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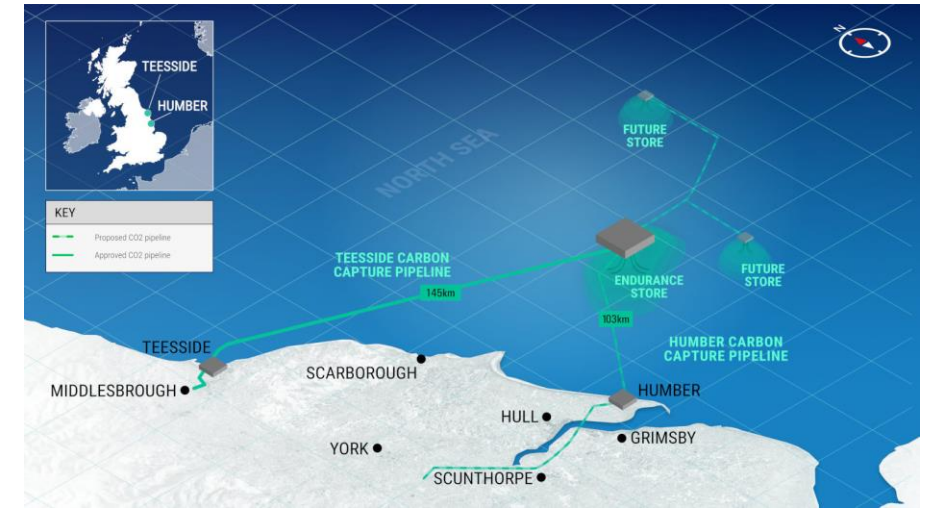
Carbon Locked, Capital Unlocked: Financing the Future of CCS

HOW TO MAKE YOUR SUBSURFACE ANALYSIS FINANCE READY

October-2025

Bank Debt – Lenders' Subsurface Advisor

- Sproule ERCE acted as Lenders' Subsurface Advisor for **Northern Endurance Partnership** and **Liverpool Bay CCS**, the first Project Financed CO₂ storage sites globally.
- Our primary responsibility involved translating the technical information for Lenders to understand the **risks and uncertainties** associated with the subsurface.
- The financing model is a **Regulated Asset Base (RAB)**, which is a hybrid of regulated and project finance designed to reduce risk for lenders.
- The UK Government established the **Government Support Package** to bridge the gap between what the commercial insurance market could provide, and the risks lenders required to be explicitly covered.

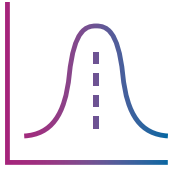


Insurance – 45Q Recapture

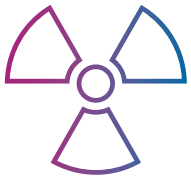
- Sproule ERCE has advised **insurers** underwriting policies covering nearly \$1 billion USD in 45Q tax credits.
- CCS is one of the few areas that avoided being cut in the **One Big Beautiful Bill Act**.
- Sproule ERCE has assessed the risk of “**credit recapture**” from **CO₂ leakage** under CCS projects.
- Credits must be paid back if stored CO₂ **leaks to the atmosphere** within a fixed period from which the credits are first claimed.
- CCS **lacks a Loss-History**, therefore, insurers' traditional actuarial approach is challenging to deploy.

Credit / Program	Description	Timeline	Credit Value
Sec. 48E	Investment credit for renewable energy like wind, solar and geothermal	Shortened	Unchanged
Sec. 45Y	Production credit for renewable energy like wind, solar and geothermal	Shortened	Unchanged
§179D	Deduction for energy-efficient upgrades in commercial buildings	Shortened	Unchanged
Sec. 30C	Credit for EV charging or clean fuel dispensers/infrastructure	Shortened	Unchanged
Sec. 25C	Credit for home energy-efficiency retrofits (e.g. heat pumps, doors)	Shortened	Unchanged
Sec. 25D	Credit for residential solar, geothermal, wind, battery installations	Shortened	Unchanged
Clean Vehicle Credits	Consumer credits for electric vehicles	Shortened	Unchanged
Sec. 45Q	Credit for capturing and permanently storing or reuse/utilization of CO₂	Unchanged	Increased for reuse / EOR
Sec. 45V	Supporting clean hydrogen production	Shortened	Unchanged
Sec. 45X	For domestic production of clean energy components	Shortened	Unchanged
Sec. 45Z	Incentive for low-emission clean fuel production	Extended	Unchanged

Overview



Subsurface Uncertainty



Subsurface Risks



Monitoring



Corrective Measures



Conditions to Financing

If you are interested in receiving the full presentation, please feel free to reach out at: ellen.mitchell@sproule-erce.com