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Fundamentals of Carbon Capture and Sequestration

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Key CCS Regulations

IRS – 26 CFR §1.45Q

EPA UIC – 40 CFR Part 144 and Part 146, Subpart H

EPA GHGR – 40 CFR Part 98, Subchapter RR

RRC UIC – 16 TAC Part 1, Chapter 3 (Rules 9 & 46)

RRC Carbon Dioxide – 16 TAC Part 1, Chapter 5



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Expanded 45Q credit applies to...

- carbon oxides that would otherwise be released to the atmosphere
- captured at qualified carbon captured facilities
- placed into service on or after February 9, 2018
- meet threshold volumes and are
 - disposed in “secure geologic storage”
 - injected into a qualifying EOR project, or
 - utilized according to 45Q(f)(5)



Qualified Carbon Oxide Facilities

“...a facility, including an electricity generating facility, that produces a carbon oxide stream from a fuel combustion source or fuel cell, **a manufacturing process**, or a fugitive carbon oxide emission source that, absent capture and disposal, injection, or utilization, would otherwise be **released into the atmosphere** as industrial emission of greenhouse gas or lead to such release.”

- includes direct capture facilities



Threshold Volumes

- 25,000 metric tons for facilities that emit no more than 500,000 metric tons per year that capture and “utilize” the carbon oxides under 26 U.S.C.A § 45Q(f)(5);
- 500,000 tons for electric generating facilities that emit more than 500,000 tons per years of carbon oxides; or
- **100,000 tons** for any direct air capture facility and all other electric generating or industrial facilities



Who May Claim The Credit?

- owner of qualified carbon capture equipment
- that either physically or contractually ensures carbon oxides are
 - (1) disposed in “secure geologic storage”
 - (2) injected into a qualifying EOR project, or
 - (3) utilized according to 45Q(f)(5)
- may elect to transfer the credit to the party that contractually performs (1) – (3)



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