113TH CONGRESS
2D SESSION

S. 2288

To amend the Internal Revenue Code of 1986 to expand existing tax credits to encourage the capture, utilization, and sequestration of carbon dioxide.

IN THE SENATE OF THE UNITED STATES

MAY 5, 2014

Mr. ROCKEFELLER introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Internal Revenue Code of 1986 to expand existing tax credits to encourage the capture, utilization, and sequestration of carbon dioxide.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Expanding Carbon Capture through Enhanced Oil Recovery Act of 2014''.

SEC. 2. EXPANSION OF TAX CREDIT FOR CAPTURE, UTILIZATION, AND SEQUESTRATION OF CARBON DIOXIDE.

(a) TECHNICAL AMENDMENT.—Section 45Q of the Internal Revenue Code of 1986 is amended by striking the section heading and inserting the following:

"SEC. 45Q–1. STANDARD CARBON DIOXIDE SEQUESTRATION CREDIT.".

(b) EXPANSION OF CARBON DIOXIDE SEQUESTRATION CREDIT.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 45Q–1, as redesignated by subsection (a), the following new section:

"SEC. 45Q–2. COMPETITIVELY BID CARBON DIOXIDE SEQUESTRATION CREDIT.

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—For purposes of section 38, the carbon dioxide sequestration credit determined under this section for any taxable year is equal to the amount determined under subsection (c)(2) that is allocated to the qualified facility and certified for such year for the capture, compression, and transport of qualified carbon dioxide.

''(2) CREDIT CLAIMED BY TAXPAYER WHO CAPTURES, USES, AND DISPOSES OF CARBON DIOXIDE.—Except as provided in paragraph (3) and pur-

suant to such requirements as are determined appropriate by the Secretary, the credit allowed under this section shall be attributable to the taxpayer who captured, used (or contracted for use), and disposed (or contracted for disposal) of the qualified carbon dioxide.

''(3) ELECTION TO ALLOW CREDIT TO BE CLAIMED BY TAXPAYER WHO USES AND DISPOSES OF CARBON DIOXIDE.—A taxpayer described in paragraph (2) may elect, pursuant to such requirements as are determined appropriate by the Secretary, to permit the credits allowed under this section to be attributable to the person who used and disposed of the qualified carbon dioxide.

''(b) GENERAL REQUIREMENTS.—

''(1) IN GENERAL.—Not later than 12 months after the date of the enactment of this section and after providing opportunity for public notice and comment, the Secretary, in consultation with the Secretary of Energy, shall establish a process for annual competitive bidding for carbon dioxide sequestration credits under this section that includes the following:

''(A) Establishment of individual project tranches for allocation of carbon dioxide seques-

tration credits to different forms of qualified projects.

''(B) Annual solicitation of bids for allocation of carbon dioxide sequestration credits for qualified projects within each individual project tranche.

''(C) Allocation of credits, on a per project basis, for the applicable crediting period.

''(D) Allocation of credits in a manner that ensures a net increase in revenue for the Federal Government over a reasonable period of time (as determined by the Secretary).

''(E) Establishment of procedures for certifying qualified projects that have received an allocation of carbon dioxide sequestration credits.

''(2) PURPOSE.—The purpose of this section is—

''(A) to reduce the incremental cost of carbon dioxide capture, compression, and transport,

''(B) to accelerate the deployment and advancement of technologies that capture carbon dioxide,

''(C) to significantly increase domestic oil production through expansion of enhanced oil recovery using anthropogenic carbon dioxide,

''(D) to reduce the amount of anthropogenic carbon dioxide that is released into the atmosphere and contributing to climate change, and

''(E) to produce a net increase in revenues for the Federal Government over a reasonable period of time from additional tax revenue and royalties collected on oil recovered through qualified enhanced oil recovery projects.

''(c) ANNUAL COMPETITIVE BIDDING AND ALLOCATION OF CREDITS.—

''(1) APPLICATION PROCESS.—

''(A) IN GENERAL.—For purposes of the annual competitive bidding process under this section, the Secretary shall—

''(i) solicit bids for allocations of carbon dioxide sequestration credits from applications for qualified projects within each individual project tranche (as described in subparagraph (C)), and

"(ii) require that an applicant submitting a bid for carbon dioxide sequestration credits for a qualified project—

"(I) be limited to bidding within a single project tranche for the project, and

"(II) include as part of their bid—

"(aa) subject to subparagraph (D), the proposed dollar amount of the carbon dioxide sequestration credit per metric ton of qualified carbon dioxide, and

"(bb) the projected metric tonnage of qualified carbon dioxide associated with the project over the crediting period (as defined in subsection (f)(4)).

