

**MINUTES
JOINT INTERIM COMMITTEE ON ENERGY
State Capitol, Room 149, Little Rock, Arkansas
Thursday, November 17, 2011**

The Joint Interim Committee on Energy met Thursday, November 17, 2011, at 3:00 P.M. in Room 149 of the State Capitol in Little Rock, Arkansas.

Committee members present: Senators Kim Hendren, Co-Chair; Jonathan Dismang, Bruce Holland, Randy Laverty, and Eddie Joe Williams; Representatives Tiffany Rogers, Co-Chair; Jerry R. Brown, John Burris, Jane English, David Fielding, Matthew Shepherd, Gary Stubblefield, and Charolette Wagner.

Alternate members present: Representatives Jonathan Barnett, Linda Collins-Smith, Andrea Lea, and Loy Mauch.

Also attending: Senator David Wyatt; Representatives Nate Bell, Lori Benedict, Ann Clemmer, James McClean, Terry Rice, Randy Stewart, and Jon Woods.

Senator Hendren called the meeting to order and congratulated Senator Laverty for being appointed Chairman of The Energy Council.

**CONSIDERATION TO APPROVE SEPTEMBER 21, OCTOBER 6, AND OCTOBER 7, MEETING
MINUTES [EXHIBITS D.1, D.2 & D.3]**

**Senator Laverty made the motion to approve the September 21, October 6, and October 7, 2011, minutes.
Without objection, the motion carried.**

**JOINT ENERGY COMMITTEE RECOMMENDATION TO GOVERNOR FOR APPOINTMENT
CONSIDERATION TO THE CENTRAL INTERSTATE LOW-LEVEL RADIOACTIVE WASTE
COMPACT COMMISSION [EXHIBIT E]**

Senator Laverty offered supporting comments for Mr. George Overbey, who was nominated for consideration to the Central Interstate Low-Level Radioactive Waste Compact Commission at the October 7, 2011, meeting. Representative Andrea Lea provided background information on Mr. James L. Bacquet and nominated him for consideration to the Commission.

**Senator Laverty made a motion to recommend Mr. George Overbey and Mr. James L. Bacquet to
Governor Beebe for appointment consideration to the Central Interstate Low-Level Radioactive Waste
Compact Commission. Senator Williams seconded the motion, and the motion carried.**

STATUS OF COMPRESSED NATURAL GAS GRANTS

Mr. Scott Hamilton, Director, Arkansas Energy Office, Arkansas Economic Development Commission (AEDC), provided an update of the Compressed Natural Gas Conversion Rebate Program (CNGRP) and said it was intended to spur conversion to, or purchase of, compressed natural gas (CNG) powered vehicles in Arkansas. The fund started with \$2.2 million in August 2010. \$1.6 million remains in the fund, and 103 vehicles have been converted. Rebates are limited to 50% of the conversion cost or 50% of the cost differential between a new standard vehicle and a new CNG powered vehicle. Individuals, public, and private fleets are eligible, and no single entity may receive more than \$440,000. Pre-approval is required, and the application is available at arkansasenergy.org. Payback on the \$5,000 CNG conversion investment is reached at about 24,000 miles. Mr. Hamilton said the AEDC will extend the CNGRP beyond December.

There is one CNG station in North Little Rock and two in north Arkansas. As the number of CNG vehicles increases, more CNG fueling stations will emerge. \$470,000 of grant funds (\$400,000 from State Energy Program Funding / \$70,000 from Guaranteed Investment Funds) are available through the AEDC to implement new CNG stations in Arkansas. Construction of a full CNG fueling station costs about \$1 million. Expanding a

standard gasoline and/or diesel fueling station into a CNG portal is less expensive (\$325,000 to \$500,000), because the infrastructure is in place. Slow-fill CNG dispensers are available for home use for around \$1,500 to \$2,000, making the fuel cost then about 80¢ - 90¢ per gallon.

