



April 18, 2022

Council on Environmental Quality  
Attn: Amy Coyle  
730 Jackson Place, NW  
Washington, D.C. 20503  
*Via regulations.gov*

**Re: Comments on the Interim Guidance Document “Carbon Capture, Utilization, and Sequestration Guidance” [Docket No. CEQ-2022-0001]**

In response to the Council on Environmental Quality (CEQ)’s Interim Carbon Capture, Utilization and Sequestration Guidance (guidance), the Center for Liquefied Natural Gas (CLNG) respectfully submits the following comments. As discussed below, CLNG supports CEQ’s goal of promoting the use of carbon capture, utilization, and sequestration (CCUS) technologies and its efforts to assist Federal agencies with the regulation and permitting of CCUS activities.

**I. Interest of CLNG**

The Center for LNG advocates for public policies that advance the use of LNG in the United States, and its export internationally. A committee of the Natural Gas Supply Association, CLNG represents the full LNG value chain, including U.S. LNG producers, shippers, import and export terminal operators and developers, providing it with unique insight into the ways in which the vast potential of this abundant, clean, and versatile fuel can be fully realized. CEQ’s proposal directly affects CLNG and its members as LNG export operators, some of whom intend to utilize CCUS technologies at their facilities.

## II. Comments

### *i. CLNG supports CEQ's goal of promoting the development and deployment of CCUS.*

We know from CEQ's own report that carbon capture technology can reduce carbon dioxide (CO<sub>2</sub>) emissions and help the United States and countries around the world meet their climate goals<sup>1</sup>. Sound government policies will be key in driving the timely deployment of CCUS technologies at the pace and scale required to support society's ambition to achieve a net-zero future. Predictable, stable, cost-effective policies are necessary to incentivize all large infrastructure projects, and for the development and scalability of CCUS technologies, this is distinctly important.

Investment in CCUS projects has grown rapidly around the world as countries commit to and invest in ways to lower their greenhouse gas (GHG) emissions. The natural gas industry has been an early adopter of CCUS technologies, and the LNG industry can be an important part of CCUS growth. The integration of CCUS was either announced or under construction this past year at more LNG facilities than ever before, with a number of those announcements coming from U.S. projects<sup>2</sup>. The increasing recognition by governments of CCUS's critical role has aided industry in its efforts to develop these projects: we see CEQ's guidance as an important step in the U.S. government's efforts to support and partner with industry in meeting our shared net-zero goals.

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<sup>1</sup> Council on Environmental Quality, "Report to Congress on Carbon Capture, Utilization, and Sequestration," (June 2021), [CEQ-CCUS-Permitting-Report.pdf \(whitehouse.gov\)](#).

<sup>2</sup> Global CCS Institute, "Global Status of CCS 2021," (Oct. 2021), [Global-Status-of-CCS-2021-Global-CCS-Institute-1121.pdf \(globalccsinstitute.com\)](#).

*ii. CLNG would like to offer recommendations to support and bolster CEQ's guidance.*

