

2013 Annual Report of the President

Council of Industrial Boiler Owners

October 17, 2013
Stowe, Vermont

So far 2013 has been a very interesting year; and what is coming up could be even more interesting.

When we met in California last year, I said, “Whoever thought CIBO would be so close to and intimately involved with the major issues at the national level when we were founded in 1978 or when I took over in 1995. In those days energy was not political. Low cost, cost-effective, energy was the non-partisan and taken for granted, objective...” We were in the final 30 days of a national campaign for the election of the President, the Senate and the House of Representatives. It was a serious battle of two disparately different political philosophies. This Administration’s energy and environmental policy brought CIBO’s primary purpose for existence to the forefront. As our Mission Statement so well states, “CIBO is dedicated to ensuring that non-utility industrial, commercial and institutional energy producers can continue to provide safe, cost-effective and reliable energy to sustain a strong and globally competitive economy.”

Since then, the President won re-election and the Congress and Senate have become even more polarized – even more dysfunctional. Plus, as we have come to find out, we have a leader who will not work for or seek compromise between liberals and conservatives.

Life is much different today than it was only five years ago. A difference articulated so well by Senator Wyden at an industry breakfast a few months ago when he said, “while we all believe “Policy” should lead “Politics;” what we have is “Politics” leading “Policy.” Making policy to fit politics in a polarized political environment with instantaneous communication and messaging to all stakeholders does not work.” Communication and compromise have become much more complicated.

As I have traveled around the country visiting our members, talking to regulators, environmentalist and non-members and making presentations about Boiler MACT compliance, now that we have a rule, I have found, there are many who are oblivious to the fact that anything has changed and they have to do something, or do anything different than in the past.

However, there seems to be an awakening when people come to understand and agree that the environment is much better today than it was yesterday; when they understand and agree that you have to make a profit to survive in the long term; and, when they understand and realize that it is impossible to make or do anything without energy. These are the foundations upon which policy should be based. This is CIBO’s expertise. The question is how do we use it today and tomorrow?

We have been busy. Based on the information coming out of the strategic planning session in March, where we reaffirmed our Mission and Objectives, from board discussions and my travels around the country, we are moving to upgrade CIBO communications, IT, Website and Government Relations support to be able to provide a better platform for our staff and members to work more effectively to meet the challenges ahead. We will bring them into the 21st Century.

Gail, Candy and Tiffany are tremendous and can usually get whatever our members need. Without them, CIBO could not do all that it does. It would not happen. Bob Corbin, our membership consultant and Honorary Member, provides direct support and assistance with

member and non-member activities; and provides invaluable guidance and assistance to CIBO administration and operations. He understands, and can help members understand, how to use CIBO capabilities to their maximum advantage.

One of the reasons for CIBO's highly credible position in Washington and with state and local government agencies is the support we receive from Lisa Jaeger and the folks at Bracewell & Giuliani on litigation and regulatory issue development and advocacy and soon to include an expanded role in our government relations activities. With the upgrading of the technical tools and systems, CIBO will be better positioned to help our excellent staff and support handle whatever will be needed to benefit our members.

As you have heard from our Treasurer, CIBO is doing well financially; and we have the ability to support the litigation needed to protect the flexibilities gained with our work on the Boiler MACT regulations. While we still have a long way to go on that front, we are optimistic regarding the potential outcome. There are times when science and engineering reality can actually prevail in a purely political world. This is a challenge we face every day.

One of the results of Boiler MACT and the possibility of more regulations on industrial boilers for NOx, SO2 and ash (the Administration's War on Coal) has been a move away from coal and towards Natural Gas. We all know, while that may sound easy, it is not. We also all know that the environmental regulations driving us to Natural Gas raise the cost of energy for all our members, and in some cases beyond that which is tolerable for a process or plant. We also know that the decision making process is complicated because of the differing risk profiles for each compliance alternative; and, because of that, there is no longer only one technically correct answer to today's environmental compliance problems. CIBO's meetings this year have focused on how we get through this successfully. Next year we will be looking at those compliance plans.

Energy operations and performance, the foundation for CIBO's success at its formation in 1978, could very well be the foundation for the future as we begin to focus here at this annual meeting: "Energy – Needed to Make or Do Anything! Planning for Industrial & Institutional Energy in the Future – Making a Path to 2018." No one should have to reinvent the wheel. Networking, technology transfer, and operations and performance fundamentals education, especially regarding natural gas, energy efficiency and combined heat and power, will be an increasing focus of our conferences and committee activities in the next year.

We will be expanding on the successes we saw last year at the FBC/Stoker Conference in May and the Natural Gas Conversion Workshop in August. How does someone provide the energy it takes to make or do anything, survive and improve environmental performance all at the same time? CIBO provides the ideal forum for working together to plot the path for that to be done.

As I closed last year, I see CIBO's success, credibility and ability to do all that we do, to be so much more than the sum of the pieces. The synergies, generated from the best and brightest energy and environmental engineers and policy people in the country, your candid conversations, honest caring and hard work are the real basis for our achievements. It never stops amazing me on what we can accomplish when we work together. Thank you!

I believe everyone would agree that this year has been a very interesting but good year and that CIBO is better than it has ever been. Again, Thank You! With your help, I see next year being even better; although, hopefully not quite so interesting.

Robert D. Bessette
President