

December 21, 2023



Mr. Brad Crabtree
Assistant Secretary
Office of Fossil Energy and Carbon Management
U.S. Department of Energy
Forrestal Building
1000 Independence Avenue, SW
Washington, DC 20585

Subject: Request for Information on Oversight of CCS Research and Development Projects and Management of the Carbon Dioxide Transportation Infrastructure Finance and Innovation (CIFIA) Program

Dear Assistant Secretary Crabtree,

On behalf of Taxpayers for Common Sense, an organization dedicated to promoting transparency and fiscal responsibility in government programs, we are writing to request a meeting with the Office of Fossil Energy and Carbon Management (FECM) regarding its administration of carbon capture and storage (CCS) research and development (R&D) projects and management of the Carbon Dioxide Transportation Infrastructure Finance and Innovation (CIFIA) Program. Given the significant financial commitments and potential environmental impact of these initiatives, it is crucial to ensure proper oversight and adherence to financial best practices to protect taxpayer funds and achieve successful outcomes.

The use of CCS technologies has the potential to help combat global climate change, but its implementation has proven to be challenging. To overcome this challenge, the DOE has funded three rounds of Clean Coal Power Initiative (CCPI) and various Industrial CCS (ICCS) projects. However, an examination by the Government Accountability Office (GAO) revealed that out of 11 large-scale demonstration projects funded by the DOE over the past decade, only three, including one coal project, were actually built. As the DOE and Congress consider further investment in CCS demonstration projects, it is essential to learn from past experiences to minimize risks to future projects and taxpayer funds.

According to the GAO, the DOE's decision to fully commit to coal CCS projects upon selection and expedite cooperative agreement negotiations increased the likelihood of funding projects that were unlikely to succeed. Additionally, the DOE amplified risks by bypassing cost controls designed to limit the government's financial exposure on coal CCS projects. When these projects struggled to meet performance milestones, the DOE amended the terms of cooperative agreements, shifted funds to earlier phases, and accelerated disbursement of funds, putting more federal funds at risk.

In light of these challenges and to improve the selection process for CCS projects, we would like to inquire about:

- The measures taken by the DOE following the recommendations made by the GAO, including the incorporation of a down-selection procedure—a two-step process of selecting projects for initial funding and review, followed by the selection of a subset of those projects for full funding and

implementation. We are particularly interested in understanding how these revisions have improved the DOE's ability to select and negotiate projects that are more likely to succeed.

- The DOE's adherence to the financial assistance principles outlined in the DOE's Guide to Financial Assistance. Specifically, we are interested in knowing how the DOE plans to consistently manage CCS projects against established scopes, schedules, and budgets to limit its financial exposure effectively. Given the risks associated with these projects and the significant investment of taxpayer funds, it is essential that financial controls are in place to mitigate any potential financial burdens.

Given the influx of funding to CCS R&D programs from the Infrastructure, Investment and Jobs Act (IIJA), we also request information on:

- **Metrics for Evaluating Success:** Metrics or Key Performance Indicators (KPIs) being used to measure the success and impact of the FECM CCS R&D portfolio.
- **Status of Ongoing Projects:** An update on the status of all ongoing projects, including projected completion dates, milestones reached, and any delays or challenges faced.
- **Accountability Measures:** Information on what oversight mechanisms are in place to ensure that the projects adhere to financial best practices.

The Carbon Dioxide Transportation Infrastructure Finance and Innovation (CIFIA) program, which is established by the IIJA, is managed by FECM in partnership with the Loan Programs Office (LPO). CIFIA aims to provide access to capital for large-capacity, common-carrier carbon dioxide transport projects, including pipelines, rail, shipping, and other transport methods. The FECM and LPO issued joint guidance on the CIFIA program and will be responsible for managing risks associated with loans and loan guarantees for CCS transport projects.

To facilitate our evaluation and analysis of CIFIA, we kindly request the following information:

- **Usage of CIFIA Funds:** Specifics on how the CIFIA program funds are being used, and what projects have been prioritized.
- **Risk Mitigation Strategies:** Documents or explanations detailing how the FECM and LPO are managing risks associated with CCS projects loans and loan guarantees.
- **Public Reporting:** Clarification on how the FECM and LPO plan to keep the public informed about the progress and outcomes of the CIFIA.

We understand that the FECM is a critical agency involved in managing CCS projects and allocating federal funds. It is in our shared interest to ensure that these projects are managed effectively and transparently, aligning with both environmental goals and fiscal responsibility.

We propose to schedule a meeting at your earliest convenience to discuss these matters in detail. We believe that a collaborative dialogue will be beneficial in achieving our mutual objectives of advancing carbon capture technologies while safeguarding public resources.

Thank you for considering our request. We look forward to your response and hope to engage in a productive dialogue soon.

Sincerely,

A handwritten signature in black ink, appearing to read "SE" followed by a stylized flourish.

Stephen Ellis
President