



# cibo NEWS

Council of Industrial Boiler Owners

## MARCH 2022

### *CIBO Leadership Officers:*

**Chair: Frederick (Fred) Fendt,**

The Dow Chemical Company

**Vice Chair: James (Jim) Hoyt,**

Archer Daniels Midland Co.

**Treasurer: Paul Kempf,**

The University of Notre Dame

**Secretary: Amber LeClair,**

The Babcock and Wilcox Company

### *Directors:*

**Phil McKenzie,**

International Paper

**Leslie Witherspoon,**

Solar Turbines Incorporated

**Eric Hallman,**

Cargill Incorporated

## EVENTS

**March 8-9, 2022- / Virtual**

[Environmental, Energy/ Sustainability  
Committee Meeting](#)

**May 10-11, 2022- / Virtual**

[Environmental, Energy/ Sustainability  
Committee Meeting](#)

**June 21-22, 2022- / Virtual**

[Boiler Operations, Maintenance &  
Performance Conference](#)

**August 2-3, 2022 – In Person,**

**Portland, Maine**

[Industrial Emissions Control Technology  
Conference](#)

**September 13-14- / Virtual**

[Environmental, Energy/ Sustainability  
Committee Meeting](#)

**November 2-3, 2022 – In Person, Crystal**

**City, Virginia**

[44th Annual Meeting](#)

**Dec 13-14, 2022- / Virtual**

[Environmental, Energy/Sustainability  
Committee Meeting](#)

### [Register Now – CIBO March 8-9 Virtual Environmental, Energy & Sustainability \(“EE”\) Committee Meetings!](#)

Please join us on March 8-9 for CIBO’s Virtual EE meetings – afternoon sessions. **See Attached – 2022 Meeting Schedule.**

Our two-day meetings (by video conference) build on key topics we identified last fall, and we’re now pushing a bit deeper with a strategic purpose - led by our CIBO Policy Committees. **As the Biden Administration works to advance a series of air emissions and climate change – related energy and environmental regulations, we will further home in on several areas of special interest to our members.** On March 8<sup>th</sup>, on the environmental side of the ledger, we have EPA officials and outside experts speaking to us on EPA air regulations and related enforcement topics. On March 9<sup>th</sup>, on the energy side, we will focus further on the Sec. 45 Q Carbon Sequestration Tax Credit as well as natural gas permitting and infrastructure issues, including the new FERC – gas pipeline Certification Policy Statement. In addition, several DOE officials will be with us to dive further into sectoral decarbonization - emerging technologies, looking at research and deployment partnerships that DOE is pursuing. Highlights of our two-day meeting include:

- Washington, DC – Energy and Climate Change: Policy & Political Updates
- DOE Industrial Sector Decarbonization Technologies: Research and Deployment Initiatives
- Natural Gas: FERC – Pipeline Issues; Infrastructure; Market Conditions
- Carbon Sequestration: Sec. 45 Q Tax Credit – Proposed Legislative Adjustments
- EPA Air Regs Update: NAAQS, SSM, Ozone Transport Rules, HAPS Compliance & Listings
- EPA Water: PFAS Regulatory & Legislative Developments
- Environmental Justice: Enforcement, Agency Regulatory Provisions & State – Level Developments

Register Here: <https://www.cibo.org>.....

### **From the Executive Director**

Hello to All –

We’re now very busy pushing forward with our work and meetings schedule for 2022. We have new committee chairs hard at work, and we are eager to have you and your contributions and involvement -

as well as others with your company or organization who would like to engage and/or receive our email mailings etc.

