United States Energy Association
Promoting Domestic and International Consensus on Fossil Energy Technologies
(CONSENSUS)
Cooperative Agreement #DE-FE-002415-19

REQUEST FOR PROPOSALS (RFP)
DE-FE-002415-19-04

Review of Federal, State, and Regional Tax Strategies/Opportunities for CO2-EOR-Storage and the CCUS Value Chain

Questions Due: Oct. 18, 2019
Proposals Due: Nov. 08, 2019

Background

Many fossil fuel producers are focusing attention on cost reduction, tax burden management, and improving cash flow, given today's low-price environment. Utilization of federal and state tax incentives, exemptions and exclusions to reduce federal and state tax burdens can serve to accomplish these goals. The U.S. and State governments continue to provide tax incentives to encourage CO2 capture and utilization for enhanced recovery and storage, including, but not limited to: the Federal Enhanced Oil Recovery Credit; California's Enhanced Oil Recovery Credit and Low Carbon Fuel Standard; Oklahoma Gross Production Tax Exemption; North Dakota CCUS and EOR incentives; and the Texas reduced severance tax for in-State captured CO2-EOR projects. These incentives may prove to be particularly valuable along the Carbon Capture, Utilization and Storage value chain.

Statement of Work

The United States Energy Association (USEA), in cooperation with the U.S. Department of Energy Office of Fossil Energy (DOE), seeks proposals for a contractor to complete a Review of Federal, State, and Regional Tax Strategies/Opportunities for CO2-EOR-Storage and the CCUS Value Chain for the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Idaho, Illinois, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Dakota, Montana, Ohio, Oklahoma, Pennsylvania, West Virginia, Wyoming, Tennessee, Texas, and Utah.

The contractor will perform Tasks 1-10 below for each state:

1). Review analogous Federal Tax Credit incentives that could potentially be applied to the use of 45Q, such as the Production Tax Credit and Investment Tax Credit used in deploying renewables.

2). Review individual State Tax incentives to support projects, infrastructure, economic development and fossil fuel production. Determine compatibility with the Federal 45Q Tax Credit.

3) Provide examples of deal structures that use tax credits, such as 45Q, to support funding and project development.

4) Profile the financial and investment sectors mostly likely to utilize the 45Q Tax credit. If possible, obtain personal insights from key players.

5) Identify other Federally supported programs that could be used in conjunction with the 45Q Tax Credit and their impact on decision making regarding location, asset ownership structures, likely counterparties and deal structures to optimize the use of the 45Q Tax Credit. Identify any potential applications, directly or indirectly, related to Tribal fossil fuel projects. For example, the recently created Opportunity Zones offer unique funding pathways. Can 45Q add to this incentive, and how may it do so?

6) Identify roadblocks or hurdles that require greater understanding with regard to the use of 45Q and provide suggested solutions.

7). Identify and describe how 45Q can support Corporate Social Responsibility (CSR) and Environmental, Societal Governance (ESG) programs and initiatives.

8). Provide visual representations of the various deal structures around the 45Q Tax Credit, i.e., its role in debt/equity structures; how a funder will deal with the timeframe of project inception to qualify for the tax credit by 2024; and, how to view per the "capital recovery factor", etc.

9). Define the benefits accruing to, and responsibilities of, various project stakeholders as they relate to obtaining the 45Q tax incentive from the U.S. Treasury.

10). Identify the relevant Federal and State agencies that offer and are tied to the various incentive programs.

The contractor will designate a primary contact to coordinate and provide monthly updates on the status via written high-level reports and conference calls between the contractor and USEA to commence within the 15 days after the initial award is formally accepted and contracted.

Deliverables

The contractor will be required to submit the following deliverables:

- Written monthly status updates detailing progress to date, challenges and recommendations for overcoming them
- Individual drafts of each chapter of the study (each state)
- Draft final report
- Final Report

Proposal Preparation

Interested parties are requested to submit a cost proposal and a brief technical proposal of no more than 5 pages (excluding appendices) highlighting the key areas of study. This can include CCUS and value chain project development, finance utilizing the 45Q Tax Credit, and any other financial tool that may be available and complimentary to the use of the 45Q Tax Credit. The proposal should seek to highlight the key components that will be covered and defined.

The proposal should also include the following:

- A Qualifications Statement demonstrating the consultant's current, past and ongoing relevant relationship to asset development/deployment, financial structuring and ability to integrate the roles of diverse finance stakeholders to apply to CCUS and relevant tax incentives.
- A demonstrated knowledge and expertise in creative project finance using tax incentives should also be included.
- A list (past five years) of projects the consultant has been directly involved in, from being prepared for financial close to resulting in funding and deployment.
- An expected timeline for the project with agreed milestones and proposed workflow leading to the deliverable.

Any references and brief overviews the contractor deem pertinent, to show expertise to past similar work or participation in similar work, is encouraged. Collaborations or consortiums set up to pursue this work are acceptable as long as one entity is the primary contractor.

The sub-agreement between USEA and the winning offer will be structured as a fixed sub-agreement for labor, fringe benefits and overhead. USEA will fund other direct costs, including travel (transportation, lodging and a U.S. Government approved daily meals and incidental allowance) directly. The cost proposal should include an estimate of the number of trips required to organize and conduct this study. **DO NOT** include travel costs, as USEA will fund this directly.

Labor costs should include a level of effort for each person proposed to work on this assignment, their daily loaded rate, and the total estimated charge for each individual proposed.

CVs of each person proposed to work on this project must be included as an appendix and will not count toward the technical proposal page limit.

Selection Criteria

The following criteria will be used to evaluate proposals:

50% -- Proven expertise in project finance, project finance structuring, tax incentives centric asset deals, legal and tax expertise in project development per contracting, , debt and equity finance, diverse stakeholder interests, and Federal and State tax code.

30% -- Understanding of and involvement in environmental compliance, minerals production and land use incentives, CO2 capture technology, power generation and industrial process.

20% -- Price

Schedule

Interested parties are requested to register their interest prior via email to the following mailbox: proposals@usea.org. Registering interest will ensure you receive all questions submitted by interested parties and the corresponding responses from USEA.

Questions on the terms of this request for proposals must be submitted prior to**: October 18, 2019** by email to the following mailbox: proposals@usea.org. All questions received and their corresponding responses and other RFP related announcements will be posted on the USEA website and distributed to parties registering interest in this RFPs.

Final proposals must be submitted by email by 5:00 pm on **: November 8, 2019** to the following mailbox: proposals@usea.org.

The review process will take up to 60 days. Notification will be sent to the selected offeror, at which point, contract negotiations, including setting milestones and deliverable due dates, will commence.