EL-1 Resolution on Carbon Capture, Utilization, and Storage

Whereas the Board of Directors of the National Association of Regulatory Utility Commissioners ("NARUC") adopted a resolution on February 17, 2016, urging Congress and the Administration to support legislation and budget measures that provide assistance to the development and deployment of cost-effective carbon capture technology;

Whereas electricity generated from power plants burning coal, natural gas, and biomass, and numerous industrial activities, including hard-to-abate sectors such as steel, cement, and chemicals manufacturing; natural gas processing; production of ethanol, fertilizer, and hydrogen; and refining, emit carbon dioxide ("CO_2") and, in some cases, its precursor carbon monoxide ("CO");

Whereas emitted CO_2 and CO could be captured, geologically stored, or put to beneficial use to further the goals of reducing carbon emissions significantly by midcentury, fostering energy independence, and sustaining domestic industrial production and manufacturing and associated high-wage jobs;

Whereas there are currently over 5,000 miles of CO_2 transport infrastructure in the U.S., which enable the capture, transport, and geologic storage of roughly 25 million tons of anthropogenic or manmade CO_2 each year from 13 commercial-scale facilities spanning a range of industries;

Whereas the first pilot commercial direct air capture facilities are under development that will separate CO_2 from ambient air to reduce atmospheric concentrations of CO_2, large-scale deployment of which will be needed by midcentury;

Whereas projects to retrofit industrial facilities and power plants for carbon capture, construct CO_2 transport infrastructure, and deploy direct air capture facilities have the potential to support dozens to thousands of construction jobs and tens to hundreds of operational jobs in industries that pay above local prevailing wages, and additional well-paying, highly-skilled jobs are created in manufacturing carbon capture system components; installing carbon capture technology; managing ongoing CO_2 injections; and monitoring long-term CO_2 storage as well as production of the many emerging products manufactured from captured carbon;

Whereas carbon capture technologies provide the means to decarbonize existing industrial production, manufacturing, and power generation, while sustaining high-wage jobs and tax revenues from those sectors and the local communities and economies that depend upon them;

Whereas in February 2018, Congress passed legislation to reform and enhance the Section 45Q tax credit available for carbon capture and utilization projects;

Whereas the passage of this tax credit reform has spurred the development of over 30 publicly-announced carbon capture and geologic storage projects across many industries and much of the country;

Whereas project developers and investors waited over two years for the U.S. Treasury Department and Internal Revenue Service to issue guidance and a proposed rule on the 45Q tax credit reform implementation, which has hampered further project development and sidelined billions of dollars in private investment;

Whereas the COVID-19 pandemic creates both the need and opportunity for incentives and investments in carbon capture, transport, utilization, removal, and storage projects to help restore economic activity and create jobs lost to the economic crisis in the near term;

Whereas further gains may be made with passage of additional federal legislation, as well as complementary policies in the States that help provide investment certainty, technology deployment and cost reductions, project finance and feasibility, and infrastructure deployment;

Whereas a number of pieces of bipartisan legislation have been introduced, some of which have passed either the full House or Senate, to complement the recent 45Q tax credit changes, including longer-term extension and direct pay for the 45Q tax credit to expand private investment, improvements to the existing 48A tax credit to support carbon capture retrofits of existing coal power plants, use of master limited partnerships and tax-exempt private activity bonds to lower the cost of capital for carbon capture projects, low-cost federal financing of CO_2 transport infrastructure, and significantly expanded federal research, development, and demonstration funding for carbon capture, utilization, removal, and geologic storage;

Whereas it is beneficial for Congress and the Administration to act in close partnership with State governments, recognizing the opportunities to reduce carbon emissions and, thanks to ongoing innovation, to transform captured carbon into a useful commodity for making low- and zero-carbon fuels, chemicals, advanced materials, building products, and other useful items of economic value;

Whereas there are a number of State policies that could complement federal incentives;

Whereas North Dakota and Wyoming have received primary enforcement authority, or primacy, from the U.S. Environmental Protection Agency ("EPA"), a number of additional States are seeking to obtain primacy in the permitting of Class VI wells for injection of CO_2, and where States do not seek primacy, States are seeking U.S. EPA to allocate additional resources to Class VI well permitting, all of which would allow for carbon capture projects to proceed more expeditiously; and

Whereas development of clusters of industrial and power plant sources of CO_2 sharing common transport infrastructure to enable the large-scale storage and beneficial utilization of that captured carbon will require legislative assistance from States and the federal government in a number of areas, including but not limited to low-interest federal loans and grants to finance additional pipeline capacity and realize economies of scale, as well as federally- and State-supported, long-distance CO_2 trunk lines*; now, therefore be it*

Resolved that the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2020 Annual Meeting and Education Conference, urges Congress and the Administration to support legislation, budget measures, and regulations that provide assistance to the development and deployment of cost-effective carbon capture and direct air capture technology, CO_2 transport infrastructure, and geologic storage sites; *and be it further*

Resolved that NARUC urges Congress and the Administration to work in concert with the States to help develop regional carbon hubs, to capture larger amounts of CO_2, and to transport that CO_2 for safe and permanent geologic storage or beneficial utilization that reduces emissions; *and be it further*

Resolved that NARUC strongly urges Congress and the Administration to robustly and rapidly act on this resolution to support domestic energy production, industry, and manufacturing; and create economic and job opportunities at this time of great national need.

Passed by the Committee on Electricity November 10, 2020.
Adopted by the NARUC Board of Directors, November 11, 2020