"(B) APPLICATION REQUIREMENTS.—An application under subparagraph (A) shall contain such information as the Secretary may require in order to make a determination regarding an allotment of carbon dioxide sequestration credits. Any information contained in the appli-

cation shall be protected as provided in section 552(b)(4) of title 5, United States Code.

''(C) PROJECT TRANCHES.—The Secretary shall establish 3 individual project tranches for qualified projects in each of the following categories:

''(i) Electric power projects (as described in subsection (f)(6)).

''(ii) First-tranche industrial projects (as described in subsection (f)(8)).

''(iii) Second-tranche industrial projects (as described in subsection (f)(15)).

''(D) PER TON MINIMUM AND MAXIMUM.—The Secretary, in consultation with the Secretary of Energy, shall establish minimum and maximum dollar amounts for the proposed dollar amount of the carbon dioxide sequestration credit per metric ton of qualified carbon dioxide in each project tranche.

''(2) ALLOCATION OF CREDITS.—

''(A) IN GENERAL.—Following the receipt of bids pursuant to the application process described in paragraph (1), the Secretary, in consultation with the Secretary of Energy, shall al-

locate carbon dioxide sequestration credits to qualified projects with each project tranche.

''(B) ALLOCATION TO LOWEST BIDDER.—The Secretary shall allocate the carbon dioxide sequestration credits to qualified projects on the basis of the proposed dollar amount for the carbon dioxide sequestration credit per metric ton of qualified carbon dioxide contained in the bid submitted by the applicant, with credits to be allocated in the order of the lowest submitted bid.

''(C) AMOUNT ALLOCATED PER QUALIFIED PROJECT.—

''(i) IN GENERAL.—Subject to clause (ii), the amount of the carbon dioxide sequestration credit allocated to a qualified project shall be equal to the product of—

''(I) subject to paragraph (1)(D), the proposed dollar amount of the carbon dioxide sequestration credit per metric ton of qualified carbon dioxide (as proposed pursuant to paragraph (1)(A)(ii)(II)(aa)), and

''(II) subject to clause (iii), the projected metric tonnage of qualified

carbon dioxide associated with the project over the crediting period (as projected pursuant to paragraph (1)(A)(ii)(II)(bb)).

''(ii) READJUSTMENT OF CREDIT AMOUNT BASED ON CRUDE OIL PRICE.—For each crediting year during the crediting period, the amount of the carbon dioxide sequestration credit shall be equal to the product of—

''(I) the amount of the credit, as determined under clause (i) in the allocation year, and

''(II) the quotient of—

''(aa) the annual average West Texas Intermediate Crude Oil price (per 42-gallon barrel) for the year in which the bid for carbon dioxide sequestration credits was made, divided by

''(bb) the annual average West Texas Intermediate Crude Oil price (per 42-gallon barrel) for the applicable crediting year.

"(iii) LIMITATION FOR CERTAIN PROJECTS.—For purposes of determining the amount of carbon dioxide sequestration credits allocated to a industrial project described in subsection (f)(14)(B)(ii) or an electric power project described in subsection (f)(14)(B)(iii), the projected metric tonnage of qualified carbon dioxide associated with the project over the crediting period shall not be greater than the product of—

"(I) 1,000,000 metric tons, and

"(II) the number of crediting years in the crediting period.

"(D) MAXIMUM LEVEL OF CREDITS.—

"(i) IN GENERAL.—Subject to clause (ii), the total amount of carbon dioxide sequestration credits allocated to all qualified projects within each project tranche shall not exceed the maximum amount as established for the applicable year, as follows:

"(I) ELECTRIC POWER PROJECTS.—The amount of carbon dioxide sequestration credits allotted

to electric power projects shall not exceed—

"(aa) for any allocation year during the period between the first annual competitive bidding process and the third annual competitive bidding process, $1,350,000,000,

"(bb) for any allocation year during the period between the fourth annual competitive bidding process and the seventh annual competitive bidding process, $2,700,000,000,

"(cc) for the allocation year in which the eighth annual competitive bidding process occurs, $4,050,000,000,

"(dd) for the allocation year in which the ninth annual competitive bidding process occurs, $5,400,000,000, and

"(ee) for the allocation year in which the tenth annual competitive bidding process occurs

and each subsequent allocation year, $6,750,000,000.

