

# Roadmap for State Clean Carbon Technology Incentives

*USEA-DOE CCUS Roadshow*

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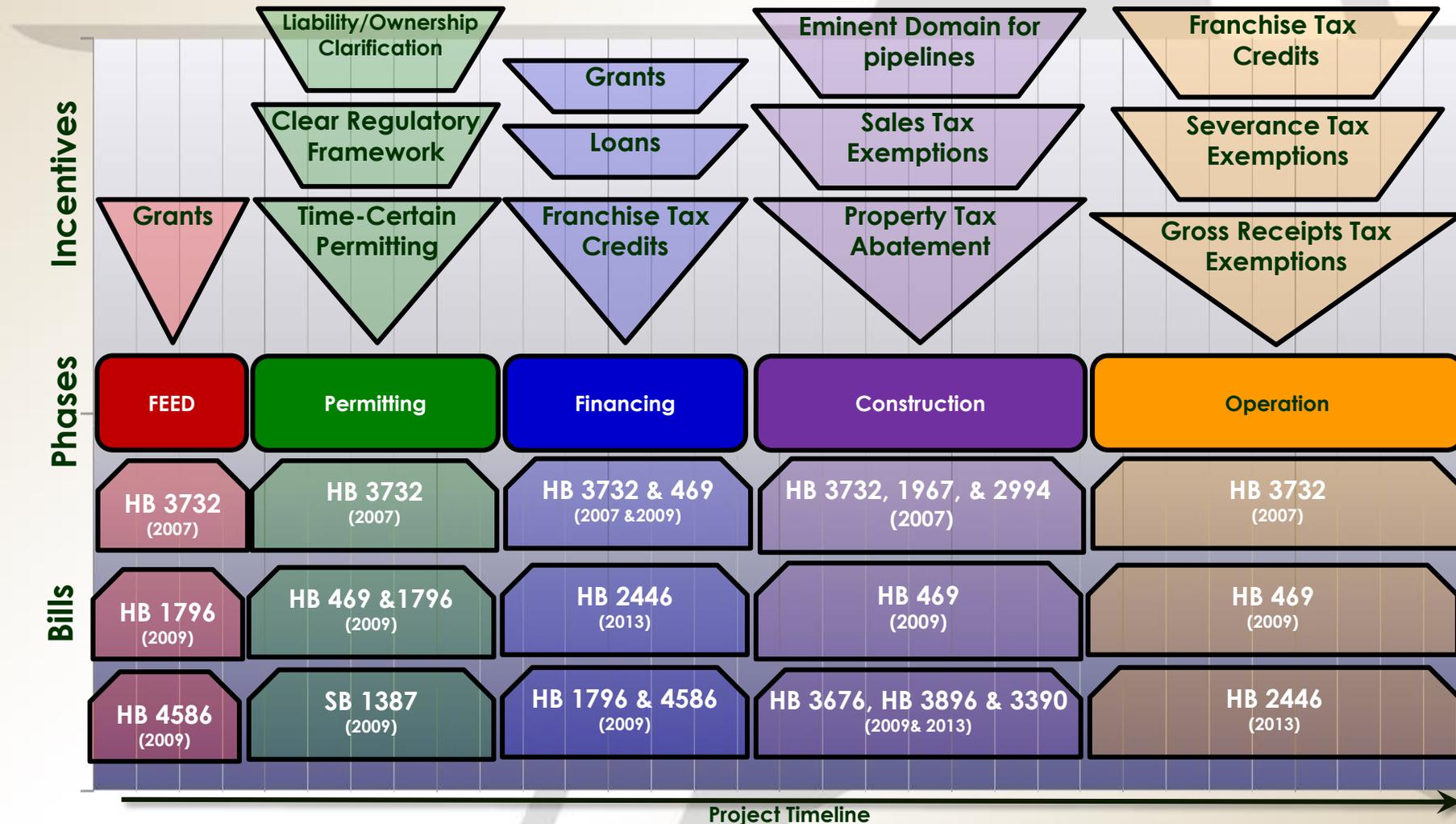
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# Incentives Play Key Role at Key Points in Project Development





## **Roadmap of State CCUS Incentives**

- A. Local Tax Exemptions/Abatements
- B. State Tax Exemptions and Credits
- C. Environmental Regulatory Certainty
- D. Oil & Gas Regulatory Certainty
- E. Utility Regulatory Certainty

# Local Property Tax Abatements

- Clarify that CCUS-EOR network qualifies as property tax exempt under existing programs
- For non-exempt components, abate school property taxes, as well as other property taxes
- Significant economic value here (e.g., \$80-300MM+ per plant projected in Texas)
- Locally-controlled and relatively state budget-proof

# State Tax Exemptions & Credits -

## Sales Tax Exemption

- Clarify sales tax-exempt status of carbon capture, transportation & injection equipment relating to anthropogenic “emission” source

