



# HB 50: Carbon Capture, Utilization & Storage Act (CCUS)

## Diversifies Alaska's revenue and economy

- Creates new revenue potential from monetizing a resource – our underground pore space
- Enhances recovery from oil and gas fields and means more production in the pipeline
- Attracts investment in new oil production projects and LNG export business options
- Brings new industries to Alaska to capitalize on carbon capture streams
- Further reduces our environmental footprint

## Builds on Alaska's long experience and expertise

- Alaska agencies have extensive expertise with related technologies and regulatory frameworks
- State program startup costs are low, benefits to the State could be large
- CCUS is decades old but global demand is rising
- Alaska's customers and investors are increasingly requesting CCUS options
- All other major U.S. resource states are pursuing CCUS opportunities

## What does it do for Alaska?

Alaska has high geologic potential for CCUS, and this legislation would establish the access and regulatory frameworks needed to make State's pore space available for development and revenue generation – consistent with the Constitution's directive to maximize use of our resources. Many oil and gas companies are accounting for carbon emissions and are evaluating CCUS anywhere they invest. This legislation will make investment in Alaska more attractive to companies that voluntarily prioritize CCUS.

## Why is CCUS a growing focus?

Many jurisdictions are incentivizing or requiring businesses to compensate for greenhouse gas emissions, and investors are increasingly measuring carbon emissions associated with new projects. Federal 45Q tax credits are enhancing the economics of CCUS projects, some of which can promote enhanced oil recovery.

## Why is it urgent to pass this legislation now?

CCUS projects are seeing investment globally, and Alaska risks falling behind peer oil and gas resource states like North Dakota, Louisiana, and Texas that are seeing major CCUS projects move forward. Investors in Alaska are also already looking at potential developments, but need to confirm they will be able to lease our pore space. Last session, the legislature authorized the Alaska Oil and Gas Conservation Commission (AOGCC) to pursue Class VI well primacy with the U.S. EPA (the first step in establishing a CCUS regulatory program), but further advancement requires the statutory framework be in place.

## Where does the carbon come from and where does it go?

Carbon oxides can be captured through things like exhaust streams at power plants, industrial processing facilities, oil and gas treatment plants, or through direct air capture. They can be transported to injection sites by pipeline, truck, or even ship, and used in enhanced oil recovery or stored deep underground.

## Is CCUS safe?

Oil and gas operations have safely managed injection into geologic reservoirs for decades, and AOGCC will regulate CCUS the same way – confirming the reservoirs, wells, and operations are safe and performing as designed. Alaska's Department of Environmental Conservation will have oversight over CO<sub>2</sub> pipelines. Other states are also already operating these kinds of projects safely.

## Will this generate new revenue? Create new costs?

In exchange for leasing pore space, DNR will charge rentals, injection fees, and/or other commercial charges that will generate revenue. At least 25 percent of those revenues are constitutionally directed to the Alaska Permanent Fund. Additional fees will be collected from industry to fund program oversight during operations and monitoring after closure of facilities. DNR has an experienced team that can handle project start up without additional staffing or costs. AOGCC does anticipate start-up costs will be covered by a federal grant, and operational costs will be covered by fees on industry, like AOGCC's existing oil and gas regulation.