"(II) FIRST-TRANCHE INDUSTRIAL PROJECTS.—The amount of carbon dioxide sequestration credits allotted to first-tranche industrial projects for any allocation year shall not exceed $400,000,000.

"(III) SECOND-TRANCHE INDUSTRIAL PROJECTS.—The amount of carbon dioxide sequestration credits allotted to second-tranche industrial projects shall not exceed—

"(aa) for any allocation year during the period between the first annual competitive bidding process and the third annual competitive bidding process, $300,000,000, and

"(bb) for the allocation year in which the fourth annual competitive bidding process occurs and each subsequent allocation year, $600,000,000.

''(ii) ROLLOVER OF UNALLOCATED CREDIT AMOUNTS.—

''(I) IN GENERAL.—For purposes of clause (i), the maximum amount of carbon dioxide sequestration credits available to be allocated to all qualified projects within each project tranche for any applicable allocation year shall be increased by the amount of unallocated credits within such tranche for the preceding year.

''(II) UNALLOCATED CREDITS.—For purposes of this clause, the amount of unallocated credits within a project tranche for an applicable allocation year shall be equal to the difference between—

''(aa) the applicable maximum amount of carbon dioxide sequestration credits available to be allocated to all qualified projects within the project tranche for such year, and

''(bb) the total amount of carbon dioxide sequestration

credits allocated to all qualified projects within the project tranche for such year.

''(iii) TOTAL AMOUNT PROVIDED TO QUALIFIED PROJECT FOR CREDITING PERIOD TO BE COUNTED IN ALLOCATION YEAR.—For purposes of determining the total amount of carbon dioxide sequestration credits allocated in an applicable allocation year under this subparagraph, the total amount allocated to a qualified project for all crediting years during the crediting period shall be treated as a single allocation for the allocation year.

''(d) CERTIFICATION.—

''(1) CERTIFICATION PROCESS.—Not later than 90 days after a carbon dioxide sequestration credit has been allocated to a qualified project, the Secretary shall certify the amount of the credit that has been allocated and that the applicant has provided sufficient documentation and qualifying evidence to demonstrate that—

''(A) for a qualified project described in subsection (f)(14)(B)(i), the project will be constructed and operated in accordance with the

requirements under this section during the crediting period, or

''(B) for a qualified project described in clause (ii) or (iii) of subsection (f)(14)(B), the project will operate in accordance with the requirements under this section during the crediting period.

''(2) DOCUMENTATION.—The Secretary, after providing opportunity for public notice and comment, shall establish specifications for documentation required under paragraph (1), which shall include sufficient evidence that—

''(A) the applicant has established a plan or entered into a binding contract for disposal of all qualified carbon dioxide,

''(B) for a qualified project described in subsection (f)(14)(B)(i), the applicant has established a plan for timely construction, installation, and operation of carbon capture equipment, and

''(C) for a qualified project described in clause (ii) or (iii) of subsection (f)(14)(B), the project has received assistance or has been allocated funding pursuant to the requirements under such clauses.

''(3) QUALIFYING EVIDENCE.—For purposes of paragraph (1), the term 'qualifying evidence' means—

''(A) the execution of a binding commitment (which may be subject to customary closing conditions) by an appropriate entity (such as a lender or the board of directors of the entity that owns the qualified project) to provide adequate financing for construction of the project and installation of the necessary carbon capture equipment,

''(B) the execution of a binding commitment by the applicant to execute a surety bond, in such amount as is determined appropriate by the Secretary, not later than 2 years after the date the Secretary certifies the qualified project under this subsection, or

''(C) for purposes of an electric power project, the execution of an authorization—

''(i) by the appropriate State agency or regulatory authority to permit recovery of the costs related to construction of the qualified project and installation of the necessary carbon capture equipment through imposition of a surcharge on the

retail consumers of the electric utility that owns such project, or

"(ii) by the State legislature to permit recovery of the costs related to construction of the qualified project and installation of the necessary carbon capture equipment through imposition of a surcharge on the retail consumers of any electric utility that is required, pursuant to State law, to purchase some or all of the net electrical output from the qualified project.

"(4) REVOCATION OF CERTIFICATION.—

"(A) MATERIALLY INACCURATE REPRESENTATION.—The Secretary may refuse to issue a certification or may revoke a certification previously issued to a qualified project if the Secretary determines that the applicant made a materially inaccurate representation with respect to the documentation or evidence submitted by the applicant pursuant to the requirements under this subsection.

