TAXPAYERS for COMMON SENSE

5 FAST FACTS

Carbon Capture and Storage (CCS)

1. THE U.S. FEDERAL GOVERNMENT SUBSIDIZES THE CCS INDUSTRY AT EVERY STEP.

Carbon Capture and Storage (or Sequestration, also known as CCS) is a technology that captures carbon dioxide (CO2) emitted during power generation and industrial processes instead of releasing it into the atmosphere. Federal subsidies include research, development, and demonstration (RD&D) at the Department of Energy, debt capital financing for CCS commercial projects and CCS infrastructure, and the carbon capture and sequestration tax credit (45Q).

2. 85% OF CCS FACILITIES IN THE U.S. USE CAPTURED CARBON TO PRODUCE OIL AND GAS THROUGH ENHANCED OIL RECOVERY (EOR).

EOR is a process in which oil and gas producers pump carbon oxides underground to free oil and gas from rock formations and increase their wells' output. Of the 13 commercial carbon capture projects in the United States, only one sequesters captured carbon in an underground sandstone formation and 11 are capturing and injecting CO2 for enhanced oil recovery. Recent studies found that EOR doesn't necessarily result in net emissions reduction, even though CCS is often proclaimed as a climate solution.

3. MISMANAGEMENT AT THE DEPARTMENT OF ENERGY (DOE) INCREASED THE RISK OF FUNDING CCS PROJECTS THAT WERE "UNLIKELY TO SUCCEED".

According to the Government Accountability Office, only 3 projects were completed out of 11 CCS demonstration projects that were awarded a combined total of $1.1 billion at least partially due to DOE mismanagement. Because DOE violated its own risk mitigation measures in managing these projects, at least

$300 million of taxpayer dollars were wasted on projects that were never completed. The only coal project that was completed shut down in 2020 due to economic factors.

4. CLOSE TO 90% OF ALL 45Q TAX CREDITS GIVEN BETWEEN 2010 AND 2019 WERE CLAIMED NOT IN COMPLIANCE WITH EPA REQUIREMENTS, AND MORE THAN HALF ($531 MILLION WORTH) HAVE BEEN DISALLOWED.

From 2010 to 2019, 10 companies claimed over $1 billion in 45Q credit - 99% of total credits claimed. An Internal Revenue Service (IRS) investigation in 2020 found that $894 million, or 90% of credits claimed by these companies, did not comply with EPA reporting requirements. The IRS has reported on their examination of only 68% of these cases and has disallowed 59% of the noncompliant credits, worth approximately $531 million. The IRS has provided no further updates since then.

5. THE INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) AND THE INFLATION REDUCTION ACT (IRA) PROVIDED MORE THAN $15 BILLION ON CCS.

Despite documented fraud and unreliable results from previous CCS subsidies, Congress has continued to expand taxpayer-backed CCS supports without any added transparency and accountability measures. The Infrastructure Investment and Jobs Act (IIJA) provided $12.1 billion for new CCS R&D and demonstration programs over the next 5 years. The Inflation Reduction Act (IRA) significantly expanded and extended the 45Q tax credit, which is estimated to cost taxpayers $3.2 billion over the next 10 years.