- Please take a minute to review our meetings and conferences schedule for the year. We plan to stay in virtual mode for our quarterly Environmental, Energy & Sustainability (“EE”) meetings, but we are beginning plans to hold our IECT conference in-person in August (Portland, ME) as well as the Annual Meeting – in Washington, DC in November. Our in-person meetings are fundamental to how CIBO prefers to operate – allowing us all to better connect to engage in our work. I know we are all chomping at the bit to get back to meeting together in-person, and I am really looking forward to meeting many of you personally – sans video links!
- Our CIBO policy committees, including through the policy work we do at our meetings and conferences, will maintain a dedicated focus on **the importance of sustainability and carbon management in the industrial, commercial and institutional energy space**. See “CIBO Major Issues”, below. Moving forward, we will pick the right opportunities to elevate our public policy engagement efforts while steadfastly maintaining our technical solutions – oriented approach to energy and environmental regulations tied into energy combustion. The public policy activity level on energy/climate/sustainability implementation has intensified in recent months, and fundamentally big changes are well in motion on the energy front - and will be for many years to come. Together, we will work to keeping CIBO well positioned strategically to help move the needle on key public policy issues of most importance.

#### **CIBO Spotlight on Key Policy Issue: 45Q Tax Credit – Carbon Sequestration**

We are now recommending to the CIBO membership to take a formal position in support of enhancing the Sec. 45Q Carbon Sequestration Tax Credit. We also are looking closely at legislative improvements and adjustments to the tax credit currently being considered which, once enacted, could serve as a major catalyst in the years ahead to significantly expand the installation of carbon capture operational infrastructure projects at industrial and other commercial facilities across the U.S.

Much like the production tax credit for wind, 45Q is a performance – based credit that incentivizes carbon capture and sequestration or utilization. However, some amount of risk remains regarding the 45Q credits and CCUS – related market activity. Additional tax incentives directed at economy-wide deployment of carbon management technologies are getting a tremendous amount of attention this Spring on Capitol Hill. The overly - massive Build Back Better legislation seems to have stalled as a whole and, with that, some of the more aggressive pieces of the Biden Administration’s climate change agenda remain in limbo. However, as Congress adjusts to this new reality, it appears likely that several more moderate elements of the legislation, especially clean energy tax credits, will continue to advance through Congress this year with bi-partisan backing. We believe there is a good chance that a number of these elements will get signed into law before the end of this year. In addition to provisions in the BBB legislation, several other bills have been introduced that, taken collectively, are directed at further improving and expanding the Section 45Q tax credits. These proposed improvements are seen as a critical step to accelerate the clean energy transition nationwide in the decades ahead, and which also generally align with achieving the long term “net zero by 2050” goals. These 45Q – directed legislative proposals have piqued some strong interest from corporate, investor and environmental entities. Renewable energy developers, utilities, manufacturing companies and clean – tech startups all have a strong interest and are eager to ramp up proposed project investment opportunities. In addition to the adjustments now under consideration to improve 45 Q, the building blocks of the program have been set in place over the past several years by way of bills passed by Congress and enacted in 2018 and 2022, followed by the issuance of major regulatory guidance issued by the IRS/Dept. of Treasury in January 2021. Taken together, the path seems to have been established and clarified, including critical details on eligibility, to allow proposed projects to now be pursued. However, although approximately 85

commercial projects around the U.S. are now reportedly in the early stages of development, most are currently on hold pending further congressional action. The big concern is commercial risk.

- Carbon sequestration credits are determined by the amount of carbon oxide captured (such as placed in geologic storage), emanating from a fuel combustion source or manufacturing process. For industrial facilities, the tax credit reaches \$50/metric ton in 2026. The life of the tax credit extends over a period of 12 years after a facility is placed in service. Several legislative proposals also include a 75 percent threshold to apply to an entire facility – although projects are often designed to capture emissions from a single unit. CIBO may want to further look into this issue as well.
- Several key improvements to 45 Q are under active consideration on Capitol Hill. One is to include a “direct pay” option, allowing tax credit recipients to better monetize the tax credits via cash payments as an alternative to standard tax equity financing. This would also enable project developers to “sell” the tax credit to a bank. Project developers often lack sufficient taxable income or are exempt from tax liability altogether. A second major suggested change would be to further push out the project date from 2026 to 2035, lengthening the investment horizon to provide projects with more time to scale up. A third major area of change under consideration in the U.S. House and Senate centers on raising the credit values to bring down the cost and to lower the commercial risk of projects. For industrial and power generation projects, the credit value would increase from \$50 to \$85/metric ton.

