
Trump Administration Policy Developments and CCUS

Carbon Management Technology Conference
Houston, Texas



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Hunton & Williams LLP

- Founded in 1901, Richmond, VA
- 700+ lawyers, 19 offices, 6 countries
- Dallas, Houston, Austin
- Strong focus on energy/environment

Personal

- Partner, 2005 - present
- Decade experience on Capitol Hill
- Counsel, House Committee on Energy & Commerce
- Represent utilities, oil and gas, other energy clients on energy/environment
- Founded CCS Alliance in 2008
- Technical Chair and Lead Author, 2015 NCC report “Leveling the Playing Field: Policy Parity for Carbon Capture and Storage Technologies”





If you don't read the newspaper,
you're uninformed. If you read
the newspaper, you're
misinformed.

- Mark Twain

Far and away the best prize that
life has to offer is the chance to
work hard at work worth doing.

- Theodore Roosevelt

- Energy Policy
 - Support for coal and fossil
- Environmental Policy
 - Climate: Re-establishing legal and evidential foundations
- Economic Policy
 - Shrink government
 - Reduce spending and regulation
 - Minimize incentives and government distortion of markets
 - Grow the economy

So, regarding CCUS, how do we increase government support for coal while eliminating climate mandates, reducing R&D spending, and stopping market distortions?

Consistent government
financial support sufficient to
sustain investment decisions



Minimize regulatory barriers



“The miners told me about the attacks on their **jobs** and their livelihoods. They told me about the efforts to shut down their mines, their **communities**, and their very way of life. I made them this promise: We will **put our miners back to work**. . . . Today, I'm taking bold action to follow through on that promise. My administration is putting an end to the war on coal. We're going to have clean coal -- **really clean coal**. With today's executive action, I am taking historic steps to lift the restrictions on American energy, to **reverse government intrusion**, and to **cancel job-killing regulations**.”

- March 28



- Actions supporting fossil energy – coal in particular
 - **New theme: Energy dominance**
 - Stream Protection Rule revoked – CRA resolution signed February 16
 - Removal of regulatory barriers – Executive Order 13783, Promoting Energy Independence and Economic Growth, March 28
 - DOI coal leasing moratorium lifted, March 29
 - DOE grid study to support baseload energy, April 14
 - “Over the last few years . . . grid experts have expressed concerns about the erosion of critical baseload resources . . . highlight[ing] the diminished diversity of our nation’s electric generation mix, and what that could mean for baseload power and grid resilience. This has resulted in part from **regulatory burdens** introduced by previous administrations that were **designed to decrease coal-fired power generation**. Such policies have destroyed jobs and economic growth, and they threaten to undercut the performance of the grid well into the future.”
 - “The results of this analysis will help the federal government formulate sound policies to protect the nation’s electric grid. In establishing these policies, the Trump Administration will be guided by the principles of **reliability, resiliency, affordability, and fuel assurance** – principles that underpin a thriving economy.”
 - Political appointments

- “As someone who cares deeply about the environment, which I do, I cannot in good conscience support a deal that **punishes the United States** -- which is what it does -- the world’s leader in environmental protection, while imposing no meaningful obligations on the world’s leading polluters. [We will] begin negotiations to reenter either the Paris Accord or a really entirely new transaction on terms that are **fair to the United States, its businesses, its workers, its people, its taxpayers.**”

- June 1



- Actions on climate policy
 - Paris Accord – U.S. will withdraw
 - Clean Power Plan/111(b) rules – EPA reviewing, CPP litigation stayed
 - Social Cost of Carbon – Interagency Work Group disbanded, documents withdrawn
 - “Red Team” Exercise – EPA Administrator Pruitt announces evaluation of climate science
 - “The public is largely unaware of the intense debates within climate science. . . . Consensus statements necessarily conceal judgment calls and debates and so feed the ‘settled,’ ‘hoax,’ and ‘don’t know’ memes that plague the political dialogue around climate change.”
 - Steve Koonin, Wall Street Journal, April 21
 - SEC climate risk disclosure guidance – enforcement suspended
 - **To be determined:** Endangerment finding, GHG reporting rule

From the National Coal Council's 2015 Report "Leveling the Playing Field: Policy Parity for Carbon Capture and Storage Technologies"

- New Source Review
- Defining secure geological storage
- Siting
 - NEPA, ESA, CWA, MBTA, etc.
- Misunderstanding of the growing – not declining – global use of fossil fuels

Trump Administration on Economic Priorities

- “[W]e looked at this budget through the eyes of the people who are actually paying the bills. . . . [The President’s budget] begins to **reduce the size of the debt relative to the size of the economy** in year one. . . . Everything that we do in this administration . . . the focus is sustained, 3 percent **economic growth**.”

- OMB Director Mick Mulvaney, May 23

Key proposals and actions

- Proposed FY 2018 budget
 - DOE energy programs budget cut from \$11.3 B to \$7.3 B
 - CCS-related funding cut by nearly 85%
 - House Appropriations budget - \$9.6 B; CCS funding increased
 - Senate – Bill to be released this week
- Disaffection with funding for commercialization; focus on early stage R&D
- \$1 trillion infrastructure bill – contents tbd

Key proposals and actions

- Tax reform
 - Principles: wage and job growth, simplicity and fairness, “service-first” IRS
 - Structure: reduce corporate and individual rates, paid for by border adjustment tax and elimination of special tax incentives
 - Key for CCUS: increasing the Section 45Q credit; extending PABs to CCS
 - Heitkamp-Whitehouse-Capito bill reintroduced July 12

45Q tax credit	Current	Proposed
CCUS	\$10/ton	\$35/ton
CCS	\$20/ton	\$50/ton
Limit	75 million tons	None
Threshold	500,000 tpy	100,000 tpy
Secure storage	IRS guidance	No change

- H.R. 2010 (Cramer – R-ND) – Would define secure storage as Subpart UU compliance
- Carbon tax?

Key issues:

- CCUS = energy dominance, with the additional benefit of addressing carbon emissions
- DOE R&D budget for CCUS – defend and enhance
- Increase the Section 45Q tax credit, cultivate support for other incentives
- “Institutionalist” political appointees need to win internal battles over budgeting and incentives

Key State issue:

- Will States support CCUS projects?

Outlook summary:

- The glass is more than half full



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