



Policy Resolution 7.2019

Accelerating Commercial Investments in Carbon Dioxide (CO₂) Capture, Utilization, and Storage at Conventional Power Plants

Originating Sponsor

Senator Ken Yager, Tennessee

Co-Sponsors

Representative William E. "Bill" Sandifer, III, South Carolina

Senator Gary Stubblefield, Arkansas

WHEREAS, Section 45Q of the Internal Revenue Code (U.S. Code Title 26) establishes tax incentives related to the deployment of carbon oxide sequestration, and Section 48A sets tax credits for qualifying conventional power generation systems with carbon capture; and

WHEREAS, the Bipartisan Budget Act of 2018 (the Act) was passed by Congress and signed by the President on February 9, 2018; and

WHEREAS, the Act includes the Furthering Carbon Capture, Utilization, Technology, Underground Storage, and Reduced Emissions Act (FUTURE Act). The FUTURE Act provides for tax credits under Internal Revenue Code Section 45Q; and

WHEREAS, the Section 45Q tax credits provide \$12.83 per metric ton captured rising to \$35 per metric ton captured in the next 10 years for CO₂ utilization and \$22.66 per metric ton captured rising to \$50 per metric ton captured in the next 10 years for geologic storage without utilization, provided construction commences prior to January 1, 2024; and

WHEREAS, the Section 45Q tax credit is received for a 12-year period after equipment is originally placed in service and may be transferred from capture to utilization or storage; and

WHEREAS, the Act also directed the Secretary of Treasury to work with the Administrator of the Environmental Protection Agency, the Secretary of Energy, and the Secretary of the interior to establish regulations for determining adequate storage measures for secure geologic storage; and

WHEREAS, the Internal Revenue Service (IRS), in accordance with Notice 2019-32, currently is reviewing public comments regarding regulations and other guidance under section 45Q; and

WHEREAS, rapid action from IRS and Treasury is key to project development as the window for accessing 45Q tax credits is limited in the original legislation to projects that have commenced construction by December 31, 2023; and

WHEREAS, with a construction commencement date prior to January 1, 2024, additional delays by Treasury may not allow for the necessary time for projects to complete financial analysis, engineering, and permitting in order to begin construction within the timeframe required to qualify for 45Q; and

WHEREAS, adding carbon capture onto existing coal plants could have a significant impact in near-term CO₂ emissions reductions, and technical modifications to Section 48A of the Internal Revenue Code are needed to enable investment in carbon capture systems at existing units.

THEREFORE BE IT RESOLVED, the Southern States Energy Board urges Treasury to use all necessary resources available to finalize its review of comments received from Notice 2019-32 and issue final regulations associated with carbon capture, storage and utilization under 45Q; and

BE IT FURTHER RESOLVED, the Southern States Energy Board requests that Congress consider amending and extending, for a minimum of two years, the construction commence date of January 1, 2024, in Section 45Q of the Internal Revenue Code regulations as amended by The Bipartisan Budget Act of 2018 to account for the delay in Final Regulations being issued by Treasury; and

BE IT FURTHER RESOLVED, the Southern States Energy Board encourages Congress to support deployment of conventional generating technology to maintain fuel diversity and ensure energy security by enacting technical modifications to Section 48A of the Internal Revenue Code that are needed to incentivize investment of CO₂ capture on new and existing conventional power generating units.



*Adopted on September 24, 2019, at the
59th Annual Meeting of the Southern States Energy Board in Louisville, Kentucky*