"(B) FAILURE TO BEGIN CONSTRUCTION OR PLACE EQUIPMENT IN SERVICE.—The Secretary shall revoke a certification previously issued to a qualified project if—

''(i) construction of the project has not begun within 2 years after the date of certification, or

''(ii) subject to subparagraph (C), the project has not placed in service the required carbon capture equipment—

''(I) in the case of a project that proposed to retrofit or upgrade its existing carbon capture equipment to increase carbon capture capacity, within 3 years after the date of certification, or

''(II) in the case of a project that proposed construction of a new facility, within 5 years after the date of certification.

''(C) EXTENSIONS.—

''(i) FIRST EXTENSION.—An applicant that has failed to place in service the required carbon capture equipment by the applicable dates described in subparagraph (B)(ii) may receive an extension of up to 180 days before revocation of certification, provided—

''(I) that the applicant request an extension not later than 90 days before the applicable date under subparagraph (B)(ii), and

''(II) barring construction disruptions beyond the control of the applicant, that the applicant maintains a continuous program of construction that involves continuing physical work of a significant nature, as determined by the Secretary.

''(ii) SECOND EXTENSION.—An applicant that has failed to place in service the required carbon capture equipment before expiration of an extension granted under clause (i) may receive an additional extension of up to 180 days before revocation of certification, provided—

''(I) that the applicant request the additional extension not later than 90 days before expiration of the extension granted under clause (i), and

''(II) barring construction disruptions beyond the control of the applicant, that the applicant maintains a

continuous program of construction that involves continuing physical work of a significant nature, as determined by the Secretary.

''(D) BEGIN CONSTRUCTION.—For purposes of subparagraph (B)(i), construction of a qualified project begins when—

''(i) physical work of a significant nature has begun, or

''(ii) the applicant pays or incurs 5 percent or more of the total cost of the project.

''(5) REALLOCATION.—

''(A) IN GENERAL.—Any carbon dioxide sequestration credits that have been allocated to a qualified project that does not receive certification, or has had its certification revoked, shall be rescinded, with the amount of such credits to be made available for reallocation pursuant to the process described under subsection (c) and any additional requirements as are determined appropriate by the Secretary.

''(B) RECAPTURE OF CREDIT.—The Secretary shall provide for recapturing the benefit of any credit allotted to a qualified project that

does not receive certification, or has had its certification revoked.

''(6) PUBLIC DISCLOSURE AND ANNUAL REPORTS.—

''(A) DISCLOSURE OF CERTIFICATION OR REVOCATION.—Not later than 30 days after issuing a certification or revocation under this subsection, the Secretary shall publicly disclose—

''(i) the amount of the credit associated with the certification or revocation, and

''(ii) a description of the qualified projected associated with such certification or revocation.

''(B) ANNUAL REPORT.—The Secretary shall annually publish a report regarding the carbon dioxide sequestration credits allowed under this section, including the amount of credits that—

''(i) have been certified under this subsection, and

''(ii) are available for allocation during the next annual competitive bidding process within each project tranche.

''(e) REVIEW AND MODIFICATION.—

''(1) EXTERNAL REVIEW.—The Secretary, through such methods as are determined appropriate, shall establish an external review of the annual competitive bidding process by a panel of independent experts to—

''(A) propose recommendations to—

''(i) improve the annual competitive bidding process,

''(ii) ensure the transparency, effectiveness, and efficiency of such process, and

''(iii) ensure that the purposes described in subsection (b)(2) are being achieved through such process, and

''(B) for purposes of a review described in paragraph (2)(B), evaluate the impact of the annual competitive bidding process on incremental oil production and Federal revenues.

''(2) REQUIREMENTS FOR EXTERNAL REVIEW.—The review process described in paragraph (1) shall be completed not later than—

''(A) 180 days prior to the fourth annual competitive bidding process after the date of the enactment of this section, and

''(B) every four years after the previous review under this subsection.

''(3) MODIFICATION.—Following any review completed under this subsection, the Secretary, in consultation with the Secretary of Energy, may modify the annual competitive bidding process to adopt recommendations included in the review and ensure that the purposes described in subsection (b)(2) are being achieved through such process, including adjustment of the minimum and maximum dollar amounts for the proposed dollar amount of the carbon dioxide sequestration credit per metric ton of qualified carbon dioxide, as established under subsection (c)(1)(D).

