

117TH CONGRESS
1ST SESSION

H. R. 1992

To require the Secretary of Energy to establish programs for carbon dioxide capture, transport, utilization, and storage, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2021

Mr. VEASEY (for himself, Mr. MCKINLEY, Mrs. BUSTOS, Mr. STAUBER, Ms. SEWELL, and Ms. CHENEY) introduced the following bill; which was referred to the Committee on Science, Space, and Technology, and in addition to the Committees on Energy and Commerce, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require the Secretary of Energy to establish programs for carbon dioxide capture, transport, utilization, and storage, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Storing CO₂ and Lowering Emissions Act” or the
6 “SCALE Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.
 Sec. 2. Findings.

TITLE I—UTILIZATION OF CARBON OXIDES

Sec. 101. Carbon utilization program.

TITLE II—TRANSPORTATION OF CAPTURED CARBON

Sec. 201. Carbon capture technology program.
 Sec. 202. Carbon dioxide transportation infrastructure finance and innovation.

TITLE III—GEOLOGIC STORAGE OF CAPTURED CARBON

Sec. 301. Carbon storage validation and testing.
 Sec. 302. Secure geologic storage permitting.

3 **SEC. 2. FINDINGS.**

4 Congress finds that—

5 (1) the industrial sector is integral to the econ-
 6 omy of the United States—

7 (A) providing millions of jobs and essential
 8 products; and

9 (B) demonstrating global leadership in
 10 manufacturing and innovation;

11 (2) carbon capture and storage technologies are
 12 necessary for reducing hard-to-abate emissions from
 13 the industrial sector, which emits nearly 25 percent
 14 of carbon dioxide emissions in the United States;

15 (3) carbon removal and storage technologies, in-
 16 cluding direct air capture, must be deployed at
 17 large-scale in the coming decades to remove carbon
 18 dioxide directly from the atmosphere;

1 (4) large-scale deployment of carbon capture,
2 removal, utilization, transport, and storage—

3 (A) is critical for achieving mid-century cli-
4 mate goals; and

5 (B) will drive regional economic develop-
6 ment, technological innovation, and high-wage
7 employment;

8 (5) carbon capture, removal, and utilization
9 technologies require a backbone system of shared
10 carbon dioxide transport and storage infrastructure
11 to enable large-scale deployment, realize economies
12 of scale, and create an interconnected carbon man-
13 agement market;

14 (6) carbon dioxide transport infrastructure and
15 permanent geological storage are proven and safe
16 technologies with existing Federal and State regu-
17 latory frameworks;

18 (7) carbon dioxide transport and storage infra-
19 structure share similar barriers to deployment pre-
20 viously faced by other types of critical national infra-
21 structure, such as high capital costs and chicken-
22 and-egg challenges, that require Federal and State
23 support, in combination with private investment, to
24 be overcome; and

(8) each State should take into consideration, with respect to new carbon dioxide transportation infrastructure—

(A) qualifying the infrastructure as pollution control devices under applicable laws (including regulations) of the State; and

(B) establishing a waiver of ad valorem and property taxes for the infrastructure for a period of not less than 10 years.

TITLE I—UTILIZATION OF CARBON OXIDES

SEC. 101. CARBON UTILIZATION PROGRAM.

Section 969A of the Energy Policy Act of 2005 (42 U.S.C. 16298a) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(B) by inserting after paragraph (2) the following:

“(3) to develop or obtain, in coordination with other applicable Federal agencies and standard-setting organizations, standards and certifications, as appropriate, to facilitate the commercialization of the products and technologies described in paragraph (2);”;

1 (2) in subsection (b)—

2 (A) by redesignating paragraph (2) as
3 paragraph (3);

4 (B) by inserting after paragraph (1) the
5 following:

6 “(2) GRANT PROGRAM.—

7 “(A) IN GENERAL.—Not later than 1 year
8 after the date of enactment of the Storing CO2
9 and Lowering Emissions Act, the Secretary
10 shall establish a program to provide grants to
11 eligible entities to use in accordance with sub-
12 paragraph (D).

13 “(B) ELIGIBLE ENTITIES.—To be eligible
14 to receive a grant under this paragraph, an en-
15 tity shall be—

16 “(i) a State;

17 “(ii) a unit of local government; or

18 “(iii) a public utility or agency.

19 “(C) APPLICATIONS.—Eligible entities de-
20 siring a grant under this paragraph shall sub-
21 mit to the Secretary an application at such
22 time, in such manner, and containing such in-
23 formation as the Secretary determines to be ap-
24 propriate.

1 “(D) USE OF FUNDS.—An eligible entity
 2 shall use a grant received under this paragraph
 3 to procure and use commercial or industrial
 4 products that—

5 “(i) use or are derived from anthropo-
 6 genic carbon oxides; and

7 “(ii) demonstrate significant net re-
 8 ductions in lifecycle greenhouse gas emis-
 9 sions compared to incumbent technologies,
 10 processes, and products.”; and

11 (C) in paragraph (3) (as so redesignated),
 12 by striking “paragraph (1)” and inserting “this
 13 subsection”; and

14 (3) in subsection (d), by striking paragraphs
 15 (1) through (5) and inserting the following:

16 “(1) \$64,000,000 for fiscal year 2021;

17 “(2) \$65,250,000 for fiscal year 2022;

18 “(3) \$66,562,500 for fiscal year 2023;

19 “(4) \$67,940,625 for fiscal year 2024; and

20 “(5) \$69,387,656 for fiscal year 2025.”.

