

Inflation Reduction Act Expands CCUS Incentives

INFLATION REDUCTION ACT OF 2022

On August 16, 2022, the Inflation Reduction Act (IRA) was signed into law, which includes new and expanded clean-energy-related tax credits aimed at fostering the developing carbon capture, utilization and storage (CCUS) industry. Specifically, the modifications to existing tax credits include:

- > Significant, across-the-board increases to existing Federal 45Q tax credits for both enhanced oil recovery (EOR) and deep geologic storage projects;
- > An added tax credit value for carbon dioxide direct air capture (DAC); and
- > A decrease in the minimum size thresholds for qualifying projects.

The IRA also extends the timeframe to commence project construction for tax credit eligibility to 2033, affording more time for project planning and permitting. Other new incentives in the IRA include provisions for direct payment in lieu of tax credits and the ability for project owners to transfer credits to unrelated other taxpayers.

45Q TAX CREDIT INCREASE BY ACTIVITY



NOTE: To be eligible for max tax credits, projects must implement specific prevailing wage, hour, and apprenticeship requirements.

GSi specializes in developing and implementing practical, cost-effective monitoring programs for UIC Class VI injection well permits that i) are protective of public health, the environment, and stakeholders' interests, and ii) comply with Federal 45Q tax credit and California LCFS programs by adhering to applicable standards and protocols.



Danny Kingham, PG
Senior Hydrogeologist
dbkingham@gsienv.com
713.775.0481



Jonathan Skaggs, PG
Senior Geologist
jmskaggs@gsienv.com
510.409.0779