

1 State of Arkansas *As Engrossed: S1/26/21 S3/9/21*

2 93rd General Assembly

A Bill

3 Regular Session, 2021

SENATE BILL 65

4

5 By: Senator B. Ballinger

6 *By: Representative Beck*

7

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For An Act To Be Entitled

9 AN ACT TO AMEND ARKANSAS LAW REGARDING STATE EMISSION
10 PLANS FOR FOSSIL-FUEL-FIRED ELECTRIC GENERATING
11 UNITS; AND FOR OTHER PURPOSES.

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13

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Subtitle

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TO AMEND ARKANSAS LAW REGARDING STATE

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EMISSION PLANS FOR FOSSIL-FUEL-FIRED

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ELECTRIC GENERATING UNITS.

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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21

22 *SECTION 1. Arkansas Code § 8-3-201(b)(2), concerning the purpose of*
23 *the subchapter related to the review of the state emission plans, is amended*
24 *to read as follows:*

25 *(2) The state plan is reviewed through a transparent public*
26 *process that assesses the full impact of the state plan on rates,*
27 *reliability, and employment, ~~and manufacturing greenhouse gas leakage.~~*

28

29 *SECTION 2. Arkansas Code § 8-3-205 is amended to read as follows:*

30 *8-3-205. Assessing effects of state plan.*

31 *(a) Before ~~completing~~ seeking public comment on a proposed state plan*
32 *for regulating carbon dioxide emissions from covered electric generating*
33 *units or any permit amendment, rule amendment, or administrative order*
34 *necessary to implement a state plan for regulating carbon dioxide emissions*
35 *from covered electric generating units, the Division of Environmental Quality*
36 *shall prepare a report that takes into account the factors specified in § 8-*



1 4-312 and the Clean Air Act, 42 U.S.C. § 7401 et seq., as applicable.

2 (b)(1) In addition to the report specified in subsection (a) of this
3 section, the division shall coordinate with the Arkansas Public Service
4 Commission in the preparation of ~~a report~~ both initial and annual reports
5 that ~~assesses~~ assess the effects of the state plan on the electric power
6 sector, including without limitation:

7 (A) The ability of the state to provide affordable
8 electricity through diversified sources of electricity generation;

9 (B) The type and amount of electric generating capacity
10 within the state that is likely to withdraw from the state or switch to
11 another fuel;

12 (C) Stranded investment in electric generating and
13 transmission capacity and other assets and infrastructure;

14 (D) Potential risks to electric reliability within the
15 state, including without limitation resource adequacy risks, transmission
16 constraints, and natural gas supply and transmission adequacy; and

17 (E)(i) The amount by which retail electricity and any
18 replacement fuel prices within the state are forecast to increase.

19 (ii) A rate impact assessment shall consider nonfuel
20 costs, including generation, transmission, distribution, surcharges for
21 renewable energy and energy efficiency, capital investment, upgrades to meet
22 environmental requirements, utility profits, financing costs for new
23 investments, unappreciated capital assets retired prematurely, and other
24 nonfuel costs and surcharges, and the amount of funds contributed from all
25 in-state taxpayers to local, state, and federal subsidies, grants, and
26 credits to fund in-state electric generation sources, electric storage, and
27 energy efficiency.

28 (2) The division shall further coordinate with the Arkansas
29 Economic Development Commission in the preparation of ~~a report~~ both initial
30 and annual reports that ~~assesses~~ assess the effects of the state plan on the
31 electricity consumers within the state, including without limitation:

32 (A) Disproportionate impacts of electricity and other
33 replacement energy price increases on middle-income and lower-income
34 households;

35 (B) Employment within the state, including without
36 limitation direct and indirect employment effects and jobs potentially lost

1 within affected sectors of the state's economy;

2 (C) Economic development within the state, including
3 without limitation effects on manufacturing, commercial, and other sectors of
4 the state's economy;

5 (D) The competitive position of the state in relation to
6 neighboring states and other economic competitors; and

7 (E) State and local governments, including without
8 limitation potential impacts resulting from changes in tax revenues and
9 higher government outlays for electric service.