''(4) REVENUE DETERMINATIONS.—

''(A) IN GENERAL.—Not later than 7 years after the date of the enactment of this section, and every 4 years thereafter, the Secretary, in consultation with the Chairman of the Securities and Exchange Commission and the Secretary of Energy, shall conduct a study to determine—

''(i) the actual and projected increase in Federal revenues that is attributable to increases in oil production from enhanced

oil recovery methods using qualified carbon dioxide that is captured from qualified projects, and

''(ii) the actual and projected decrease in Federal revenues that is attributable to the credits allowed under this section.

''(B) REPORT TO CONGRESS.—If the Secretary determines that the projected decrease in revenues described in clause (ii) of subparagraph (A) is greater than the projected increase in revenues described in clause (i) of such subparagraph, the Secretary shall submit to Congress a report that provides a detailed analysis of the projections and recommendations for further legislative or administrative action.

''(f) DEFINITIONS.—In this section:

''(1) ALLOCATION YEAR.—The term 'allocation year' means the year in which the Secretary allocates carbon dioxide sequestration credits to qualified projects.

''(2) ANNUAL CAPTURE CAPACITY.—The term 'annual capture capacity' means the average annual amount of qualified carbon dioxide that is projected to be captured, compressed, and transported over the crediting period.

''(3) CARBON CAPTURE EQUIPMENT.—The term 'carbon capture equipment' means equipment to capture and pressurize qualified carbon dioxide.

''(4) CREDITING PERIOD.—The term 'crediting period' means the period, for up to 10 crediting years (as described in paragraph (5)), subsequent to—

''(A) for a qualified project described in paragraph (14)(B)(i), the date on which the carbon capture equipment is placed into service, or

''(B) for a qualified project described in clause (ii) or (iii) of paragraph (14)(B), the date on which the project is certified under subsection (d).

''(5) CREDITING YEAR.—The term 'crediting year' means a year during the crediting period in which the taxpayer may claim the carbon dioxide sequestration credit.

''(6) ELECTRIC POWER PROJECT.—

''(A) IN GENERAL.—The term 'electric power project' means a project, including a polygeneration project, that—

''(i) subject to subparagraph (B), uses coal or petroleum residuals as feedstock

and has a post-carbon capture equivalent emissions rate that is equal to or less than 780 pounds per megawatt hour under normal operating conditions, or

"(ii) subject to subparagraph (B), uses natural gas for greater than 50 percent of its feedstock and has a post-carbon capture equivalent emissions rate that is equal to or less than 400 pounds per megawatt hour under normal operating conditions.

"(B) EMISSIONS REDUCTIONS.—Beginning with the annual competitive bidding process that occurs 5 years after the initial annual competitive bidding process, and every 5 years thereafter, the applicable post-carbon capture equivalent emissions rate under clauses (i) and (ii) of subparagraph (A) shall be reduced by 15 percent from the applicable rate for the preceding 5-year period, provided that the Secretary has determined, in consultation with the Secretary of Energy, that such reduction is both technologically and economically feasible.

"(7) ENERGY OUTPUT.—The term 'energy output' means the total amount of chemical and ther-

mal energy generated by the conversion of a feedstock.

''(8) FIRST-TRANCHE INDUSTRIAL PROJECT.—

''(A) IN GENERAL.—The term 'first-tranche industrial project' means an industrial project that employs 1 or more of the following processes:

''(i) Natural gas processing.

''(ii) Fermentation.

''(iii) Ammonia production.

''(iv) Existing gasification of—

''(I) coal,

''(II) petroleum residuals,

''(III) biomass, or

''(IV) waste streams.

''(B) EXISTING GASIFICATION.—For purposes of this paragraph, the term 'existing gasification' means a gasification process used by an industrial project that has been placed in service on or before the date on which the applicant submits a bid for an allocation of carbon dioxide sequestration credits.

''(9) INDUSTRIAL PROJECT.—The term 'industrial project' means a project for which the electrical

power output is 50 percent or less of the total energy output of such project.

''(10) POLYGENERATION PROJECT.—The term 'polygeneration project' means a project—

''(A) that produces both electricity and another marketable product, such as chemicals or alternative liquid or gaseous fuels,

''(B) that is able to supply not less than 150 megawatts of electricity for sale to a power distribution system, and

''(C) for which greater than 50 percent of the energy output from the gasification process is provided to the power block.

''(11) POWER BLOCK.—The term 'power block' means a steam turbine electric generating unit or a gas turbine combined cycle unit in an electric power project (including a polygeneration project).