21 **TITLE II—TRANSPORTATION OF** 22 **CAPTURED CARBON**

23 **SEC. 201. CARBON CAPTURE TECHNOLOGY PROGRAM.**

24 Section 962 of the Energy Policy Act of 2005 (42
 25 U.S.C. 16292) is amended—

1 (1) in subsection (b)(2)—

2 (A) in subparagraph (C), by striking
3 “and” at the end;

4 (B) in subparagraph (D), by striking “pro-
5 gram.” and inserting “program for carbon cap-
6 ture technologies; and”; and

7 (C) by adding at the end the following:

8 “(E) a front-end engineering and design
9 program for carbon dioxide transport infra-
10 structure necessary to enable deployment of
11 carbon capture, utilization, and storage tech-
12 nologies.”; and

13 (2) in subsection (d)(1)—

14 (A) in subparagraph (C)(ii), by striking
15 “and” at the end;

16 (B) in subparagraph (D), by striking the
17 period at the end and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(E) for activities under the front-end en-
20 gineering and design program described in sub-
21 section (b)(2)(E), \$20,000,000 for each of fis-
22 cal years 2022 through 2025.”.

1 **SEC. 202. CARBON DIOXIDE TRANSPORTATION INFRA-**
 2 **STRUCTURE FINANCE AND INNOVATION.**

3 (a) IN GENERAL.—Title IX of the Energy Policy Act
 4 of 2005 (42 U.S.C. 16181 et seq.) is amended by adding
 5 at the end the following:

6 **“Subtitle J—Carbon Dioxide Trans-**
 7 **portation Infrastructure Fi-**
 8 **nance and Innovation**

9 **“SEC. 999A. DEFINITIONS.**

10 “In this subtitle:

11 “(1) CIFIA PROGRAM.—The term ‘CIFIA pro-
 12 gram’ means the carbon dioxide transportation in-
 13 frastructure finance and innovation program estab-
 14 lished under section 999B(a).

15 “(2) COMMON CARRIER.—The term ‘common
 16 carrier’ means a transportation infrastructure oper-
 17 ator or owner that—

18 “(A) publishes a publicly available tariff
 19 containing the just and reasonable rates, terms,
 20 and conditions of nondiscriminatory service;
 21 and

22 “(B) holds itself out to provide transpor-
 23 tation services to the public for a fee.

24 “(3) CONTINGENT COMMITMENT.—The term
 25 ‘contingent commitment’ means a commitment to

1 obligate funds from future available budget author-
2 ity that is—

3 “(A) contingent on those funds being made
4 available in law at a future date; and

5 “(B) not an obligation of the Federal Gov-
6 ernment.

7 “(4) ELIGIBLE PROJECT COSTS.—The term ‘eli-
8 gible project costs’ means amounts substantially all
9 of which are paid by, or for the account of, an obli-
10 gor in connection with a project, including—

11 “(A) the cost of—

12 “(i) development-phase activities, in-
13 cluding planning, feasibility analysis, rev-
14 enue forecasting, environmental review,
15 permitting, preliminary engineering and
16 design work, and other preconstruction ac-
17 tivities;

18 “(ii) construction, reconstruction, re-
19 habilitation, replacement, and acquisition
20 of real property (including land relating to
21 the project and improvements to land), en-
22 vironmental mitigation, construction con-
23 tingencies, and acquisition and installation
24 of equipment (including labor); and

1 “(iii) capitalized interest necessary to
 2 meet market requirements, reasonably re-
 3 quired reserve funds, capital issuance ex-
 4 penses, and other carrying costs during
 5 construction; and

6 “(B) transaction costs associated with fi-
 7 nancing the project, including—

8 “(i) the cost of legal counsel and tech-
 9 nical consultants; and

10 “(ii) any subsidy amount paid in ac-
 11 cordance with section 999B(c)(3)(B)(ii) or
 12 section 999C(b)(6)(B)(ii).

13 “(5) FEDERAL CREDIT INSTRUMENT.—The
 14 term ‘Federal credit instrument’ means a secured
 15 loan or loan guarantee authorized to be provided
 16 under the CIFIA program with respect to a project.

17 “(6) LENDER.—The term ‘lender’ means any
 18 non-Federal qualified institutional buyer (as defined
 19 in section 230.144A(a) of title 17, Code of Federal
 20 Regulations (or a successor regulation), commonly
 21 known as Rule 144A(a) of the Securities and Ex-
 22 change Commission and issued under the Securities
 23 Act of 1933 (15 U.S.C. 77a et seq.)), including—

24 “(A) a qualified retirement plan (as de-
 25 fined in section 4974(c) of the Internal Revenue

1 Code of 1986) that is a qualified institutional
2 buyer; and

3 “(B) a governmental plan (as defined in
4 section 414(d) of the Internal Revenue Code of
5 1986) that is a qualified institutional buyer.

6 “(7) LETTER OF INTEREST.—The term ‘letter
7 of interest’ means a letter submitted by a potential
8 applicant prior to an application for credit assistance
9 in a format prescribed by the Secretary on the
10 website of the CIFIA program that—

11 “(A) describes the project and the location,
12 purpose, and cost of the project;

13 “(B) outlines the proposed financial plan,
14 including the requested credit and grant assist-
15 ance and the proposed obligor;

16 “(C) provides a status of environmental re-
17 view; and

18 “(D) provides information regarding satis-
19 faction of other eligibility requirements of the
20 CIFIA program.

21 “(8) LOAN GUARANTEE.—The term ‘loan guar-
22 antee’ means any guarantee or other pledge by the
23 Secretary to pay all or part of the principal of, and
24 interest on, a loan or other debt obligation issued by
25 an obligor and funded by a lender.

1 “(9) MASTER CREDIT AGREEMENT.—The term
2 ‘master credit agreement’ means a conditional agree-
3 ment that—

4 “(A) is for the purpose of extending credit
5 assistance for—

6 “(i) a project of high priority under
7 section 999B(c)(3)(A); or

8 “(ii) a project covered under section
9 999B(c)(3)(B);

10 “(B) does not provide for a current obliga-
11 tion of Federal funds; and

12 “(C) would—

13 “(i) make a contingent commitment of
14 a Federal credit instrument or grant at a
15 future date, subject to—

16 “(I) the availability of future
17 funds being made available to carry
18 out the CIFIA program; and

19 “(II) the satisfaction of all condi-
20 tions for the provision of credit assist-
21 ance under the CIFIA program, in-
22 cluding section 999C(b);

23 “(ii) establish the maximum amounts
24 and general terms and conditions of the
25 Federal credit instruments or grants;

1 “(iii) identify the 1 or more revenue
2 sources that will secure the repayment of
3 the Federal credit instruments;

4 “(iv) provide for the obligation of
5 funds for the Federal credit instruments or
6 grants after all requirements have been
7 met for the projects subject to the agree-
8 ment, including—

9 “(I) compliance with all applica-
10 ble requirements specified under the
11 CIFIA program, including sections
12 999B(d) and 999C(b)(1); and

13 “(II) the availability of funds to
14 carry out the CIFIA program; and

15 “(v) require that contingent commit-
16 ments shall result in a financial close and
17 obligation of credit or grant assistance by
18 not later than 4 years after the date of
19 entry into the agreement or release of the
20 commitment, as applicable, unless other-
21 wise extended by the Secretary.

