

Support the Captured Carbon Utilization Parity Act of 2023

(Sheldon Whitehouse-RI, Bill Cassidy-LA)

The **Captured Carbon Utilization Parity Act** would create parity between the credit value for utilization and sequestration in the 45Q carbon capture tax credit. Carbon capture and utilization (CCU) is a broad term used to describe the many different ways that captured carbon oxides can be used or “recycled” to produce essential products or services that today mostly come from fossil fuels.

The CCU Parity Act would increase the tax credit for CCU to match the incentives for carbon capture and storage (CCS) for both direct air capture (DAC) and the power and industrial sectors. JCT estimates that this reform would cost \$16 million over the next decade.

If enacted, the CCU Parity Act would:

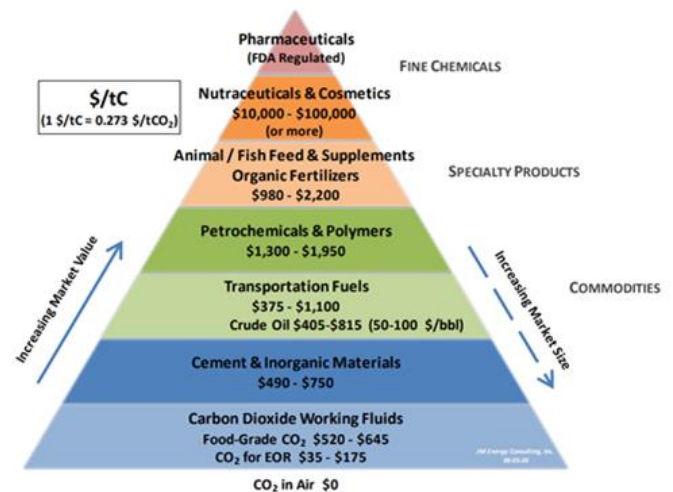
Establish parity between 45Q carbon capture tax credits for utilization and sequestration.

Carbon capture from both point source and direct air capture technologies has the potential to contribute to our emissions reduction targets, decarbonize certain sectors, and create zero or negative-carbon products. The CCUP Act would:

- Increase the value for DAC utilization to \$180/metric ton; and
- Increase the value for power and industrial sector utilization to \$85/metric ton.

Support industry investment in carbon-neutral products.

This bill would support utilizing captured carbon in the manufacturing of products to lower the emission intensity of production. The chart on the right shows the estimated \$ per ton cost of carbon abated for certain products made with captured carbon. Higher-value CCU products typically have smaller market size and are more expensive than their carbon-intensive counterparts (chart source: Council on Environmental Quality). These include sustainable aviation fuel (SAF), low-carbon construction materials including aggregates, and bulk chemicals used in feedstocks for fertilizer and hard-to-abate sectors like ammonia production.



Contribute to emissions reductions and a circular economy.

Establishing parity for utilization will further incentivize the deployment and innovation of carbon capture technology and low/zero-carbon products. According to the Global CO₂ Initiative Roadmap (2016), CCU has the potential to reduce current annual global CO₂ emissions by up to 10%, including by addressing the industrial sector that accounts for 24% of U.S. GHG emissions. Further, CCU promotes a circular economy, keeping materials in circulation for as long as possible.