## Gross Receipts Tax Exemption/Redirection

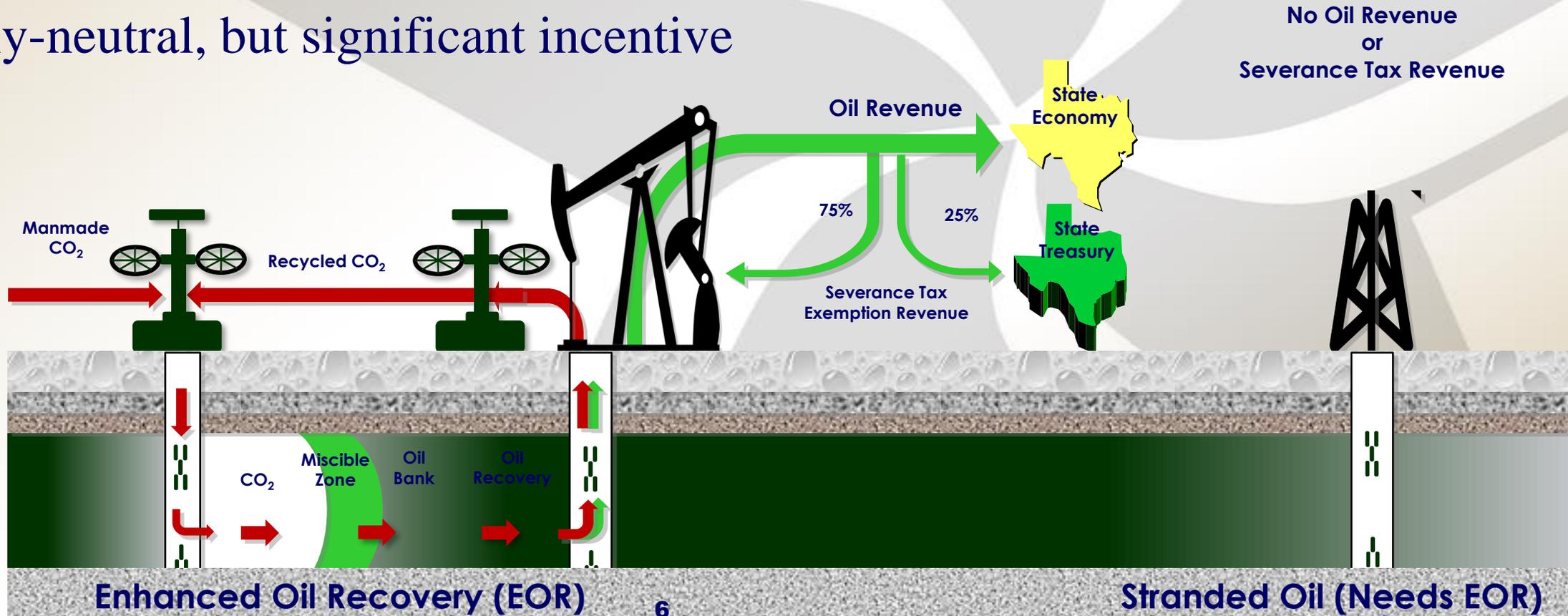
- Permanent exemption from gross receipts & similar taxes

## Corporate Income / Franchise Tax Credit Programs

- New & retrofit projects meeting criteria
- Ensure it can be monetized (multi-year & assignable)
- Fuel neutral (see Texas HB 2446 - Crownover)

# Severance Tax for oil recovered using CO<sub>2</sub> captured from a manmade source

- 75% tax exemption for oil recovered using EOR through the use of captured man-made CO<sub>2</sub>
- Ensure that duration meets project needs (TX – 30 yrs)
- Fiscally-neutral, but significant incentive



# Regulatory Incentives -Environmental

## Time-Certain Permitting

- Cap time & refine public participation process

## Multi-state effort to allow, but not mandate, documented sequestration as part of Class 2 permit

- Class VI focus not necessary (equivalency goal)

## Regulatory treatment of CO<sub>2</sub> as a product and not a “waste” or “pollutant” when sold

- Relevance to air, water, & waste programs

# Utility Regulatory Incentives

## Regulated Market Ideas

- Deemed prudence
- Early cost recovery from FEED forward
- Clear economic tests
- Mandatory CCUS evaluation in IRPs

## Deregulated Market Ideas

- Capacity payments
- Clean energy portfolio standards?
- Dispatch priority and/or qualified firming if RE so required.



# History



- 2004 - Created to Support Governor's Clean Coal Technology Council (created by Executive Order)
- Became platform for varied interests to rally together to support innovative CCUS technologies
  - Local Officials (county commissioners, chambers, & busdev groups)
  - State Legislators
  - Statewide Elected Officials
  - Governor & Governor-appointed Agency Heads
  - Electric power, CCUS & EOR technologists
- Developed and aided passage of over 11 pieces of legislation over the course of the last 9 years
- 2013-2014: worked with key legislative leadership to make CCUS fuel-neutral & significantly improved incentives



# QUESTIONS?

## Roadmap for State Incentives for Clean Carbon Technology

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