22 “(10) OBLIGOR.—The term ‘obligor’ means a
23 corporation, partnership, joint venture, trust, gov-
24 ernmental entity, agency, or instrumentality, or
25 other entity that is primarily liable for payment of

1 the principal of, or interest on, a Federal credit in-
2 strument.

3 “(11) PRODUCED IN THE UNITED STATES.—

4 The term ‘produced in the United States’, with re-
5 spect to iron and steel, means that all manufac-
6 turing processes for the iron and steel, including the
7 application of any coating, occurs within the United
8 States.

9 “(12) PROJECT.—The term ‘project’ means a
10 project for common carrier carbon dioxide transpor-
11 tation infrastructure or associated equipment, in-
12 cluding pipeline, shipping, rail, or other transpor-
13 tation infrastructure and associated equipment, that
14 will transport or handle carbon dioxide captured
15 from anthropogenic sources or ambient air, as the
16 Secretary determines to be appropriate.

17 “(13) PROJECT OBLIGATION.—The term
18 ‘project obligation’ means any note, bond, debenture,
19 or other debt obligation issued by an obligor in con-
20 nection with the financing of a project, other than
21 a Federal credit instrument.

22 “(14) SECURED LOAN.—The term ‘secured
23 loan’ means a direct loan or other debt obligation
24 issued by an obligor and funded by the Secretary in

1 connection with the financing of a project under sec-
2 tion 999C.

3 “(15) SUBSIDY AMOUNT.—The term ‘subsidy
4 amount’ means the amount of budget authority suf-
5 ficient to cover the estimated long-term cost to the
6 Federal Government of a Federal credit instru-
7 ment—

8 “(A) calculated on a net present value
9 basis; and

10 “(B) excluding administrative costs and
11 any incidental effects on governmental receipts
12 or outlays in accordance with the Federal Cred-
13 it Reform Act of 1990 (2 U.S.C. 661 et seq.).

14 “(16) SUBSTANTIAL COMPLETION.—The term
15 ‘substantial completion’, with respect to a project,
16 means the date—

17 “(A) on which the project commences
18 transportation of carbon dioxide; or

19 “(B) of a comparable event to the event
20 described in subparagraph (A), as determined
21 by the Secretary and specified in the project
22 credit agreement.

1 **“SEC. 999B. DETERMINATION OF ELIGIBILITY AND**
2 **PROJECT SELECTION.**

3 “(a) ESTABLISHMENT OF PROGRAM.—The Secretary
4 shall establish and carry out a carbon dioxide transpor-
5 tation infrastructure finance and innovation program,
6 under which the Secretary shall provide for eligible
7 projects in accordance with this subtitle—

8 “(1) a Federal credit instrument under section
9 999C;

10 “(2) a grant under section 999D; or

11 “(3) both a Federal credit instrument and a
12 grant.

13 “(b) ELIGIBILITY.—

14 “(1) IN GENERAL.—A project shall be eligible
15 to receive a Federal credit instrument or a grant
16 under the CIFIA program if—

17 “(A) the entity proposing to carry out the
18 project submits a letter of interest prior to sub-
19 mission of an application under paragraph (3)
20 for the project; and

21 “(B) the project meets the criteria de-
22 scribed in this subsection.

23 “(2) CREDITWORTHINESS.—

24 “(A) IN GENERAL.—Each project and obli-
25 gor that receives a Federal credit instrument or
26 a grant under the CIFIA program shall be

1 creditworthy, such that there exists a reason-
2 able prospect of repayment of the principal and
3 interest on the Federal credit instrument, as
4 determined by the Secretary under subpara-
5 graph (B).

6 “(B) REASONABLE PROSPECT OF REPAY-
7 MENT.—The Secretary shall base a determina-
8 tion of whether there is a reasonable prospect
9 of repayment under subparagraph (A) on a
10 comprehensive evaluation of whether the obligor
11 has a reasonable prospect of repaying the Fed-
12 eral credit instrument for the eligible project,
13 including evaluation of—

14 “(i) the strength of the contractual
15 terms of an eligible project (if available for
16 the applicable market segment);

17 “(ii) the forecast of noncontractual
18 cash flows supported by market projections
19 from reputable sources, as determined by
20 the Secretary, and cash sweeps or other
21 structural enhancements;

22 “(iii) the projected financial strength
23 of the obligor—

24 “(I) at the time of loan close;

25 and

1 “(II) throughout the loan term,
2 including after the project is com-
3 pleted;

4 “(iv) the financial strength of the in-
5 vestors and strategic partners of the obli-
6 gor, if applicable; and

7 “(v) other financial metrics and anal-
8 yses that are relied on by the private lend-
9 ing community and nationally recognized
10 credit rating agencies, as determined ap-
11 propriate by the Secretary.

12 “(3) APPLICATIONS.—To be eligible for assist-
13 ance under the CIFIA program, an obligor shall
14 submit to the Secretary a project application at such
15 time, in such manner, and containing such informa-
16 tion as the Secretary determines to be appropriate.

17 “(4) ELIGIBLE PROJECT COSTS.—A project
18 under the CIFIA program shall have eligible project
19 costs that are reasonably anticipated to equal or ex-
20 ceed \$100,000,000.

