

March 4, 2019

The Latest Bill for Carbon Capture, Utilization and Storage

The bipartisan “USE IT Act” (Utilizing Significant Emissions with Innovative Technologies Act - S.383) introduced to the Senate by John Barrasso (R-Wyo.) and co-sponsored by a group of Democrats and Republicans — and also introduced to the House (H.R.-1166) by Scott Peters (D-Calif.) and David McKinley (R-W.V.) — aims to support research, development and tax credits for carbon capture, utilization and storage.

The measure, similar to bills introduced in 2018, would support federal, state and non-government collaboration in development of CCUS and pipelines. In 2018, the bill was passed unanimously by the Senate Committee on Environment and Public Works and was introduced and reported in the Senate, where it died. A companion House bill met a similar fate.

Provisions of the Senate USE IT Act

- Amends the Clean Air Act to direct EPA to support carbon utilization and direct air capture research:

DIRECT CAPTURE: Competitive prize funding for direct air capture technology.

\$35 million

CO₂ PRODUCTS: Research and development of technologies that transform captured CO₂ into commercial products.

\$50 million

- Clarifies that CCUS projects and CO₂ pipelines are large infrastructure projects eligible for the permitting review process established by the FAST Act.

- Directs the Council on Environmental Quality to establish guidance for assisting project developers and operators of CCUS facilities and CO₂ pipelines.

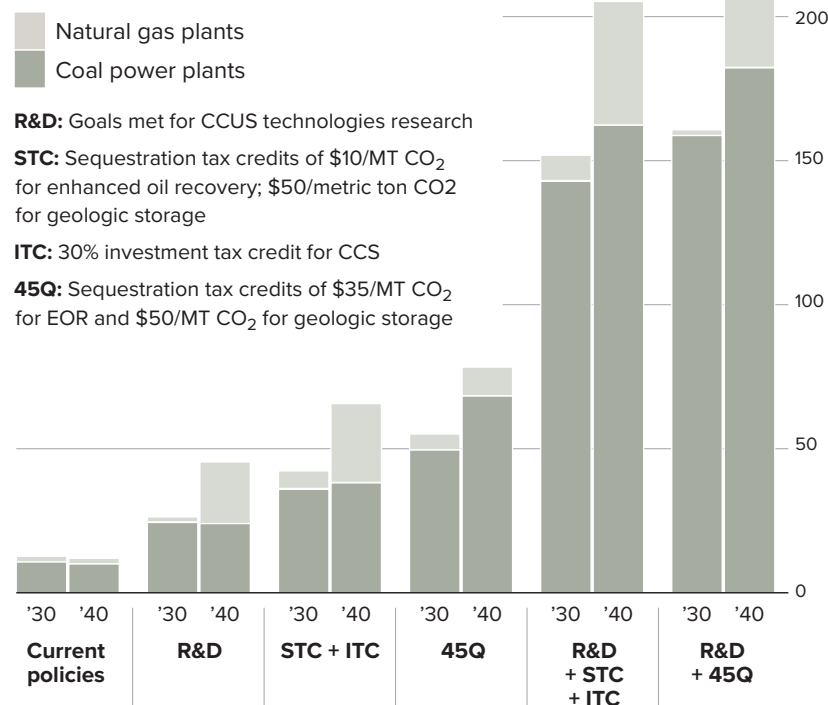
- Creates task forces “to hear input from affected stakeholders for updating and improving guidance over time.”

- Extends and expands the 45Q tax credit for utilities and other industrial sources to incentivize CCUS projects.

DOE scenarios

Fossil fuel-fired power plants account for a third of U.S. greenhouse gas emissions. A 2016 DOE analysis concluded that “CCUS technology is necessary to meet climate change mitigation goals at the lowest possible cost to society.” To develop CCUS technologies and drive down their costs, the analysis called for tax incentives — enacted in 2018 — for research, development, demonstration and deployment.

MILLION METRIC TONS (MT) OF CARBON DIOXIDE SEQUESTERED



R&D: Goals met for CCUS technologies research

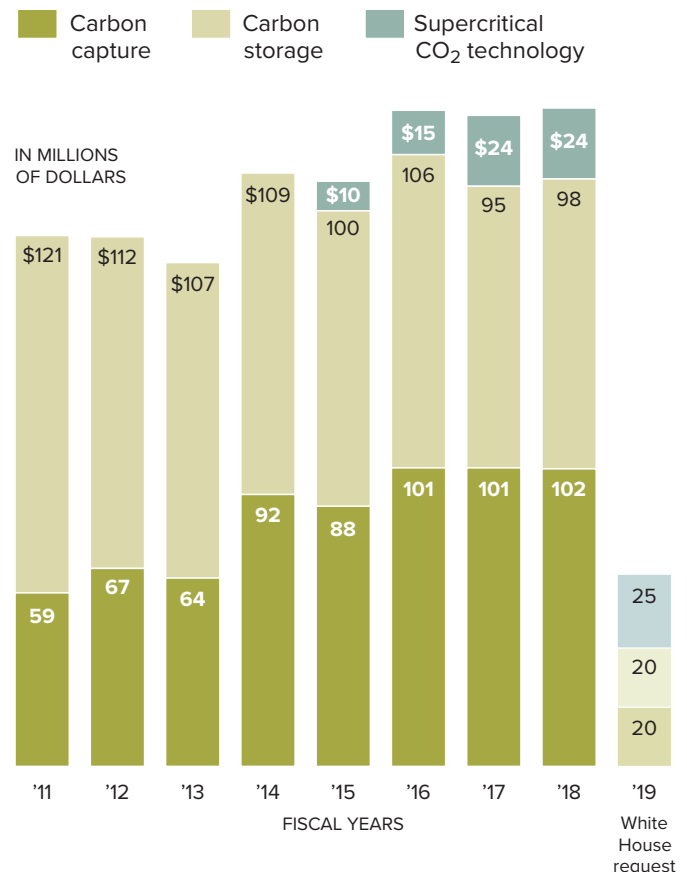
STC: Sequestration tax credits of \$10/MT CO₂ for enhanced oil recovery; \$50/metric ton CO₂ for geologic storage

ITC: 30% investment tax credit for CCS

45Q: Sequestration tax credits of \$35/MT CO₂ for EOR and \$50/MT CO₂ for geologic storage

Funding for coal CCS

DOE fossil energy research, development and demonstration programs for coal carbon capture and storage.



Sources: Senate Committee on Environment and Public Works, Office of Rep. Scott Peters, DOE, CRS

By Patterson Clark, POLITICO Pro DataPoint

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