- a.* CLNG is supportive of CEQ's guidance but cautions that, as agencies adopt this guidance, they must not slow progress on approvals of CCUS projects. It will clearly take time for agencies to develop programmatic environmental reviews, but we urge that CCUS projects continue to move through their federal review processes while this guidance is further developed, finalized, and implemented.
- b.* CEQ's promotion of CCUS projects should emphasize, at both the state and federal levels, the need for regulatory agencies to implement predictable, efficient, and cost-effective permitting policies and processes that will be critical to incentivize these large infrastructure projects. An Inter-Agency Memorandum of Understanding (MOU) to delineate agency responsibilities at the Federal level could be helpful so that the many agencies involved in permitting these projects can better coordinate their review, and applicants have a clearer roadmap.
- c.* CLNG recommends that the Environmental Protection Agency (EPA) quickly grant permitting authority for the underground injection control (UIC) responsibility (primacy) to state agencies seeking Class VI well authorization ability. CLNG appreciates that the Jobs Act provides additional funding for the implementation of the UIC program and believes the timely deployment of permitting authority to be critical to the deployment of CCUS technologies.
- d.* CLNG urges CEQ to encourage passage of state laws and regulations that efficiently and effectively allow CCUS projects to be permitted and approved at the state level. State regulators play an important role in the development and timely permitting of these facilities, and states placing a priority on the deployment of this technology will play an essential role in accomplishing CEQ's goal of developing more CCUS projects.
- e.* State and federal statutes and common law, in many cases, place unlimited (in both time and dollar amount) liabilities on operators and owners of CO<sub>2</sub> permanently stored underground. The size and length of this potential liability dis-incentivizes both investment and development of CCUS projects. CLNG urges CEQ to encourage states (and the EPA, as applicable) to develop appropriate well closure requirements and private-to-public carbon dioxide ownership and liability transfer regimes that will promote both the financing and development of CCUS projects.
- f.* CLNG appreciates President Biden's commitment to increasing support for CCUS through enhanced Section 45Q tax incentives and encourages Congressional action to increase 45Q tax credits related to CCUS projects. We also encourage the processes for federal funding and loan programs to support financing of CCUS projects be quickly deployed. Enhanced funding for CCUS projects will be vital to their development. Further, CCUS projects can also preserve existing critical infrastructure by enabling a lower carbon output, thus saving both money and time by eliminating the need to completely replace important infrastructure across the United States.
- g.* CEQ might consider a technical conference or other process where companies could collaboratively share best practices.

- h.* CLNG believes that Federal Research, Development, Demonstration, and Deployment (RDD&D) funding for CCUS can also play a critical role in driving down CCUS costs and accelerating economy-wide deployment as it has for other emerging energy technologies.
  - i.* CEQ should consider designating CCUS Zones to identify uniquely regional or local environmental sensitivities, community interests, and permitting issues and corresponding jurisdictional agency review as part of the permitting process.
- iii. CLNG believes that CCUS has an important role to play in the energy transition.*

CCUS can be used to decarbonize not only the LNG sector, but also the global power sector and industrial sectors. The situation in Ukraine has made the global importance of U.S. natural gas even more evident. As such, it is vital that the United States adopt policies that support the export of LNG to aid our global allies, which will allow them to reduce dependence on Russian natural gas. U.S. LNG can be a stabilizing force in global energy markets while also helping to reduce global emissions. Even though in many instances natural gas on its own can help lower emissions and bring more renewable generation online, with CCUS technologies natural gas can have an even greater impact on global emissions reduction.

At home, CCUS can help decarbonize the industrial and power sectors while maintaining important infrastructure and the necessary chemical building blocks for consumer products. And, while CEQ is well aware of the environmental benefits associated with CCUS technologies, CCUS will also be especially helpful in improving air quality in energy-intensive areas, energy hubs and industrial corridors.

Furthermore, CCUS can maintain and support jobs in energy-intensive industries, thereby avoiding local economic and social dislocation that could otherwise occur while meeting climate targets. CCUS facilities can create new high-paying jobs throughout the construction process, as well as in the operation of new facilities. As we have seen with other capital-intensive projects,

such as LNG export facilities, associated supply chains see job creation and growth through the introduction of new materials, durable goods, and ancillary and tertiary services.

### **III. Conclusion**

The natural gas industry is a partner in transitioning to a lower-carbon future, and exporting U.S. LNG is one of the ways that we are working together to reduce emissions on a global scale, while securely and reliably meeting the energy demands of a growing global population. CCUS technologies can aid the natural gas and LNG industries in further reducing CO<sub>2</sub> emissions, and we are encouraged that CEQ sees the potential of CCUS technologies.

Reliable, sound, and efficient government policies are necessary to continue developing energy infrastructure that will help the United States meet its climate goals while providing cleaner, reliable, and affordable energy to consumers throughout the world as they also strive to meet shared climate goals.

CLNG is happy to offer any assistance as CEQ and other agencies work through this guidance. Thank you for the opportunity to provide comments.

Sincerely,

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