21 “(5) REVENUE SOURCES.—The applicable Fed-
22 eral credit instrument shall be repayable, in whole or
23 in part, from—

24 “(A) user fees;

1 “(B) payments owing to the obligor under
2 a public-private partnership; or

3 “(C) other revenue sources that also secure
4 or fund the project obligations.

5 “(6) OBLIGOR WILL BE IDENTIFIED LATER.—
6 A State, local government, agency, or instrumen-
7 tality of a State or local government, or a public au-
8 thority, may submit to the Secretary an application
9 under paragraph (3), under which a private party to
10 a public-private partnership will be—

11 “(A) the obligor; and

12 “(B) identified at a later date through
13 completion of a procurement and selection of
14 the private party.

15 “(7) BENEFICIAL EFFECTS.—The Secretary
16 shall determine that financial assistance for each
17 project under the CIFIA program will—

18 “(A) attract public or private investment
19 for the project;

20 “(B) enable the project to proceed at an
21 earlier date than the project would otherwise be
22 able to proceed or reduce the lifecycle costs (in-
23 cluding debt service costs) of the project; or

1 “(C) enable the transportation of carbon
2 dioxide captured from anthropogenic sources or
3 ambient air.

4 “(8) PROJECT READINESS.—To be eligible for
5 assistance under the CIFIA program, the applicant
6 shall demonstrate a reasonable expectation that the
7 contracting process for construction of the project
8 can commence by not later than 90 days after the
9 date on which a Federal credit instrument or grant
10 is obligated for the project under the CIFIA pro-
11 gram.

12 “(c) SELECTION AMONG ELIGIBLE PROJECTS.—

13 “(1) ESTABLISHMENT OF APPLICATION PROC-
14 ESS.—The Secretary shall establish an application
15 process under which projects that are eligible to re-
16 ceive assistance under subsection (b) may—

17 “(A) receive credit assistance on terms ac-
18 ceptable to the Secretary, if adequate funds are
19 available (including any funds provided on be-
20 half of an eligible project under paragraph
21 (3)(B)(ii)) to cover the subsidy amount associ-
22 ated with the Federal credit instrument; and

23 “(B) receive grants under section 999D
24 if—

1 “(i) adequate funds are available to
2 cover the amount of the grant; and

3 “(ii) the Secretary determines that
4 the project is eligible under subsection (b)
5 of that section.

6 “(2) PRIORITY.—In selecting projects to receive
7 credit assistance under subsection (b), the Secretary
8 shall give priority to projects that—

9 “(A) are large-capacity, common carrier
10 infrastructure;

11 “(B) have demonstrated demand for use of
12 the infrastructure by associated projects that
13 capture carbon dioxide from anthropogenic
14 sources or ambient air;

15 “(C) enable geographical diversity in asso-
16 ciated projects that capture carbon dioxide from
17 anthropogenic sources or ambient air, with the
18 goal of enabling projects in all major carbon di-
19 oxide-emitting regions of the United States; and

20 “(D) are sited within, or adjacent to, exist-
21 ing pipeline or other linear infrastructure cor-
22 ridors, in a manner that minimizes environ-
23 mental disturbance and other siting concerns.

24 “(3) MASTER CREDIT AGREEMENTS.—

1 “(A) PRIORITY PROJECTS.—The Secretary
2 may enter into a master credit agreement for a
3 project that the Secretary determines—

4 “(i) will likely be eligible for credit as-
5 sistance under subsection (b), on obtain-
6 ing—

7 “(I) additional commitments
8 from associated carbon capture
9 projects to use the project; or

10 “(II) all necessary permits and
11 approvals; and

12 “(ii) is a project of high priority, as
13 determined in accordance with the criteria
14 described in paragraph (2).

15 “(B) ADEQUATE FUNDING NOT AVAIL-
16 ABLE.—If the Secretary fully obligates funding
17 to eligible projects for a fiscal year and ade-
18 quate funding is not available to fund a Federal
19 credit instrument, a project sponsor (including
20 a unit of State or local government) of an eligi-
21 ble project may elect—

22 “(i)(I) to enter into a master credit
23 agreement in lieu of the Federal credit in-
24 strument; and

1 “(II) to wait to execute a Federal
2 credit instrument until the fiscal year for
3 which additional funds are available to re-
4 ceive credit assistance; or

5 “(ii) if the lack of adequate funding is
6 solely with respect to amounts available for
7 the subsidy amount, to pay the subsidy
8 amount to fund the Federal credit instru-
9 ment.

10 “(d) FEDERAL REQUIREMENTS.—

11 “(1) IN GENERAL.—Nothing in this subtitle su-
12 persedes the applicability of any other requirement
13 under Federal law (including regulations).

14 “(2) NEPA.—Federal credit assistance may
15 only be provided under this subtitle for a project
16 that has received an environmental categorical exclu-
17 sion, a finding of no significant impact, or a record
18 of decision under the National Environmental Policy
19 Act of 1969 (42 U.S.C. 4321 et seq.).

20 “(e) USE OF AMERICAN IRON, STEEL, AND MANU-
21 FACTURED GOODS.—

22 “(1) IN GENERAL.—Except as provided in para-
23 graph (2), no Federal credit instrument or grant
24 provided under the CIFIA program shall be made
25 available for a project unless all iron, steel, and

1 manufactured goods used in the project are pro-
2 duced in the United States.

3 “(2) EXCEPTIONS.—Paragraph (1) shall not
4 apply in any case or category of cases with respect
5 to which the Secretary determines that—

6 “(A) the application would be inconsistent
7 with the public interest;

8 “(B) iron, steel, or a relevant manufac-
9 tured good is not produced in the United States
10 in sufficient and reasonably available quantity,
11 or of a satisfactory quality; or

12 “(C) the inclusion of iron, steel, or a man-
13 ufactured good produced in the United States
14 will increase the cost of the overall project by
15 more than 25 percent.

