

MINUTES
JOINT INTERIM COMMITTEE ON ENERGY
State Capitol, Room 149, Little Rock, Arkansas
Thursday, December 15, 2011

The Joint Interim Committee on Energy met Thursday, December 15, 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; Jimmy Jeffress, Vice-Chair; and Randy Laverty. Representatives Tiffany Rogers, Co-Chair; David Branscum, Vice-Chair; Denny Altes, Jerry R. Brown, John Burris, Eddie L. Cheatham, Larry Cowling, David Fielding, Betty Overbey, and Matthew Shepherd.

Alternate members present: Representatives Jonathan Barnett, Mark Biviano, Linda Collins-Smith, Donna Hutchinson, Andrea Lea, Greg Leding, Loy Mauch, Jeff Wardlaw, and Bruce Westerman.

Also attending: Senators Cecile Bledsoe, Mike Fletcher, and David Wyatt; Representatives Duncan Baird, Tommy Baker, Nate Bell, Robert Dale, Billy Gaskill, Jeremy Gillam, Hudson Hallum, Homer Lenderman, Kelley Linck, Uvalde Lindsey, Buddy Lovell, Leslee Post, James Ratliff, Butch Wilkins, Tommy Wren, and Marshall Wright.

Representative Rogers presided and recognized Senator Hendren for remarks. Senator Hendren said he is in the process of converting his vehicle to compressed natural gas (CNG) power and encouraged everyone to take advantage of grant money that helps pay conversion costs.

CONSIDERATION TO APPROVE NOVEMBER 17, 2011, MEETING MINUTES [EXHIBIT D]

Representative Branscum made the motion to approve the November 17, 2011, meeting minutes. Representative Overbey seconded the motion, and the motion carried.

RULES FOR REVIEW

ARKANSAS ECONOMIC DEVELOPMENT COMMISSION (AEDC), ENERGY OFFICE, ARKANSAS ENERGY CODE FOR NEW BUILDING CONSTRUCTION SUPPLEMENTS AND AMENDMENTS [EXHIBIT E]

Mr. Evan Brown, Building Codes and Emergency Response Coordinator, Arkansas Energy Office (AEO), AEDC, said the AEO promulgates rules and regulations for efficient construction of residential and commercial buildings. This upgrade only affects commercial buildings and commercial construction. Studies indicate the upgrade will increase construction costs less than 1%.

The federal government cannot mandate states to adopt the upgraded code, but the Department of Energy strongly encourages adoption, and a majority of states have already adopted the new code. It provides for some new elements (i.e. continuous exterior insulation, decreased lighting density, and smaller heat and air systems). In some cases these improvements create cost-savings greater than the increased envelope efficiency, so the customer is net positive from the beginning. The simple cost payback is projected to be between two and three years. The American Society of Heating Refrigerating and Air-Conditioning Engineers Standard 90.1 2007 states that every builder should build as the code specifies. Cities can adopt the code and enforce it however they wish. Mr. Brown noted a state law was recently passed requiring all cities issuing building permits to adopt the upgraded code.

Representative Burris made a motion that the rule be reviewed. Representative Branscum seconded the motion, and the motion carried.

BEING PREPARED FOR THE NEXT GULF DISASTER [HANDOUT 1]

Mr. Francis Walls described a patented blowout preventer (BOP) that he invented and believes can end high pressure leaks such as the BP Gulf of Mexico oil spill in April 2010, and the Fukushima Daiichi Nuclear Plant radiation leaks caused by a March 2011 earthquake in Japan. The device can operate underwater (with robots that are dropped below water in baskets) or on land. Mr. Walls said he has not produced a prototype of the design so there is no proof the device will work. Mr. Walls was a welder for 25 years and is now self-employed. He said engineers told him this is an excellent product that will work. BP was sent a copy of the design, but he said they called it “art” and would not speak with him.

In response to a question from Rep. Rogers, Mr. Walls said he wants help from the committee to acquire grant money to produce three sets of the BOPs (\$150,000 to \$200,000 per set). Two sets would be used for testing, and one set would be reserved for an emergency. Mr. Walls also wants the U.S. Congress to require oil companies, that drill in U.S. waters, to carry one set of the BOPs on their platforms. Mr. Walls said he has attempted to make contact with Governor Beebe, former Lieutenant Governor Halter, and the Arkansas Economic Development Commission, but has had no response.

