



CARBON CAPTURE COALITION

May 11, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, DC 20224

Dear Secretary Mnuchin and Commissioner Rettig:

On behalf of the Carbon Capture Coalition's over 75 energy, industrial and technology companies, labor unions, and conservation, environmental and clean energy organizations, we respectfully request that you take decisive action in the wake of findings by the Internal Revenue Service's (IRS) Inspector General (IG) that companies claiming the bulk of Section 45Q tax credits to date have failed to undertake the required monitoring, reporting and verification (MRV) to demonstrate secure geologic storage.

First, we encourage you to continue IRS auditing and enforcement action against noncompliant taxpayers that have claimed credits under the 45Q program. Fortunately, the IG's investigation reveals that the system is working. According to the IG's findings, the IRS has disallowed noncompliant credits revealed in its audits, taking action as early as 2012 to deny credits to taxpayers that failed to carry out MRV under the U.S. Environmental Protection Agency's (EPA) Subpart RR rule of federal Greenhouse Gas Reporting Program as required by the IRS. This diligence provides confidence that the 45Q program—reformed and expanded in early 2018 with bipartisan passage of legislation backed by a diverse industry, labor and environmental coalition—can proceed with appropriate oversight. However, it is critical that thorough auditing and enforcement be sustained.

Second, we request that you maintain and reaffirm robust transparency and accountability provisions for demonstrating secure geologic storage in IRS guidance and rulemaking. The results of the IG's review underscores the imperative of safeguarding policymakers' and the public's faith in the accounting undertaken to claim the 45Q credit.

Toward that end, companies and NGOs in the Coalition worked for months to reach agreement on MRV [recommendations](#) to Treasury and the IRS in June 2019. The Coalition then followed up on its comments with a March 5, 2020 [letter](#) to you, reiterating our recommendations and requesting that the IRS promulgate requirements in the forthcoming rule that preserve the integrity of the 45Q program and maintain public support for this important policy. Therefore, we appreciate that the IRS' recent guidance on beginning construction reaffirms reporting under EPA's Subpart RR rule as an approved method of MRV to claim the 45Q credit, which is something the Coalition requested. We also reiterate now our

recommendation that an equivalent MRV program option be established based on a recent international ISO standard for 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. It is our understanding that few new 45Q credits have been claimed since Congress revamped the program over two years ago, and most eligible projects remain under development. This provides a window of opportunity to further identify and undertake enforcement against those actors who wrongly claimed credits previously and, going forward, to ensure that the pending IRS rule retains credible MRV requirements to sustain public confidence in this vital, performance-based incentive.

Thank you in advance for your consideration of our requests. Please let us know if you or your staff would like any further information.

Sincerely,

A handwritten signature in dark 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
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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,
University of Wyoming
Systems International | The
ZEROS Project
Tellus Operating Group
World Resources Institute