10 (c) The initial reports required by this section shall be included
11 ~~with any petition filed by the division to initiate rulemaking for rules that~~
12 in the public record for any permit amendment, rule amendment, or
13 administrative order proposed to implement a state plan for regulating carbon
14 dioxide emissions from covered electric generating units.

15 (d) Beginning one (1) year after the initial compliance date specified
16 in the state plan and each year thereafter, the division, in coordination
17 with the Arkansas Public Service Commission and the Arkansas Economic
18 Development Commission, shall submit the annual reports required under
19 subsection (b) of this section to the Legislative Council.

20
21 SECTION 3. Arkansas Code § 8-3-207(a), concerning procedures for
22 approval of the state plan, is amended to read as follows:

23 (a) ~~Before~~ After the conclusion of the public comment period under §
24 8-4-317 and before transmitting a state plan to the Governor for submission
25 of the state plan to the United States Environmental Protection Agency, the
26 Division of Environmental Quality shall transmit to the cochairs of the
27 Legislative Council a copy of the state plan and the accompanying ~~report~~
28 reports developed under § 8-3-205.

29
30 SECTION 4. Arkansas Code § 8-3-207(d), concerning procedures for
31 approval of the state plan, is amended to read as follows:

32 (d) Notwithstanding the provisions of this subchapter, in the absence
33 of legislative approval under subsection (b) of this section, the Governor
34 may direct the submission of a state plan to the United States Environmental
35 Protection Agency if, in his or her judgment:

36 (1) Sufficient time has passed for the Legislative Council to

1 consider a state plan submitted by the division for legislative approval;

2 (2) Further delay would result in the failure to submit a state
3 plan by the relevant deadline for submission; and

4 (3) Failure to submit a state plan would ~~likely~~ result in the
5 imposition of a federal implementation plan.

6
7 SECTION 5. Arkansas Code § 8-3-208 is amended to read as follows:

8 8-3-208. ~~Feasibility study~~ Rate and reliability safety valve.

9 (a) If a state plan approved under this subchapter would result in a
10 significant increase in the total electric or natural gas bill annually for
11 any customer class as determined by the Arkansas Public Service Commission,
12 the Division of Environmental Quality shall ~~prepare a feasibility study to~~
13 ~~determine whether:~~

14 (1) ~~An alternative approach is consistent with the Clean Air~~
15 ~~Act, 42 U.S.C. § 7401 et seq.; or~~

16 (2) ~~The pursuit of implementing an alternative approach is~~
17 ~~likely to result in the imposition of a federal plan~~ initiate development of
18 a revised state plan that reduces the financial impacts to any customer class
19 as determined under § 8-3-205 in accordance with the procedures outlined in §
20 8-4-317.

21 (b) The state plan previously approved by the United States
22 Environmental Protection Agency shall remain in effect while the revised
23 state plan required under subsection (a) of this section is being developed,
24 approved by the Legislative Council, and submitted by the Governor to the
25 United States Environmental Protection Agency and until the revised state
26 plan is approved by the United States Environmental Protection Agency.

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28 SECTION 6. Arkansas Code § 8-3-209 is repealed.

29 ~~8-3-209. Waiver of review and approval procedures for emissions plans.~~

30 (a) ~~The Division of Environmental Quality may seek a waiver of review~~
31 ~~and approval procedures for emissions plans from the Legislative Council if~~
32 ~~the division determines that final federal emission guidelines do not require~~
33 ~~any one (1) or more of the following:~~

34 (1) ~~Shifting generation from electric generating units powered~~
35 ~~by one fuel type to another fuel type;~~

36 (2) ~~Closing any fossil fuel fired electric generating unit; or~~

