industries	Systems International The ZEROS Project
Cornerpost CO2 LLC	Tellus Operating Group
Enhanced Oil Recovery Institute, University of Wyoming	World Resources Institute