

December 17, 2024

Kelly Cummins
Acting Director, Office of Clean Energy Demonstrations
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Comments from:

National Association of State Energy Officials (NASEO)
David Terry, President
1300 North 17th Street, Suite 1275 Arlington, Virginia 22209
(703) 299-8800; dterry@naseo.org

Subject: NASEO Response to DOE's Request for Information - Opportunities for Additional Support for Commercial Direct Air Capture (DAC) Demonstration Facilities

The National Association of State Energy Officials (NASEO) appreciates the opportunity to submit comments in response to the U.S. Department of Energy's (DOE) Request for Information (RFI) on Opportunities for Additional Support for Commercial DAC Demonstration Facilities. NASEO represents the State Energy Offices from each of the 56 states, territories, and District of Columbia. NASEO supports State Energy Offices in evaluating opportunities and barriers to developing, demonstrating, and deploying innovative energy technologies, such as DAC, and developing state policies and programs that advance energy security, reliability, sustainability, resilience, and affordability.

Additionally, NASEO provides opportunities for information exchange and education among State Energy Offices and key partners. For example, in July 2024, NASEO and the DOE Office of Fossil Energy and Carbon Management brought a delegation of State Energy Officials to Iceland for a site visit of the Climeworks Orca and Mammoth DAC facilities. This educational visit helped the states better understand the technical application and use cases for DAC and the potential for similar facilities in the United States.

In response to the RFI, NASEO encourages DOE to consider the following:

A number of State Energy Offices are actively exploring ways to accelerate commercial opportunities for DAC to meet goals set by states and/or private sector companies to reduce greenhouse gas emissions and advance economic development and workforce opportunities. Specifically, some states are exploring DAC research and development, market readiness, demand-side support, and public-private financing mechanisms. Some State Energy Offices are well positioned to support the development of robust markets for DAC and address gaps between the existing regional hubs. Potential avenues include multi-state and/or regional agreements on procurement or standard approaches to deployment of certain technologies; public-private partnerships; regional agreements on supportive policies and potential financial mechanisms; multi-state engagement with private sector investors; and support for carbon utilization and offtake agreements. When developing demand-side mechanisms for DAC, DOE should consult with State Energy Offices and provide them with flexibility on how to advance different support mechanisms.

1300 North 17th Street
Suite 1275
Arlington, Virginia 22209
Telephone: 703.299.8800
www.naseo.org

BOARD OF DIRECTORS

Chair

JOHN WILLIAMS
New York

Vice Chair

MOLLY CRIPPS
Tennessee

Treasurer

EDDY TREVINO
Texas

Secretary

WILL TOOR
Colorado

Member at Large

JULIE STAVELAND
Michigan

Past Chair

ANDREW MCALLISTER
California

Regional Representatives

DAN BURGESS
Maine

KATIE DYKES
Connecticut

NICK BURGER
Washington, D.C.

NICK PRESERVATI
West Virginia

MITCHELL SIMPSON
Arkansas

KENYA STUMP
Kentucky

JOE PATER
Wisconsin

EMILY WILBUR
Missouri

MICHAEL FURZE
Washington

RICHARD STOVER
Idaho

MARIA EFFERTZ
North Dakota

BEN BROUWER
Montana

REBECCA RESPICIO
Guam

President

DAVID TERRY

General Counsel

JEFFREY C. GENZER

State Energy Offices play a key role in advancing energy-related economic development in their states, and DAC offers strong potential for many states. As DOE, universities, National Laboratories, and the private sector work to characterize and implement different demand side mechanisms, interested State Energy Offices can partner with those entities to examine technology market readiness opportunities and implement supportive state policies and programs. We encourage DOE to coordinate and share information with State Energy Offices to inform supportive state policies and incentives, explore opportunities for state R&D support, and improve state-federal coordination on DAC. DOE should also consider providing significant demand-side matching incentives for commercial DAC and engage states in the development of such an approach. The 45Q tax credit is also essential to advancing market-oriented approaches to DAC development.

This is a burgeoning opportunity and state support sends an important signal to the DAC market. For example, California’s Low Carbon Fuel Standard allows DAC projects to receive credits based on captured carbon dioxide. Additionally, in 2023, Colorado and Wyoming signed a Memorandum of Understanding on DAC to explore a variety of actions including defining carbon removal measurement standards, analyzing markets, and developing a commercialization pipeline. These partnerships and regional coordination activities are critical to advancing opportunities and spurring demand. States are also implementing more targeted credits and incentives for innovative energy technologies such as Colorado’s clean hydrogen tax credit and credit trading mechanism that allows manufacturers to use DAC for compliance with state GHG requirements.

NASEO also encourages DOE to continue supporting and expand the regional DAC Hubs program. The program is critical to demonstrate the potential of DAC on a commercial scale and helps states advance projects more quickly and efficiently. These projects also demonstrate the critical state role in the DAC development. For example, Climeworks’ Louisiana project is taking advantage of existing workforce, geology for CO2 storage, and the state’s policy and regulatory environment which includes Class VI Primacy. On a regional scale hubs are also valuable in supporting the exploration and advancement of new multi-state networks for carbon sequestration and utilization.

NASEO appreciates the opportunity to provide these comments, and we look forward to coordinating with DOE more closely on these activities in the coming year.

Best regards,



David Terry, NASEO President

cc: State Energy Offices