Gas Strategies
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Contents

Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Download on the App Store

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
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Capture this: Is the Inflation Reduction Act leading to a CCS gold rush in the US?

A year ago, the US government began to encourage the mass adoption of low carbon solutions through its groundbreaking Inflation Reduction Act (IRA). The legislation pledged to provide billions in tax credits across various decarbonisation measures, including carbon capture, utilisation and storage (CCUS).

The IRA increases the value of the previous 45Q tax credit for CO2 captured for utilisation and enhanced oil recovery (EOR) from USD 35/tonne to USD 60/tonne for point-source capture and USD 130/tonne for direct air capture. CO2 captured for dedicated geological storage increases from USD 50/tonne to USD 85/tonne for point-source capture and USD 180/tonne for direct air capture.

The legislation has faced some criticism but is undoubtedly the biggest incentive so far for energy companies to target net zero to be offered by any government. One criticism the IRA faces is that its proposed billions of savings on tax credits will unlikely cover the extremely high cost of infrastructure development required for CCS. Despite this, the energy sector’s interest has been piqued and the shift into CCS has moved into the mainstream.

Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com

Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com

Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com