Rep. Barnett said the oil industry understands the importance of BOPs and is interested in any product that works. He suggested the private sector may be more help to Mr. Walls than the public sector. Rep. Barnett said if the idea works, attending industry-specific conferences and marketing the product to private investors could be far more advantageous than attempting to obtain government help.

REPORT – “FISCAL YEAR 2011 REPORT FOR ACT 1494 OF 2009, AN ACT TO PROMOTE THE CONSERVATION OF ENERGY AND NATURAL RESOURCES IN BUILDINGS OWNED BY PUBLIC AGENCIES AND INSTITUTIONS OF HIGHER EDUCATION AND FOR OTHER PURPOSES” [EXHIBIT G]

Mr. Ed Ellis, Energy Efficiency Manager for State Buildings, AEO, AEDC, presented a PowerPoint entitled, “Act 1494 of 2009, Energy Efficiency and Natural Resource Conservation in Public Buildings, Annual Report.” [ATTACHMENT 1] Act 1494 of 2009 promotes energy efficiency and natural resource conservation in public buildings. The act is an unfunded mandate that became effective January 1, 2011, and requires Arkansas state agencies and higher education institutions to reduce energy use 20% by 2014 and 30% by 2017. The agency is working to establish a baseline for monitoring energy usage and costs to meet the act’s goals. Act 1494 of 2009 implements ASHRAE 90.1 2007, but was passed to be 10% more stringent.

The annual report has four required topics:

- Cost of implementing: Additional building costs, time spent developing ways to monitor energy usage and costs, collaborating with state agencies to develop strategic energy plans (StEPs), and retrieving/reporting information.
- Operating savings: Theoretical payback is less than six years for ASHRAE 90.1 2007, but Act 1494 is 10% more stringent so payback will be longer.
- Impact on employee productivity: Larger state agencies have formed energy management teams that meet quarterly. The teams work to increase energy awareness, develop and implement StEPs, and design energy efficiency projects.
- Evaluation of the effectiveness of standards: At this time, construction has not been completed on any building that would be required to meet the new code requirement. The energy management program is already having a positive effect on state agencies and higher education institutions.

Act 1494 requires 132 state agencies, boards, and commissions to develop an energy program. Of these, the AEO has focused on collecting data from the 34 entities that directly pay utility bills. The AEO will work on collecting data from the 98 agencies whose utilities are covered within lease payments.

Of the 34 reporting agencies, 28 have established Energy Star Portfolio Manager (ESPM) accounts. The Environmental Protection Agency developed ESPM software specifically to help organizations monitor energy accounts. Mr. Ellis noted that 23 of the 34 agencies returned good data for 2008, 2009, 2010, and 2011. The AEO has gained access to agency/institution data for over 22 million square feet; more than 2,300 buildings; over 3,000 metered accounts; and 40 campuses. Reports indicate a slight increase in square footage through 2010 with a 10% increase in the energy use index (EUI) per square foot, but agencies had less than one year to implement changes.

When weather normalization is considered, the EUI decreases by 2%. Southeast Arkansas College, the University of Arkansas for Medical Sciences, the Arkansas Department of Environmental Quality, and the Arkansas Military Department are agencies that have done well with energy efficient savings through 2010. Mr. Ellis said this indicates that the agencies had energy efficiency efforts in place prior to Act 1494. He noted that reports have not been received from every agency, but Act 1494 is a new and complicated mandate.

Recommendations in the report include:

- Continue funding for an Energy Manager position.
- Work with the Arkansas Administrative Statewide Information System and major utilities to simplify data collection for the ESPM accounts.
- Engage agencies that do not directly pay utility bills to develop StEPs through the Arkansas Energy Efficient State Government Working Group.
- Encourage the Arkansas Building Authority to develop wording for lease agreements that require ESPM accounts by third party owners.

In response to a question from Rep. Rogers, Mr. Scott Hamilton, Director, AEO, AEDC, said the AEO is not requesting funding for an Energy Manager at this time, nor is the position part of the 2012 AEO budget request. Act 1494 is an unfunded mandate and the AEO has funded work for the act with the American Recovery and Reinvestment Act which ends in April 2012. The concern is carrying forward the work for Act 1494 with no funding.

In response to a question from Sen. Hendren, Mr. Hamilton said the CNG Conversion Rebate Program has been extended until the end of January. The program offers rebates for up to 50% of the conversion cost or the cost differential between a new standard vehicle and a new CNG-powered vehicle. Pre-approval is required, and the application is available at www.arkansasenergy.org.

Representative Barnett made a motion to adjourn, and without objection, the motion carried.

With no further business the committee adjourned at 4:00 p.m.