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ARKANSAS ADVANCED  
ENERGY ASSOCIATION

# What is Advanced Energy?

**Advanced energy can be defined as any service or technology that makes America's energy supply more secure, clean and affordable.**

**This can include but not be limited to:**

- **Biofuels and BioProducts**
- **Compressed Natural Gas and other clean burning fuels**
- **Energy Efficient Buildings**
- **Energy Efficient Farm Solutions**
- **Geothermal**
- **Hydropower**
- **Nuclear**
- **Solar**
- **Wind**

# Who are we and why are we here?

- **The Arkansas Advanced Energy Association (AAEA) is a non-profit, Section 501(c)6 trade association.**
- **AAEA formed to grow Arkansas's economy by expanding our energy workforce and manufacturing base through the increased development, manufacture and utilization of advanced energy technologies.**
- **Our membership is a unique blend of more than 70 manufacturers, energy providers, entrepreneurs, small business owners, educators, researchers and public institutions.**
- **These members have joined in the common interest of economic expansion and job creation in the advanced energy sector.**

# AAEA Membership

## Renewable Energy

Arklahoma Solar  
Nordex USA  
Rocky Grove Sun Company  
Silicon Solar Solutions  
Stellar Sun  
Sun City Solar Energy  
TradeWind Energy, Inc.

## Alternative Fuels

alt.Consulting, Inc.  
Arkansas Oklahoma Gas Corporation  
BioEnergy Systems, LLC  
FutureFuel Chemical Company  
Infinite Enzymes  
Pinnacle Biofuels, Inc.

## Transmission

Clean Line Energy

## Research/Education

Arkansas Energy Sector Partnership  
Arkansas State University  
Histecon Associates, Inc.  
John Brown University  
Mid-South Community College  
Philander Smith College  
Phillips Community College of the U of A  
Pulaski Technical College  
University of Arkansas  
U of A, Applied Sustainability Center  
USGBC – Arkansas

## Other

25x25 Alliance  
AEDC  
Arthur J. Gallagher & Co., Inc.  
CDP Strategies  
City of Fayetteville

City of North Little Rock  
Fayetteville Chamber of Commerce  
Forrest City Area Chamber of Commerce  
Fort Smith Regional Chamber of Commerce  
Genesis Capital, LLC  
Iberia Bank – Keaton Smith  
Kenneth L. Smith Consulting  
Modthink  
Rivers Edge Ventures Inc.  
Ron Bell  
Williams & Anderson, PLC  
Wilson, Engstrom, Courm & Coulter

# AAEA Membership

## Energy Efficiency

Baldor Electric Company	MESA Landscape Architects	Turn Key Construction Management
Clear Energy	NextGen Illumination	Verve Solutions
CLEAResult	NORESCO	Wilson's Home Improvement
CTS Group	Powers of AR	Winkelman Storage Battery
Energy Master Home Inc.	Schneider Electric	Company (formerly LGWI)
Energy Systems Group	Siemens Industries Inc.	
Harrison Energy Partners	Southeast Energy Efficiency Alliance (SEEA)	
HERS Inc.	SRC Solutions	
Home ENERGY Rx	T&T Green, Insulation	
Home Energy Solutions, LLC	Innovations	
Hydro-Temp Corporation	TEKLUMEN	
Johnson Controls		



arkansas  
advanced  
energy  
foundation

- **The Arkansas Advanced Energy Foundation (AAEF) is the educational affiliate of the AAEA.**
- **It is a Non-Profit, Section 501(c)3 charitable organization with a mission to increase utilization of advanced energy technologies through public education programs and events, workforce development and research.**

# AAEF Activities So Far Include:

- **Presentation of General Assembly Candidate Workshops during Summer, 2012 in partnership with the University of Arkansas Applied Sustainability Center;**
- **Convening advanced energy working groups of industry leaders on energy efficiency, biofuels and renewable energy;**
- **Advanced Energy Public Opinion Survey, 2012 and 2013**
- **Access to Capital Report, Due for Release This Summer**
- **Farm-to-Fuel Community Innovation Project in the Arkansas Delta in partnership with alt.consulting**
- **Supports sister organization AAEA with research and public education on advanced energy-related issues before the Arkansas Public Service Commission.**

# Energy Policy Discussion for Members of the Joint Energy Committee

**Presentation by  
Board of Directors of the  
Arkansas Advanced Energy Association (AAEA)  
and the  
Arkansas Advanced Energy Foundation (AAEF)**

# AAEA's Legislative Priorities for 2013

- **ENERGY FINANCING**
- **ALTERNATIVE FUELS**
- **RENEWABLE ENERGY DEVELOPMENT**

# Act 1074

## Property Assessed Clean Energy (PACE)

- **Allows local governments or the state to create Energy Improvement Districts.**
- **PACE Districts are empowered to issue general revenue bonds or to seek private sources of funding from banks or investors to finance energy savings loans.**
- **Most loans will go to commercial property owners for energy efficiency, renewable energy, and water conservation projects.**
- **Loans may be secured by liens on property, minimizing credit risk.**
- **Low interest loans may be repaid up to 15 or 20 years with no up front payments and collection through annual payment of property taxes.**

# AAEF's First Steps To Implement PACE Legislation

- Identify and evaluate local governments most interested at this time to create Energy Improvement Districts.
- AAEF met in May with Fayetteville City Mayor and representatives of Washington County Government.
- From preliminary conversations, City of Fayetteville is most prepared to create a PACE District due to ongoing energy efficiency programs.
- AAEF will assist and participate in initial meetings of the city council and Fayetteville PACE District.
- Lessons learned from Fayetteville will be shared and modeled with other units of local government.