16 “(3) WAIVERS.—If the Secretary receives a re-
17 quest for a waiver under this subsection, the Sec-
18 retary shall—

19 “(A) make available to the public a copy of
20 the request, together with any information
21 available to the Secretary concerning the re-
22 quest—

23 “(i) on an informal basis; and

1 “(ii) by electronic means, including on
2 the official public website of the Depart-
3 ment;

4 “(B) allow for informal public comment re-
5 lating to the request for not fewer than 15 days
6 before making a determination with respect to
7 the request; and

8 “(C) approve or disapprove the request by
9 not later than the date that is 120 days after
10 the date of receipt of the request.

11 “(4) APPLICABILITY.—This subsection shall be
12 applied in accordance with any applicable obligations
13 of the United States under international agreements.

14 “(f) PREVAILING RATE OF WAGE.—

15 “(1) IN GENERAL.—The Secretary shall ensure
16 that each laborer and mechanic employed by a con-
17 tractor or subcontractor for a project financed, in
18 whole or in part, by a Federal credit instrument or
19 grant provided under the CIFA program shall be
20 paid wages at rates not less than those prevailing on
21 the same type of work on similar construction
22 projects in the applicable locality, as determined by
23 the Secretary of Labor under subchapter IV of chap-
24 ter 31 of part A of subtitle II of title 40, United

1 States Code (commonly referred to as the ‘Davis-
2 Bacon Act’).

3 “(2) AUTHORITY OF SECRETARY OF LABOR.—

4 With respect to the labor standards described in
5 paragraph (1), the Secretary of Labor shall have the
6 authority and functions described in Reorganization
7 Plan Numbered 14 of 1950 (64 Stat. 1267; 5
8 U.S.C. App.) and section 3145 of title 40, United
9 States Code.

10 “(g) APPLICATION PROCESSING PROCEDURES.—

11 “(1) NOTICE OF COMPLETE APPLICATION.—

12 Not later than 30 days after the date of receipt of
13 an application under this section, the Secretary shall
14 provide to the applicant a written notice describing
15 whether—

16 “(A) the application is complete; or

17 “(B) additional information or materials
18 are needed to complete the application.

19 “(2) APPROVAL OR DENIAL OF APPLICATION.—

20 Not later than 60 days after the date of issuance of
21 a written notice under paragraph (1), the Secretary
22 shall provide to the applicant a written notice in-
23 forming the applicant whether the Secretary has ap-
24 proved or disapproved the application.

1 “(h) DEVELOPMENT-PHASE ACTIVITIES.—Any Fed-
 2 eral credit instrument provided under the CIFLA program
 3 may be used to finance up to 100 percent of the cost of
 4 development-phase activities, as described in section
 5 999A(4)(A).

6 **“SEC. 999C. SECURED LOANS.**

7 “(a) AGREEMENTS.—

8 “(1) IN GENERAL.—Subject to paragraph (2),
 9 the Secretary may enter into agreements with 1 or
 10 more obligors to make secured loans, the proceeds of
 11 which shall be used—

12 “(A) to finance eligible project costs of any
 13 project selected under section 999B;

14 “(B) to refinance interim construction fi-
 15 nancing of eligible project costs of any project
 16 selected under section 999B; or

17 “(C) to refinance long-term project obliga-
 18 tions or Federal credit instruments, if the refi-
 19 nancing provides additional funding capacity for
 20 the completion, enhancement, or expansion of
 21 any project that—

22 “(i) is selected under section 999B; or

23 “(ii) otherwise meets the requirements
 24 of that section.

1 “(2) RISK ASSESSMENT.—Before entering into
 2 an agreement under this subsection, the Secretary,
 3 in consultation with the Director of the Office of
 4 Management and Budget, shall determine an appro-
 5 priate credit subsidy amount for each secured loan,
 6 taking into account all relevant factors, including the
 7 creditworthiness factors under section 999B(b)(2).

8 “(b) TERMS AND LIMITATIONS.—

9 “(1) IN GENERAL.—A secured loan under this
 10 section with respect to a project shall be on such
 11 terms and conditions and contain such covenants,
 12 representations, warranties, and requirements (in-
 13 cluding requirements for audits) as the Secretary de-
 14 termines to be appropriate.

15 “(2) MAXIMUM AMOUNT.—The amount of a se-
 16 cured loan under this section shall not exceed an
 17 amount equal to 80 percent of the reasonably antici-
 18 pated eligible project costs.

19 “(3) PAYMENT.—A secured loan under this sec-
 20 tion shall be payable, in whole or in part, from—

21 “(A) user fees;

22 “(B) payments owing to the obligor under
 23 a public-private partnership; or

24 “(C) other revenue sources that also secure
 25 or fund the project obligations.

1 “(4) INTEREST RATE.—

2 “(A) IN GENERAL.—Except as provided in
3 subparagraph (B), the interest rate on a se-
4 cured loan under this section shall be not less
5 than the yield on United States Treasury secu-
6 rities of a similar maturity to the maturity of
7 the secured loan on the date of execution of the
8 loan agreement.

9 “(B) LIMITED BUYDOWNS.—

10 “(i) IN GENERAL.—Subject to clause
11 (ii), the Secretary may lower the interest
12 rate of a secured loan under this section if
13 the interest rate has increased between the
14 period—

15 “(I) beginning on, as applica-
16 ble—

17 “(aa) the date on which an
18 application acceptable to the Sec-
19 retary is submitted for the appli-
20 cable project; or

21 “(bb) the date on which the
22 Secretary entered into a master
23 credit agreement for the applica-
24 ble project; and

1 “(II) ending on the date on
2 which the Secretary executes the Fed-
3 eral credit instrument for the applica-
4 ble project.

5 “(ii) LIMITATION.—The interest rate
6 of a secured loan may not be lowered pur-
7 suant to clause (i) by more than the lower
8 of—

9 “(I) 1½ percentage points (150
10 basis points); and

11 “(II) an amount equal to the
12 amount of the increase in the interest
13 rate described in that clause.

