

**QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS
WITH THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE**

DEPARTMENT/AGENCY Arkansas Economic Development Commission
DIVISION Arkansas Energy Office
DIVISION DIRECTOR Scott Hamilton
CONTACT PERSON J.D. Lowery
ADDRESS 900 West Capitol Avenue, Little Rock, Arkansas 72201
PHONE NO. 501-682-7678 **FAX NO.** 501-682-7499 **E-MAIL** jlowery@arkansasedc.com
NAME OF PRESENTER AT COMMITTEE MEETING J.D. Lowery
PRESENTER E-MAIL jlowery@arkansasedc.com

INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after “Short Title of this Rule” below.
- D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

Donna K. Davis
Administrative Rules Review Section
Arkansas Legislative Council
Bureau of Legislative Research
One Capitol Mall, 5th Floor
Little Rock, AR 72201

1. What is the short title of this rule? 2013 Arkansas Energy Code for New Building Construction
Supplements and Amendments

2. What is the subject of the proposed rule? Adoption of an updated minimum energy efficiency
standard for new construction.

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes No
Section 410 from the American Recovery and Reinvestment Act of 2009
If yes, please provide the federal rule, regulation, and/or statute citation. (H.R.1)(ARRA)

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes No
If yes, what is the effective date of the emergency rule? _____

When does the emergency rule expire? _____

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act?

Yes No

5. Is this a new rule? Yes No
If yes, please provide a brief summary explaining the regulation. _____

Does this repeal an existing rule? Yes No

If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does. This rule update the current residential energy standards from the 2003 International Energy Conservation Code to the 2009 (IECC) version of the IECC. This updates the minimum energy for residential new construction in state.

Is this an amendment to an existing rule? Yes No

If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. Act 7 of 1981 and Act 1196 of 2009

7. What is the purpose of this proposed rule? Why is it necessary? _____

As purchase of a new home is the biggest investment most people will ever make, these minimum efficiency standards are put into place in order to protect Arkansas consumers. This is a step to address long-standing issues identified by all stakeholders affected by the energy code. This is a market based policy approach that creates jobs, reduces the growth of State and local government that keeps Arkansas dollars from leaving the state. This update simply brings the residential standard in line with the existing commercial standard. The energy code supports grid reliability and also reduces utility costs by preventing the need to build more power plants or purchase more expensive energy from the market.

Additionally, under Section 410 of the American Recovery and Reinvestment Act of 2009, Congress made receiving funding contingent on commercial and residential building energy code adoption and enforcement. By accepting State Energy program funding and submitting letters assuring the Department of Energy that Arkansas would comply with the terms of Section 410, we have committed to updating the residential standard contained with the Arkansas Energy Code to the International Energy Conservation Code 2009.

A letter was sent by Governor Beebe to the U.S. Department of Energy Secretary Steven Chu on March 23, 2009 giving assurances that we move forward with the adoption of the specified energy standards. The commercial standard was updated in 2011 and went into effect on January 1, 2013.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b). www.arkansasenergy.org

9. Will a public hearing be held on this proposed rule? Yes No

If yes, please complete the following:

Date: 9/16/2013

Time: 9:30 AM
Bessie Moore Room 2103, Arkansas
State Library, 900 West Capitol Avenue,
Place: Little Rock, Arkansas 72201

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

10/4/2013

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

1/1/2016

12. Do you expect this rule to be controversial? Yes No

There will be opposition by some the home building community regarding this change. However, it will be mixed as many have indicated they do

If yes, please explain. support the change.

13. Please give the names of persons, groups, or organizations that you expect to comment on these rules?
Please provide their position (for or against) if known.

1. Arkansas Home Builders Association (AHBA) - Against
 2. U.S. Green Building Council (USGBC) - For
 3. Arkansas Advanced Energy Association – For
 4. Sara Stephens, Appraiser – Former President of the Appraisal Institute – For
 5. Southeast Energy Efficiency Alliance – For
 6. Arkansas Realtors Association – Against
 7. Municipal Code Officials – Mixed
 8. Residential Energy Services Network – For
 9. Viridian Building Consultants – For
 10. Stitt Energy Systems – For
 11. Individual Homebuilders - For
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FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Economic Development Commission
DIVISION Arkansas Energy Office
PERSON COMPLETING THIS STATEMENT J.D. Lowery
TELEPHONE NO. 501-682-7678 **FAX NO.** 501-682-7499 **EMAIL:** jlowery@arkansasedc.com

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE 2013 Arkansas Energy Code for New Building Construction Supplements and Amendments

- 1. Does this proposed, amended, or repealed rule have a financial impact? Yes No
- 2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes No
- 3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If an agency is proposing a more costly rule, please state the following:

- (a) How the additional benefits of the more costly rule justify its additional cost;

- (b) The reason for adoption of the more costly rule;

- (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

- (d) Whether the reason is within the scope of the agency’s statutory authority; and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

- (a) What is the cost to implement the federal rule or regulation?

<u>Current Fiscal Year</u>		<u>Next Fiscal Year</u>	
General Revenue	_____	General Revenue	_____
Federal Funds	<u>\$42,639.62</u>	Federal Funds	<u>\$42,105.87</u>
Cash Funds	_____	Cash Funds	_____
Special Revenue	_____	Special Revenue	_____

Other (Identify) _____

Other (Identify) _____

Total \$42,639.62

Total \$42,105.87

(b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total 0

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total 0

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

Next Fiscal Year

\$1,380(CZ3)
\$ \$1,564 (CZ4)

\$1,380(CZ3)
\$ \$1,564(CZ4)

This estimated is per home. We do not have the breakout of how many homes per builders as it can vary per year and by small and large production builders. The incremental cost per new home on average will be \$1,380.00 in Climate Zone 3 and \$1,564.00 Climate Zone 4. The additional cost is offset by an estimated savings of \$245 (CZ3) and \$242 (CZ4). When factored into a conventional 3%, 30-year mortgage in Arkansas, the annual incremental costs for building to higher efficiency standard when compared to the current code results in an added \$86 (CZ3) and \$97(CZ4). The monthly incremntal cost is \$7 and \$8 a month. This represents an immediate net average annual energy savings for a home built to the 2009 IECC standard of \$155 (CZ3) and \$147 (CZ4).

Additionally, a mechanism included in this rule change, the HERS rating, is intended assist builders mitigate this incremental cost through increasing the value on appraisals not previously recognized.

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

Next Fiscal Year

\$ 42,105.87

\$ 42,105.87

7. With respect to the agency’s answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.