



CARBON CAPTURE COALITION

November 17, 2020

The Honorable Chuck Grassley
Chairman
Senate Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Richard Neal
Chairman
House Ways and Means Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
House Ways and Means Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Grassley, Ranking Member Wyden, Chairman Neal and Ranking Member Brady:

On behalf of the Carbon Capture Coalition's over 80 energy, industrial and technology companies, labor unions and conservation, environmental and clean energy NGOs, we write to encourage you to act on legislation to extend expiring tax provisions and other tax measures that support the development and deployment of clean energy and industrial technologies and associated high-wage jobs.

We specifically write to recommend measures that will support continued development of over 30 publicly-announced carbon capture, removal, use and storage projects, as well as substantially increase the number of new projects in the longer-term development pipeline. Current and future projects are at risk of delay or cancellation due to both the COVID-19 crisis and the narrowing 45Q commence construction window. The development, construction and operation of these projects will bring much needed high-wage employment, private investment and revenue to communities and regions around the country at a time when it is needed most.

One of the Carbon Capture Coalition's top priorities is implementation of direct pay for the 45Q tax credit to provide carbon capture project developers the option of receiving an estimated payment on their tax return in lieu of monetizing the tax credit. Direct pay would help project developers more readily and cost-effectively finance projects over the long term, thus helping to ensure that the 45Q program achieves its full potential to incentivize economywide deployment of carbon capture technologies. Direct pay avoids the inefficiencies and added costs of tax equity transactions and significantly reduces near-term uncertainty surrounding tax equity investments amidst the current COVID-19 pandemic. Implementing a direct pay provision would provide a powerful boost to investments in projects during the pandemic and beyond.

Fortunately, there is growing awareness and bipartisan support in Congress for the role that direct pay can play in enhancing the efficiency and efficacy of clean energy and industrial tax credits. The Growing Renewable Energy and Efficiency Now Act (GREEN

Act, H.R. 7330), which passed the House as part of the Moving Forward Act (H.R. 2), would provide a direct pay option for both 45Q and renewable electricity tax credits, and the bipartisan Redeeming Effectiveness to Carbon Oxide Utilization Plus Sequestration Act (RECOUPS Act, H.R. 7896) would do the same for 45Q.

In combination with direct pay, extension of the 45Q tax credit is urgently needed to prevent the cancellation of carbon capture, removal, use, and geologic storage projects. These projects are currently in various stages of development, and only those well underway at this time are positioned to meet the beginning construction deadline at the end of 2023. Well over two years of Congress' original six-year authorization for the reformed 45Q program were lost to Treasury's delays in implementing a final rule and guidance. We know from the successful deployment and commercialization of wind and solar in the marketplace—which have benefitted from effective federal tax credits since 1992 and 2005, respectively—that it is critical to extend the 45Q tax credit now to ensure that project developers and investors can move forward with confidence and financial certainty to undertake large-scale, capital-intensive projects that require years to plan, engineer, permit and finance.

A multiyear extension of 45Q enjoys strong bipartisan support. The GREEN Act contains a two-year extension of 45Q, and numerous bipartisan House and Senate efforts have been made to include five and ten-year extensions in other legislation.

Should Congress move forward with an extenders package in this Congress, we ask that both a direct pay option and a multiyear extension of 45Q be included. Thank you for your consideration of this request. Please let us know if there is any additional information we can provide.

Sincerely,



Brad Crabtree
Director
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CARBON CAPTURE COALITION

Coalition Participants:

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

Coalition Observers:

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