14 “(5) MATURITY DATE.—The final maturity
15 date of the secured loan shall be the earlier of—

16 “(A) the date that is 35 years after the
17 date of substantial completion of the project;
18 and

19 “(B) if the useful life of the capital asset
20 being financed is of a lesser period, the date
21 that is the end of the useful life of the asset.

22 “(6) NONSUBORDINATION.—

23 “(A) IN GENERAL.—Except as provided in
24 subparagraph (B), the secured loan shall not be
25 subordinated to the claims of any holder of

1 project obligations in the event of bankruptcy,
2 insolvency, or liquidation of the obligor.

3 “(B) PREEXISTING INDENTURE.—

4 “(i) IN GENERAL.—The Secretary
5 shall waive the requirement under subpara-
6 graph (A) for a public agency borrower
7 that is financing ongoing capital programs
8 and has outstanding senior bonds under a
9 preexisting indenture, if—

10 “(I) the secured loan is rated in
11 the A category or higher; and

12 “(II) the secured loan is secured
13 and payable from pledged revenues
14 not affected by project performance,
15 such as a tax-backed revenue pledge
16 or a system-backed pledge of project
17 revenues.

18 “(ii) LIMITATION.—If the Secretary
19 waives the nonsubordination requirement
20 under this subparagraph—

21 “(I) the maximum credit subsidy
22 amount to be paid by the Federal
23 Government shall be not more than
24 10 percent of the principal amount of
25 the secured loan; and

1 “(II) the obligor shall be respon-
2 sible for paying the remainder of the
3 subsidy amount, if any.

4 “(7) FEES.—The Secretary may collect a fee on
5 or after the date of the financial close of a Federal
6 credit instrument under this section in an amount
7 equal to not more than \$1,000,000 to cover all or
8 a portion of the costs to the Federal Government of
9 providing the Federal credit instrument.

10 “(8) MAXIMUM FEDERAL INVOLVEMENT.—The
11 total Federal assistance provided for a project under
12 the CIFIA program, including any grant provided
13 under section 999D, shall not exceed an amount
14 equal to 80 percent of the eligible project costs.

15 “(c) REPAYMENT.—

16 “(1) SCHEDULE.—The Secretary shall establish
17 a repayment schedule for each secured loan under
18 this section based on—

19 “(A) the projected cash flow from project
20 revenues and other repayment sources; and

21 “(B) the useful life of the project.

22 “(2) COMMENCEMENT.—Scheduled loan repay-
23 ments of principal or interest on a secured loan
24 under this section shall commence not later than 5

1 years after the date of substantial completion of the
2 project.

3 “(3) DEFERRED PAYMENTS.—

4 “(A) IN GENERAL.—If, at any time after
5 the date of substantial completion of a project,
6 the project is unable to generate sufficient reve-
7 nues in excess of reasonable and necessary op-
8 erating expenses to pay the scheduled loan re-
9 payments of principal and interest on the se-
10 cured loan, the Secretary may, subject to sub-
11 paragraph (C), allow the obligor to add unpaid
12 principal and interest to the outstanding bal-
13 ance of the secured loan.

14 “(B) INTEREST.—Any payment deferred
15 under subparagraph (A) shall—

16 “(i) continue to accrue interest in ac-
17 cordance with subsection (b)(4) until fully
18 repaid; and

19 “(ii) be scheduled to be amortized
20 over the remaining term of the loan.

21 “(C) CRITERIA.—

22 “(i) IN GENERAL.—Any payment de-
23 ferral under subparagraph (A) shall be
24 contingent on the project meeting criteria
25 established by the Secretary.

1 “(ii) REPAYMENT STANDARDS.—The
2 criteria established pursuant to clause (i)
3 shall include standards for the reasonable
4 prospect of repayment.

5 “(4) PREPAYMENT.—

6 “(A) USE OF EXCESS REVENUES.—Any
7 excess revenues that remain after satisfying
8 scheduled debt service requirements on the
9 project obligations and secured loan and all de-
10 posit requirements under the terms of any trust
11 agreement, bond resolution, or similar agree-
12 ment securing project obligations may be ap-
13 plied annually to prepay the secured loan, with-
14 out penalty.

15 “(B) USE OF PROCEEDS OF REFI-
16 NANCING.—A secured loan may be prepaid at
17 any time without penalty from the proceeds of
18 refinancing from non-Federal funding sources.

19 “(d) SALE OF SECURED LOANS.—

20 “(1) IN GENERAL.—Subject to paragraph (2),
21 as soon as practicable after substantial completion of
22 a project and after notifying the obligor, the Sec-
23 retary may sell to another entity or reoffer into the
24 capital markets a secured loan for the project if the

1 Secretary determines that the sale or reoffering can
2 be made on favorable terms.

3 “(2) CONSENT OF OBLIGOR.—In making a sale
4 or reoffering under paragraph (1), the Secretary
5 may not change any original term or condition of the
6 secured loan without the written consent of the obli-
7 gor.

8 “(e) LOAN GUARANTEES.—

9 “(1) IN GENERAL.—The Secretary may provide
10 a loan guarantee to a lender in lieu of making a se-
11 cured loan under this section if the Secretary deter-
12 mines that the budgetary cost of the loan guarantee
13 is substantially the same as, or less than, that of a
14 secured loan.

15 “(2) TERMS.—The terms of a loan guarantee
16 under paragraph (1) shall be consistent with the
17 terms required under this section for a secured loan,
18 except that the rate on the guaranteed loan and any
19 prepayment features shall be negotiated between the
20 obligor and the lender, with the consent of the Sec-
21 retary.

22 **“SEC. 999D. FUTURE GROWTH GRANTS.**

23 “(a) ESTABLISHMENT.—The Secretary may provide
24 grants to pay a portion of the cost differential, with re-
25 spect to any projected future increase in demand for car-

1 bon dioxide transportation by an infrastructure project de-
2 scribed in subsection (b), between—

3 “(1) the cost of constructing the infrastructure
4 asset with the capacity to transport an increased
5 flow rate of carbon dioxide, as made practicable
6 under the project; and

7 “(2) the cost of constructing the infrastructure
8 asset with the capacity to transport carbon dioxide
9 at the flow rate initially required, based on commit-
10 ments for the use of the asset.

