



April 26, 2023

Senate Finance Committee
Colorado General Assembly
200 E. Colfax Avenue
Denver, CO 80203

Re: HB23-1272 Tax Policy that Advances Decarbonization

Dear Members of the Senate Finance Committee:

My name is Ann Sutton, living in Westminster CO. This testimony represents the position of the League of Women Voters of Colorado (LWVCO) for the bill to use tax credits and other incentives as tools to accelerate the adoption of clean energy technologies.

We have reservations about certain elements of the bill and request that you consider amendments to **Section 5 Industrial clean energy** tax credit. Some options in subsection (2)(e) that are described as "improvements" are still in the development stage and have not been verified for effectiveness or scalability.

We propose striking (X) *installing carbon capture equipment and permanent durable carbon storage (CCS)* because this technology is inefficient, expensive, and may create safety issues associated with transport of captured carbon dioxide.

Of the 12 commercial carbon capture projects in the U.S. as of 2020, only one sequesters captured carbon in an underground sandstone formation and 11 are capturing and injecting CO₂ for enhanced oil recovery (EOR). <https://www.globalccsinstitute.com/wp-content/uploads/2021/03/Global-Status-of-CCS-Report-English.pdf>

The Congressional Research Service notes that in the near term, most CCS projects will continue to be for EOR because the revenue generated from the production of oil is needed to make carbon capture commercially viable. <https://crsreports.congress.gov/product/details?prodcode=IF11455>

In the history of use of CCS, projects that have failed or underperformed considerably outnumbered successful experiences. CCS is an energy intensive process that is not likely to meet the goals of this bill to reduce GHG emissions. <https://ieefa.org/resources/carbon-capture-ccs-ccus-ccu>

We also propose striking (XVII) *placing in service carbon management systems including direct air capture (DAC) or other forms of carbon dioxide (CO₂) removal.*

Direct air capture is more costly per tonne of CO₂ removed compared to many mitigation approaches and natural climate solutions as it is energy intensive to separate carbon dioxide from ambient air. Energy sources need to be zero- or very low-carbon to maximize net capture efficiency. Ultimately, the greatest climate benefit for DAC comes from geologic sequestration. <https://www.wri.org/insights/direct-air-capture-resource-considerations-and-costs-carbon-removal>

Carbon removal requires the CO₂ to be permanently stored either at the DAC site or by transport to a geologic sequestration location, which may involve safety issues as previously noted. We see that the DAC option within the bill does not exclude use of the captured carbon for enhanced oil recovery; this should be unacceptable in an application for tax credits.

The League supports climate goals and policies that are consistent with the best available climate science and that will ensure a stable climate system for future generations. Individuals, communities, and governments must continue to address this issue while considering the ramifications of their decisions at all levels: local, state, regional, national, and global.

We are pleased to see consideration in the bill for the merits of geothermal energy projects for rural or isolated, disproportionately impacted (DIC), or just transition communities and for evaluation by the commission of negative impacts on DIC. LWVCO is committed to equity and engaging all individuals, households, communities, and policy makers in creating a more perfect democracy.

Thank you for sponsoring this timely and important bill.

Respectfully,

A handwritten signature in blue ink, reading "Ann Sutton", is displayed on a light blue rectangular background.

Ann Sutton Volunteer Lobbyist
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