SOLAR INCENTIVES FOR ARKANSAS [ATTACHMENT 1]

Dr. John W. Sutherlin, Co-Director, University of Louisiana at Monroe, Social Science Research Lab, presented a PowerPoint entitled, “Solar Regulations, Rebates and Reform.” He said carbon-based energy sources will remain fundamental to energy policy for at least the next 100 to 250 years. Cities that have developed programs to promote renewable resources and invest in green jobs have lower utility costs than cities that have not invested in these programs. Although Arkansas does not receive prime solar radiation, the state is ideal for taking advantage of solar technologies, such as solar-oriented construction and generation of solar equipment.

The United States Department of Agriculture offers many grant programs that perpetuate solar technology, such as the Rural Energy for America Program. General economic conditions and lack of state incentives are the top two barriers to the growth of solar energy. Louisiana and Georgia offer the best state incentive programs with a 50% tax credit per solar system. The city of Dallas provides a \$1,000 discount or rebate on solar equipment; Missouri hosts a sales tax and incentive holiday; and Texas and Tennessee offer several incentives on solar technology. Residential customers who have 80% of costs covered with solar energy grants and incentives can expect to break even in 4 ½ to 5 ½ years.

OTHER BUSINESS

Senator Dismang was recognized and presented Interim Resolution 2011-006, “REQUESTING THAT THE INTERIM JOINT COMMITTEE ON ENERGY URGE THE PRESIDENT OF THE UNITED STATES TO EXPEDITE THE REVIEW AND APPROVAL OF THE NEW ROUTE FOR THE KEYSTONE XL PIPELINE.” **[ATTACHMENT 2]** More than 600 jobs at Welspun Tubular, LLC (a steel pipe manufacturing company in Little Rock) are directly related to the pipeline. He said Welspun Tubular, LLC was encouraged to come to Arkansas, and it is our responsibility to support the sale of their product. Construction on the pipeline has been delayed until 2013 to appease environmental concerns.

Senator Laverty said he supports expedition of completing the pipeline, but questions the language in lines 19-22 of the resolution.

Mr. David Delie, President, Welspun Tubular LLC, said since July 2010, the Keystone Pipeline has provided 600 jobs and \$45 million to the local economy. The company is involved with more than 50% of the pipeline production, but because the project has been delayed, most of the pipe is sitting on the Welspun yard. If the contract does not go forward, this pipe will be sold below cost, employees will be laid off, and Welspun will be out of business in Arkansas.

The Keystone Pipeline XL is funded by the private sector and would allow oil to flow to Texas refineries from Canada (a friendly neighbor), rather than from the middle east or Venezuela. The oil and gas industry is important to Canada, as it comprises about 25% of the gross national product. Because of delays on the project, the Canadian prime minister is talking to the president of China about selling this oil to China.

Mr. Delie said protests have extended the U.S. pipeline permitting process from two to four years, which deters pipeline companies from investing in this country. TransCanada is losing over \$1 million per day because of the delay on the pipeline. Renewable energies are excellent energy alternatives, but will not be the total solution. Carbon-based energy must continue to be supported in order to keep energy costs down.

Rajesh Chokhani, Vice President, Business Development, Welspun Tubular LLC, said Welspun invested \$30 million and hired 230 employees one year ago, specifically for work on the pipeline. Welspun is asking the committee to send a message to Washington that demonstrates the importance of the pipeline to Welspun and the Arkansas economy.

Representative Stubblefield made a motion to adopt IR 2011-006, and the motion was seconded by Senator Williams.

Representative Rogers was recognized for a substitute motion to remove lines 19 through 22 from IR 2011-006, and to adopt the resolution with this revision. The motion was seconded by Representative Fielding. The motion failed.

Representative Stubblefield's main motion was voted upon, and it carried.

The next committee meeting will be December 15, 2011, at 3:00 P.M.

With no further business, the committee adjourned at 4:25 P.M.