11 “(b) ELIGIBILITY.—To be eligible to receive a grant
12 under this section, an entity shall—

13 “(1) be eligible to receive credit assistance
14 under the CIFIA program;

15 “(2) carry out, or propose to carry out, a
16 project for large-capacity, common carrier infra-
17 structure with a probable future increase in demand
18 for carbon dioxide transportation; and

19 “(3) submit to the Secretary an application at
20 such time, in such manner, and containing such in-
21 formation as the Secretary determines to be appro-
22 priate.

23 “(c) USE OF FUNDS.—A grant provided under this
24 section may be used only to pay the costs of any additional
25 flow rate capacity of a carbon dioxide transportation infra-

1 structure asset that the project sponsor demonstrates to
2 the satisfaction of the Secretary can reasonably be ex-
3 pected to be used during the 20-year period beginning on
4 the date of substantial completion of the project described
5 in subsection (b)(2).

6 “(d) MAXIMUM AMOUNT.—The amount of a grant
7 provided under this section may not exceed an amount
8 equal to 80 percent of the cost of the additional capacity
9 described in subsection (a).

10 **“SEC. 999E. PROGRAM ADMINISTRATION.**

11 “(a) REQUIREMENT.—The Secretary shall establish
12 a uniform system to service the Federal credit instruments
13 provided under the CIFIA program.

14 “(b) FEES.—The Secretary may collect fees on or
15 after the date of the financial close of a Federal credit
16 instrument provided under the CIFIA program, contin-
17 gent on authority being provided in appropriations Acts,
18 at a level that is sufficient to cover—

19 “(1) the costs of services of expert firms re-
20 tained pursuant to subsection (d); and

21 “(2) all or a portion of the costs to the Federal
22 Government of servicing the Federal credit instru-
23 ments.

24 “(c) SERVICER.—

1 “(1) IN GENERAL.—The Secretary may appoint
2 a financial entity to assist the Secretary in servicing
3 the Federal credit instruments.

4 “(2) DUTIES.—A servicer appointed under
5 paragraph (1) shall act as the agent for the Sec-
6 retary.

7 “(3) FEE.—A servicer appointed under para-
8 graph (1) shall receive a servicing fee, subject to ap-
9 proval by the Secretary.

10 “(d) ASSISTANCE FROM EXPERT FIRMS.—The Sec-
11 retary may retain the services of expert firms, including
12 counsel, in the field of municipal and project finance to
13 assist in the underwriting and servicing of Federal credit
14 instruments.

15 “(e) EXPEDITED PROCESSING.—The Secretary shall
16 implement procedures and measures to economize the time
17 and cost involved in obtaining approval and the issuance
18 of credit assistance under the CIFLA program.

19 **“SEC. 999F. STATE AND LOCAL PERMITS.**

20 “The provision of credit assistance under the CIFLA
21 program with respect to a project shall not—

22 “(1) relieve any recipient of the assistance of
23 any project obligation to obtain any required State
24 or local permit or approval with respect to the
25 project;

1 “(2) limit the right of any unit of State or local
 2 government to approve or regulate any rate of re-
 3 turn on private equity invested in the project; or

4 “(3) otherwise supersede any State or local law
 5 (including any regulation) applicable to the construc-
 6 tion or operation of the project.

7 **“SEC. 999G. REGULATIONS.**

8 “The Secretary may promulgate such regulations as
 9 the Secretary determines to be appropriate to carry out
 10 the CIFIA program.

11 **“SEC. 999H. FUNDING.**

12 “(a) FUNDING.—

13 “(1) IN GENERAL.—There are authorized to be
 14 appropriated to the Secretary to carry out this sub-
 15 title, to remain available until expended—

16 “(A) \$600,000,000 for each of fiscal years
 17 2022 and 2023; and

18 “(B) \$300,000,000 for each of fiscal years
 19 2024 through 2026.

20 “(2) SPENDING AND BORROWING AUTHOR-
 21 ITY.—Spending and borrowing authority for a fiscal
 22 year to enter into Federal credit instruments shall
 23 be promptly apportioned to the Secretary on a fiscal-
 24 year basis.

1 “(3) REESTIMATES.—If the subsidy amount of
2 a Federal credit instrument is reestimated, the cost
3 increase or decrease of the reestimate shall be borne
4 by, or benefit, the general fund of the Treasury, con-
5 sistent with section 504(f) of the Congressional
6 Budget Act of 1974 (2 U.S.C. 661c(f)).

7 “(4) ADMINISTRATIVE COSTS.—Of the amounts
8 made available to carry out the CIFIA program, the
9 Secretary may use not more than \$9,000,000 (as in-
10 dexed for United States dollar inflation from the
11 date of enactment of the Storing CO2 and Lowering
12 Emissions Act (as measured by the Consumer Price
13 Index)) each fiscal year for the administration of the
14 CIFIA program.

15 “(b) CONTRACT AUTHORITY.—

16 “(1) IN GENERAL.—Notwithstanding any other
17 provision of law, execution of a term sheet by the
18 Secretary of a Federal credit instrument that uses
19 amounts made available under the CIFIA program
20 shall impose on the United States a contractual obli-
21 gation to fund the Federal credit investment.

22 “(2) AVAILABILITY.—Amounts made available
23 to carry out the CIFIA program for a fiscal year
24 shall be available for obligation on October 1 of the
25 fiscal year.”.

1 (b) TECHNICAL AMENDMENTS.—The table of con-
 2 tents for the Energy Policy Act of 2005 (Public Law 109–
 3 58; 119 Stat. 600) is amended—

4 (1) in the item relating to section 917, by strik-
 5 ing “Efficiency”;

6 (2) by striking the items relating to subtitle J
 7 of title IX (relating to ultra-deepwater and uncon-
 8 ventional natural gas and other petroleum resources)
 9 and inserting the following:

“Subtitle J—Carbon Dioxide Transportation Infrastructure Finance and
 Innovation

“Sec. 999A. Definitions.

