



Bipartisan Policy Center

# Federal Policy Recommendations from the BPC's Direct Air Capture Advisory Council

Members of the Bipartisan Policy Center Direct Air Capture (DAC) Advisory Council, representing a diversity of perspectives and expertise, share the view that DAC has an important role to play in a future economy that achieves net-zero greenhouse gas emissions. The Council is working to develop educational materials and policy recommendations for the federal government based on several high-level principles:

- 1. While emissions reductions should remain a priority for achieving the net-zero-by-2050 target, DAC should be viewed as a critical complement within a diverse portfolio of carbon dioxide removal (CDR) and mitigation strategies.** DAC with secure geological storage of captured carbon dioxide (CO<sub>2</sub>) can deliver large-scale CDR in a manner that is reliable, permanent, and safe. As a CDR option, DAC has several advantages in terms of low land- and water-use impacts and readiness for near-term deployment. Rapid DAC scaleup will show how real-world CDR can be used alongside emissions mitigation to accelerate progress toward net-zero.
- 2. DAC technologies are progressing rapidly.** DAC technologies have advanced from laboratory and pilot-scale testing to demonstrated industrial readiness in recent years. Several leading DAC developers now offer commercial systems that are cost-effective for deployment today. Meanwhile, work by start-ups, academics, and national labs to further refine DAC systems continues, creating a robust innovation ecosystem that will help drive costs down as the technology is deployed.
- 3. DAC technology presents large economic opportunities.** Countries around the world have committed to transitioning to a lower carbon future. Developing a leadership position in a nascent DAC sector today, through an ambitious federal innovation program, could deliver substantial economic returns in the future. Large-scale DAC deployment

will create demand for workers with skills that are currently found in industries such as oil and gas, mining, construction, and manufacturing. A single commercial-scale DAC facility has the potential to create several thousand construction jobs and demand for American-made materials and equipment.

4. **DAC can catalyze broader political support for action on climate change.** Because DAC provides an option for neutralizing unavoidable emissions from hard-to-abate-sectors, it can broaden the group of stakeholders willing to work toward a net-zero economy. Access to DAC and other cost-effective CDR strategies can help build public and political support for increased policy ambition in the future if more rapid progress is needed to limit climate damages.
5. **Long-term, strategic commitments are needed** from both the private and public sectors to support multiple DAC technologies and commercialization. Intentional investments need to be made *today* to enable the scale of deployment needed to achieve mid-century decarbonization targets. Congress has critical near-term opportunities to expand the market for DAC and accelerate DAC deployment through federal policy and appropriations.

An overarching Council recommendation is that Congress and the administration **should set a goal of ensuring that at least 7 million tons per year of DAC capacity are operational, or under construction by 2030**—and promote a diverse array of technologies and business models to that end. Our additional policy recommendations are designed to help realize this goal:

**Recommendation 1: Increase federal RDD&D spending for DAC to between \$1.5 and \$7.5 billion (cumulative) by 2030**

- Adjust RDD&D funding to the evolving requirements of the DAC innovation cycle, with an immediate emphasis on rapidly increasing demonstration and deployment.
- Support collaboration within relevant offices at DOE, along with inter-agency collaboration with DOD, Commerce, and EPA.

Existing legislation supported by the DAC Advisory Council:

- *CREATE Act* (S. 843)

**Recommendation 2: Expand the toolkit of financing options for DAC and enabling infrastructure**

- Support the buildout of CO<sub>2</sub> pipelines, storage hubs, and a broader network of carbon capture facilities.
- Make DAC projects eligible for favorable tax structures, such as master limited partnerships.
- Make DAC facilities eligible for tax-exempt bonds, such as private activity bonds.

- Support DAC financing through the U.S. Department of Energy (DOE) Loan Program Office.

Existing legislation supported by the DAC Advisory Council:

- *SCALE Act* (S. 799 /H.R. 1992)
- *Financing Our Energy Future Act* (S. 1034/H.R. 3249)
- *Carbon Capture Improvement Act* (S. 1829)

### **Recommendation 3: Reform and expand the existing 45Q federal tax credit for carbon capture**

- Monetize the credit by allowing project developers to take direct payments in lieu of a tax credit.
- Extend the deadline by which projects have to commence construction in order to be eligible for the 45Q tax credit (the current deadline is January 1, 2026). This will allow more DAC projects to claim the credit in the second half of this decade.
- Raise the credit for captured CO<sub>2</sub> to \$180/ton for projects that implement geologic storage (\$130/ton in cases where the captured CO<sub>2</sub> is used in products or for enhanced oil recovery).
- Eliminate minimum capture thresholds for DAC facilities.

Existing legislation supported by the DAC Advisory Council:

- *ACCESS 45Q Act* (H.R. 1062)
- *CCUS Tax Credit Amendments Act* (S. 986)

### **Recommendation 4: Leverage government procurement for a carbon managed economy**

- Use government procurement to support the build-out of carbon management infrastructure (including DAC facilities). This can include commitments to purchase carbon removal credits from DAC facilities, setting aside federal land for expedited permitting of DAC projects, or commitments to purchase construction materials and other products that use captured carbon as a feedstock.
- Include fuels that use captured CO<sub>2</sub> as a feedstock for compliance purposes in clean fuel standards. Support efforts by government agencies to quantify emissions and environmental costs associated with products used in public projects.

Existing legislation supported by the DAC Advisory Council:

- *Buy Clean Transparency Act* (S. 1864)

**Recommendation 5: Support the creation of robust carbon accounting frameworks**

- Strengthen carbon accounting frameworks in ways that enhance accountability and address concerns regarding the verifiability, permanence, and additionality of carbon benefits claimed for different CO<sub>2</sub> capture, or mitigation efforts.