# Act 554

## Amending the Guaranteed Energy Cost Savings Act

- Newly passed Act 554 amends current law by allowing state agencies to use maintenance and operation funds to finance energy savings projects.
- The State of Arkansas maintains 2500 buildings totaling more than 22 million square feet.
- Designates the Arkansas Energy Office (AEO) as the administrator of the GECS Act.
- Requires the AEO to promulgate rules to administer the act and allows the energy office to defray costs by collecting an administration fee.

# First Steps to Implement Act 554

- **Arkansas Energy Office is required to promulgate regulations within nine months of the bill's enactment.**
- **AAEA and its member companies (large and small) will participate and assist AEO as it develops program rules.**

# Act 1252

## Energy Revolving Loan Fund

- **Authorizes the Arkansas Development and Finance Authority (ADFA) to issue up to \$10 million in energy bonds to assist state agencies in funding energy improvements.**
- **The revolving loan fund will complement the Guaranteed Energy Cost Savings Act Amendments (Act 554).**
- **ADFA and AEO will work together to manage the revolving loan program.**

## Act 532

### Clean Burning Motor Fuel Development Act

- **Act 532 provides tax credits for converting or purchasing vehicles to CNG, LNG, LPG.**
- **The act also provides tax credits for constructing a system of clean burning refueling stations along the state's primary highways.**
- **The act created a clean burning motor fuel development fund.**
- **Up to \$3 million was agreed to by the Legislature and the Governor for funding Act 532.**

# First Steps To Implement Act 532

- **The AEO will offer a rebate for each approved refueling station for CNG, LNG, or LPG in an amount equal to the lesser of 75% of the qualifying costs or \$400,000.**
- **The AEO will offer a rebate for the cost of a qualified clean-burning motor vehicle of 50% or \$4,500 for each motor vehicle, whichever is less.**

# Act 1221

## Expanding Net Metering Law

- Act 1221 extends unused renewable energy credits earned during a calendar year to be available to a net metering customer an additional four months, January through April.
- Prior to this act, unused energy credits expired at the end of a calendar year.
- Arkansas has had a net metering law in place for several years but because of a very tightly construed law and tight regulations, only 214 Arkansas customers are net metering for a total capacity of 1.3 mw.
- Proposed rule before the Arkansas Public Service Commission allows for the aggregation of meters and also incorporates the additional four months of credit contained in Act 1221.

# Failed Legislative Initiatives

# SB 933

## Bio Fuels Tax Credit

- **Even with a dozen plus House and Senate cosponsors, the bio fuels tax credit, SB 933, failed to pass out of the Senate Agriculture Committee.**
- **The evolving tax package deal between the Governor and Legislative leaders including grocery taxes, and manufacturing equipment, etc. left no room for consideration of a bill that would assist Arkansas's four bio refineries in competing with their counterparts in neighboring states.**
- **The bill's failure in committee was AAEEA's single most disappointing legislative event in 2013.**

# HB 1390

## Distributed Generation Act

- Each electric utility would be required to develop and maintain a standardized distributed generation contract for the generation of each renewable energy resource.
- The Arkansas Public Service Commission as authorized by the Legislature would require a electric utility to purchase renewable energy produced by a renewable electric generation facility at the rate, terms, and other conditions approved by the regulatory authority for a period of not less than twenty (20) years.

# Next Steps

- **AAEA will attempt to make our case to the Joint Energy Committee over the next two years for a limited tax credit to help Arkansas's four bio refineries to be more competitive.**
- **AAEA will present information and data to members of the Joint Energy Committee to demonstrate how a renewable electric energy strategy can work for both utilities and rate payers and thus enhance Arkansas's energy diversity and independence and lead to economic development and job growth.**
- **AAEA is supportive of the proposed update to the state's residential energy code, from IECC 2003 to IECC 2009.**

# Public Service Commission Regulatory Initiative

- **AAEA is currently engaged in two regulatory proceedings before the Arkansas Public Service Commission.**
  - **Energy Efficiency-** to extend for three years the successful energy efficiency incentive program by the state public utilities
  - **Meter Aggregation –** to allow the state's net metering customers to aggregate their meters and encouraging growth in renewable energy industry

# AAEA's BioFuels Development Proposal

- **Amend Arkansas Tax Code to authorize a tax credit for the production of biofuels as the neighboring states of Texas, Oklahoma, Missouri, Mississippi, Tennessee, and Louisiana have done.**
- **Demand for biodiesel already defined by Federal renewable fuel standards - 1.28 billion gallons of the nation's fuel supply in 2013 - leaving producers to compete to address it.**
- **The Director of the Department of Finance and Administration, in consultation with the Arkansas Agriculture Department, shall promulgate rules.**

# AAEA's Renewable Energy Proposal

- Establishes incremental 4-year goals for 16 years for electric utilities to generate or purchase a portion of their electric energy from renewable energy resources.
- Defines renewable energy resources as solar, wind, geothermal, qualified renewable biomass, qualified waste resources, and new hydroelectricity or improvements to existing hydroelectricity.
- Allows for both retail and wholesale distributed generation.
- Establishes a system of renewable energy credits.
- Recognizes existing renewable energy being provided to Arkansas ratepayers by the utilities.
- Caps average retail rates for each service class contributing toward renewable energy resources development.