“Sec. 999B. Determination of eligibility and project selection.

“Sec. 999C. Secured loans.

“Sec. 999D. Future growth grants.

“Sec. 999E. Program administration.

“Sec. 999F. State and local permits.

“Sec. 999G. Regulations.

“Sec. 999H. Funding.”;

10 and

11 (3) by striking the item relating to section
 12 969B and inserting the following:

“Sec. 969B. High efficiency turbines.”.

13 **TITLE III—GEOLOGIC STORAGE** 14 **OF CAPTURED CARBON**

15 **SEC. 301. CARBON STORAGE VALIDATION AND TESTING.**

16 Section 963 of the Energy Policy Act of 2005 (42
 17 U.S.C. 16293) is amended—

18 (1) in subsection (a)(1)(B), by striking “over a
 19 10-year period”;

1 (2) in subsection (b)—

2 (A) in paragraph (1), by striking “and
3 demonstration” and inserting “demonstration,
4 and commercialization”; and

5 (B) in paragraph (2)—

6 (i) in subparagraph (G), by striking
7 “and” at the end;

8 (ii) in subparagraph (H), by striking
9 the period at the end and inserting “;
10 and”; and

11 (iii) by adding at the end the fol-
12 lowing:

13 “(I) evaluating the quantity, lo-
14 cation, and timing of geologic carbon
15 storage deployment that may be need-
16 ed, and developing strategies and re-
17 sources to enable the deployment.”;

18 (3) by redesignating subsections (e) through (g)
19 as subsections (f) through (h), respectively;

20 (4) by inserting after subsection (d) the fol-
21 lowing:

22 “(e) LARGE-SCALE CARBON STORAGE COMMER-
23 CIALIZATION PROGRAM.—

24 “(1) IN GENERAL.—The Secretary shall estab-
25 lish a commercialization program under which the

1 Secretary shall provide funding for the development
2 of new or expanded commercial large-scale carbon
3 sequestration projects and associated carbon dioxide
4 transport infrastructure, including funding for the
5 feasibility, site characterization, permitting, and con-
6 struction stages of project development.

7 “(2) APPLICATIONS; SELECTION.—

8 “(A) IN GENERAL.—To be eligible to enter
9 into an agreement with the Secretary for fund-
10 ing under paragraph (1), an entity shall submit
11 to the Secretary an application at such time, in
12 such manner, and containing such information
13 as the Secretary determines to be appropriate.

14 “(B) APPLICATION PROCESS.—The Sec-
15 retary shall establish an application process
16 that, to the maximum extent practicable—

17 “(i) is open to projects at any stage of
18 development described in paragraph (1);
19 and

20 “(ii) facilitates expeditious develop-
21 ment of projects described in that para-
22 graph.

23 “(C) PROJECT SELECTION.—In selecting
24 projects for funding under paragraph (1), the
25 Secretary shall give priority to—

1 “(i) projects with substantial carbon
2 dioxide storage capacity; or

3 “(ii) projects that will store carbon di-
4 oxide from multiple carbon capture facili-
5 ties.”;

6 (5) in subsection (f) (as so redesignated), in
7 paragraph (1), by inserting “with respect to the re-
8 search, development, demonstration program compo-
9 nents described in subsections (b) through (d)” be-
10 fore “give preference”; and

11 (6) in subsection (h) (as so redesignated)—

12 (A) in paragraph (5), by striking the pe-
13 riod at the end and inserting “; and”;

14 (B) by redesignating paragraphs (1)
15 through (5) as subparagraphs (A) through (E),
16 respectively, and indenting appropriately;

17 (C) by inserting before subparagraph (A)
18 (as so redesignated) the following:

19 “(1) for activities under the research, develop-
20 ment, demonstration program components described
21 in subsections (b) through (d)—”; and

22 (D) by adding at the end the following:

23 “(2) for activities under the commercialization
24 program component described in subsection (e), to

1 remain available until expended, \$500,000,000 for
2 each of fiscal years 2022 through 2026.”.

3 **SEC. 302. SECURE GEOLOGIC STORAGE PERMITTING.**

4 (a) DEFINITIONS.—In this section:

5 (1) ADMINISTRATOR.—The term “Adminis-
6 trator” means the Administrator of the Environ-
7 mental Protection Agency.

8 (2) CLASS VI WELL.—The term “Class VI well”
9 means a well described in section 144.6(f) of title
10 40, Code of Federal Regulations (or successor regu-
11 lations).

12 (b) GEOLOGIC SEQUESTRATION PERMITTING.—For
13 the permitting of Class VI wells by the Administrator for
14 the injection of carbon dioxide for the purpose of geologic
15 sequestration in accordance with the requirements of the
16 Safe Drinking Water Act (42 U.S.C. 300f et seq.) and
17 the final rule of the Administrator entitled “Federal Re-
18 quirements Under the Underground Injection Control
19 (UIC) Program for Carbon Dioxide (CO₂) Geologic Se-
20 questration (GS) Wells” (75 Fed. Reg. 77230 (December
21 10, 2010)), there is authorized to be appropriated for each
22 of fiscal years 2022 through 2026, \$5,000,000.

23 (c) STATE PERMITTING PROGRAM GRANTS.—

24 (1) ESTABLISHMENT.—The Administrator shall
25 award grants to States that, pursuant to section

1 1422 of the Safe Drinking Water Act (42 U.S.C.
2 300h–1), receive the approval of the Administrator
3 for a State underground injection control program
4 for permitting Class VI wells for the injection of car-
5 bon dioxide.

6 (2) USE OF FUNDS.—A State that receives a
7 grant under paragraph (1) shall use the amounts re-
8 ceived under the grant to defray the expenses of the
9 State related to the establishment and operation of
10 a State underground injection control program de-
11 scribed in paragraph (1).

12 (3) AUTHORIZATION OF APPROPRIATIONS.—
13 There is authorized to be appropriated to carry out
14 this subsection, for the period of fiscal years 2022
15 through 2026, \$50,000,000.

○