



CARBON CAPTURE COALITION

May 11, 2020

The Honorable Robert Menendez
United States Senate
528 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Menendez:

On behalf of the Carbon Capture Coalition's over 75 conservation, environmental and clean energy organizations, energy, industrial and technology companies, and labor unions, thank you for requesting a review by the Internal Revenue Service (IRS) Inspector General (IG) of auditing and enforcement of claims for the Section 45Q tax credit.

We support your efforts to ensure integrity in the 45Q program, especially as the IRS finalizes rules to implement recent congressional reforms to the program. Economywide deployment of carbon capture, transport, use, removal and geologic storage is essential to meeting midcentury climate goals and, as the cornerstone federal policy for incentivizing that deployment, it is imperative that policymakers and the public have faith in the accounting undertaken by taxpayers to claim the 45Q credit.

Toward that end, NGOs and companies in the Coalition worked for months to reach agreement on robust transparency and accountability [recommendations](#) submitted to Treasury and the IRS in June 2019. The Coalition's recommendations affirm Subpart RR rule of the federal Greenhouse Gas Reporting Program, the U.S. Environmental Protection Agency's (EPA) existing method for monitoring, reporting and verification (MRV) that the IRS currently requires to demonstrate secure geologic storage and claim the 45Q tax credit. Our comments also recommend an equivalent MRV program option based on a recent international ISO standard for secure geologic storage of carbon dioxide (CO₂) that, when combined with transparency and accountability provisions, can provide for the demonstration of secure geologic storage, as does EPA's Subpart RR reporting program.

Then, on March 5, 2020, the Coalition [wrote](#) to Treasury Secretary Mnuchin and IRS Commissioner Rettig, urging them to adopt our transparency and accountability recommendations and to safeguard the integrity of 45Q tax credit accounting in the IRS' forthcoming rule.

The Coalition also supports your call for continued enforcement. Fortunately, the IG's findings reveal that the system is working—the IRS has disallowed noncompliant credits revealed during its audits, beginning enforcement as early as 2012. IRS leadership should be encouraged to sustain these auditing and enforcement actions and to continue to disallow credits for those instances in which MRV requirements have not been met.

Finally, the Coalition respectfully disagrees with your call to suspend the claiming of 45Q credits for geologic storage of CO₂ through enhanced oil recovery. This would penalize those companies that followed the rules in the past, as well as those currently developing new projects under the revamped

45Q program. Instead, we believe that the best way to address the IG's findings is through robust enforcement of existing requirements and establishment of rigorous standards moving forward. As you know, Congress reformed and expanded the 45Q program with passage of legislation in February 2018 that garnered unprecedented bipartisan support for federal energy and climate policy. It is our understanding that few credits have even been claimed at this point under the revamped program. With most eligible projects still under development, there is ample time to identify and undertake further enforcement against bad actors who wrongly claimed credits previously, as well as to implement robust MRV standards for credits claimed under the reformed program. The path forward is more sunlight, sustained auditing and enforcement by IRS, and continued oversight by you and your colleagues in Congress.

We commend and thank you again for prioritizing the integrity of the 45Q program. Please let us know if we can provide any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Crabtree". The signature is fluid and cursive, with the first name "Brad" and last name "Crabtree" clearly distinguishable.

Brad Crabtree
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CARBON CAPTURE COALITION

Coalition Participants:

Accelergy
AFL-CIO
Air Liquide
Air Products
AK Steel
American Carbon Registry
ArcelorMittal
Arch Coal
Archer Daniels Midland Co.
Baker Hughes
Bipartisan Policy Center
Action
Capital Power
Carbon180
Carbon Wrangler LLC
Center for Climate and Energy
Solutions
Citizens for Responsible
Energy Solutions Forum
Clean Air Task Force
ClearPath
Conestoga Energy Partners
Core Energy LLC
DTE Energy
EBR Development LLC

Elysian Ventures
EnergyBlue Project
Energy Innovation Reform
Project
Glenrock Energy
Great River Energy
Greene Street Capital
Impact Natural Resources LLC
ION Engineering LLC
International Brotherhood of
Boilermakers
International Brotherhood of
Electrical Workers
Jackson Hole Center for
Global Affairs
Jupiter Oxygen Corporation
Lake Charles Methanol
LanzaTech
Linde LLC
Mitsubishi Heavy Industries
America, Inc.
National Audubon Society
National Farmers Union
National Wildlife Federation
NET Power

New Steel International, Inc.
NRG Energy
Occidental
Pacific Ethanol
Peabody
Prairie State Generating
Company
Praxair, Inc.
Shell
SMART Transportation
Division (of the Sheet Metal,
Air, Rail and Transportation
Workers)
Summit Power Group
Svante
The Nature Conservancy
Third Way
Thunderbolt Clean Energy LLC
United Mine Workers of
America
United Steel Workers
Utility Workers Union of
America
White Energy
Wyoming Outdoor Council

Coalition Observers:

Algae Biomass Organization
Biomass Power Association
Brown Brothers Energy &
Environment, LLC
Carbon Engineering
Carbon Utilization Research
Council
Chart Industries
Cornerpost CO2 LLC

Enhanced Oil Recovery
Institute, University of
Wyoming
Environmental Defense Fund
Growth Energy
Institute of Clean Air
Companies
Melzer Consulting
Portland Cement Association

School of Energy Resources,
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ZEROS Project
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