According to the EPA, 75 percent of industrial facilities as well as 57 percent of power plants in the U.S. currently fall below the eligibility thresholds for 45 Q carbon sequestration projects. Congress and the Biden Administration have a critical opportunity to work together to pass these proposed tax code adjustments, along with other additional carbon management technology incentives, to help assure the future competitiveness and continued viability of energy - intensive industrial manufacturing operations in the decades ahead. Other legislative proposals also under consideration are directed at expanding the deployment via enhanced transportation storage, including financing the build-out of carbon dioxide infrastructure networks and geologic storage “hubs,” which the U.S. Department of Energy’s Advanced Manufacturing Office is taking a very active interest in promoting, including on-going outreach to business sectors.

With all of this, CIBO has an opportunity to add its voice to this important program. Stay tuned!

#### **CIBO Associate Member Profile:**



[WARE Inc.](http://wareinc.com/) is a commercial & industrial boiler rental and Service Company that has been offering a wide range of boiler solutions for 70 years. Based in Louisville, KY, WARE operates a large service territory spanning IN, KY, TN, GA, AL, & OH, and it offers new boiler sales, refurbishing & retrofitting old equipment, performance of maintenance & troubleshooting, and turnkey installations as well. Offices are present in Louisville, KY, Chattanooga, TN & Denison, TX, and WARE’s steam and hot water rental boiler services extend nationwide & even internationally. WARE offers valve repairs with the newly renovated Valve Shop, as well as offering sales of over 40,000 parts through its ecommerce site, BoilerWAREhouse.com. Boiler training is also offered through Boiler University, which contains classrooms and a state-of-the-art training facility featuring five live boilers, so students may receive training from real experts on real equipment. If you have not seen WAREBoilers on YouTube, it is a must watch as the #1 online resource for all things steam, with 600+ videos.

Through all these services, WARE strives to be a rated #1 by its Customers. <http://wareinc.com/>

## **CIBO Major Policy Issues: Positions & Advocacy:**

Our CIBO Policy Committee Chairs, with on-going member input, have identified (see below) a list of core policy areas for further work and analysis as we aim to stay strategic with our efforts going forward, including further technical analyses work and policy positions - external communications and advocacy:

### Energy & Sustainability Committee

- Climate Carbon Accounting: Carbon Pricing, Markets and Social Cost of Carbon (SCC)
- ESG – Risk and Carbon Footprint: Compiling, Analyzing, Scoring and Disclosing
- Energy – Battery Storage: Technology Challenges
- Biomass Residuals – Carbon Neutrality/Opportunity Fuels
- Powerhouse and Industrial Boiler Challenges: Compliance Permitting, Training and Reporting
- Thermal Energy Production: Technical Focus on Adaptation
- Carbon Capture & Storage (CCS): Technology and Infrastructure Challenges
- Alternative Fuels – Combustion, Compliance and Technology Issues: Biofuels, Hydrogen, Ammonia, Bio-wastes, Solar and Wind
- Plant Operations: Integrated Implementation of Control and Data Systems

### Environmental Committee

- EPA Air Regulations – Clean Air Act: NAAQS, CSAPR, MACT Rules, HFC's
- EPA Water Regulations – Clean Water Act: WOTUS, PFAS
- EPA Greenhouse Gas (GHG) Reporting Rules
- Environmental Justice (EJ): Included in agency regulations, Enforcement – federal and state levels

## **CONTACT CIBO**

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## **CIBO Vision & Mission Statement**

**Vision:** CIBO is dedicated to ensuring that industrial, commercial, and institutional energy remains reliable, sustainable, safe and cost – effective to support a strong and globally competitive economy.

**Mission:** Through its members, CIBO provides the best technical knowledge, education and advocacy to help facilitate adaptation to a sustainable energy future.