''(12) QUALIFIED CARBON DIOXIDE.—

''(A) IN GENERAL.—The term 'qualified carbon dioxide' means carbon dioxide that is—

''(i) captured from a source described in subparagraph (B),

''(ii) used, or contracted for use, by the taxpayer as a tertiary injectant in a qualified enhanced oil recovery project, and

''(iii) disposed of, or contracted for disposal, by the taxpayer in secure geological storage.

''(B) SOURCES OF QUALIFIED CARBON DIOXIDE.—The sources described in this subparagraph are as follows:

''(i) Electric power generation.

''(ii) Chemical production.

''(iii) Gasification of coal.

''(iv) Petroleum residuals.

''(v) Biomass and waste streams.

''(vi) Natural gas processing.

''(vii) Fermentation.

''(viii) Clinker production.

''(ix) Fluidized catalytic cracking and other refinery processes.

''(x) Steel and aluminum production.

''(xi) Mining and manufacturing.

''(13) QUALIFIED ENHANCED OIL RECOVERY PROJECT.—The term 'qualified enhanced oil recovery project' means any project—

''(A) which involves the use of qualified carbon dioxide as a tertiary injectant (in accordance with sound engineering principles) and which can reasonably be expected to result in

more than an insignificant increase in the amount of crude oil which will ultimately be recovered, and

''(B) which is located within the United States (within the meaning of section 638(1)).

''(14) QUALIFIED PROJECT.—

''(A) IN GENERAL.—The term 'qualified project' means a project—

''(i) described in subparagraph (B), and

''(ii) at which carbon capture equipment is placed in service to capture qualified carbon dioxide from 1 or more sources described in paragraph (12)(B) within a single project tranche.

''(B) CATEGORIES OF PROJECTS.—The projects described in this subparagraph are as follows:

''(i) A project that captures qualified carbon dioxide using carbon capture equipment that is placed in service after December 31, 2014, including retrofits or upgrades of existing carbon capture equipment that increases carbon capture capacity.

''(ii) An electric power project that—

''(I) received assistance under subtitle A of title IV of the Energy Policy Act of 2005 (42 U.S.C. 15961 et seq.), and

''(II) captures qualified carbon dioxide using carbon capture equipment that was placed in service before December 31, 2014.

''(iii) An electric power project or an industrial project that—

''(I) was allocated funding by the Department of Energy for large-scale carbon capture and sequestration projects from the amount appropriated for fossil energy research and development under title IV of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111–5, 123 Stat. 139), and

''(II) captures qualified carbon dioxide using carbon capture equipment that was placed in service before December 31, 2014.

''(15) SECOND-TRANCHE INDUSTRIAL PROJECT.—

''(A) IN GENERAL.—The term 'second-tranche industrial project' means an industrial project that employs 1 or more of the following processes:

''(i) New-build gasification of—

''(I) coal,

''(II) petroleum residuals,

''(III) biomass, or

''(IV) waste streams.

''(ii) A refinery for production of cement, steel, or iron.

''(iii) Hydrogen production.

''(B) NEW-BUILD GASIFICATION.—For purposes of this paragraph, the term 'new-build gasification' means a gasification process used by an industrial project that is placed in service after the date on which the applicant submits a bid for an allocation of carbon dioxide sequestration credits.

''(16) SECURE GEOLOGICAL STORAGE.—The term 'secure geological storage' has the same meaning given to such term under section 45Q–1(d)(2).

''(g) DENIAL OF DOUBLE BENEFIT.—A credit shall not be allowed under this section for any carbon dioxide for which a credit is allowed under section 45Q–1.''.

(c) CONFORMING AMENDMENTS.—

(1) TABLE OF SECTIONS.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 45Q and inserting the following new items:

''Sec. 45Q–1. Standard carbon dioxide sequestration credit.
''Sec. 45Q–2. Competitively bid carbon dioxide sequestration credit.''.

(2) GENERAL BUSINESS CREDIT.—Section 38(b) of such Code is amended—

(A) by striking paragraph (34),

(B) by redesignating paragraphs (35) and (36) as paragraphs (36) and (37), and

(C) by inserting after paragraph (33) the following new paragraphs:

''(34) the standard carbon dioxide sequestration credit determined under section 45Q–1(a),

''(35) the competitively bid carbon dioxide sequestration credit determined under section 45Q–2(a),''.

(3) DENIAL OF DOUBLE BENEFIT.—Section 45Q–1(d) of such Code is amended by adding at the end the following new paragraph:

"(8) DENIAL OF DOUBLE BENEFIT.—A credit shall not be allowed under this section for any carbon dioxide for which a credit is allowed under section 45Q–2.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to carbon dioxide captured after December 31, 2014.

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