



What is Advanced Energy?

Advanced energy is 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 bio products, compressed natural gas and other clean burning fuels, energy-efficient buildings, Smart Grid technologies, geothermal, hydropower, nuclear, solar, wind and energy storage.

Why is Advanced Energy important to Arkansas?

Today, **770 advanced energy companies** with a workforce of **25,000 people** are doing business in our state, according to research commissioned by the Arkansas Advanced Energy Foundation. The advanced energy economy contributes **\$2.8 billion in economic output** to Arkansas, per analysis conducted by the UALR Arkansas Economic Development Institute. Arkansas's advanced energy industry has a key role to play in our state's economy as the advanced energy transition continues. AAEA is focused on initiatives that will allow the market to expand as demand and innovation advances.

Key policies fostering Advanced Energy job growth in Arkansas:

Arkansas Energy Performance Contracting

Since its 2014 launch, AEPC has become a key economic development tool for state agencies, colleges and universities, and cities, counties and municipal utilities across Arkansas. The Arkansas Energy Office estimates the total value of projects in development at over \$75 million. Approximately 9,000 Arkansas jobs are tied to energy savings equipment and services and are directly affected by a vibrant AEPC program.

Energy performance contracting is a turnkey service, comparable to design/build construction contracting with an annual savings guarantee. This method of finance provides taxpayer-funded public entities with the opportunity to complete a comprehensive set of energy efficiency, capital infrastructure and renewable energy measures at no upfront cost. AEPC projects are required to have a positive return on investment, with savings exceeding the contract amount in all instances.

Participants benefit greatly from the facility upgrades achieved, allowing budgets to be reallocated to address other needs. The state also benefits, as taxpayer dollars are actively being spent on equipment and systems that are often outdated and inefficient. Several large energy service companies (ESCOs) have made significant investments in Arkansas while home-grown companies also are growing exponentially in response to demand. AEO estimates that the economic impact of AEPC projects equals three times the total dollar amount of a project for Arkansas communities.

The AEPC program is creating jobs, saving taxpayer dollars and conserving energy. The explosion of interest in energy performance contracting in three years of the AEPC program's operation shows how valuable an economic development vehicle this program has become in a short period of time.

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Utility Energy Efficiency Programs

Under the Energy Efficiency Resource Standard adopted by the Arkansas Public Service Commission in December 2010, utility energy efficiency programs have proven to be an important economic driver for Arkansas and advanced energy technologies. The utility energy efficiency programs have helped add 2,000 jobs and counting to the state's economy. That's the finding of a 2014 economic study by AAEEF, which identified 675 contractors hired by the utilities to deliver their programs. The EE sector represents more than 9,000 jobs and more than \$1 billion in annual sales.

AAEA continues to participate in the Parties Working Collaboratively group with the state's 7 public utilities and other stakeholders to develop a plan to extend programs through 2019. The group's independent monitor has praised the state's record of success and called Arkansas a leader in the Southeast and nationally. According to the 2016 report, most utilities exceeded their savings goals at the portfolio level. Customer and contractor satisfaction remain high across the Arkansas EE program portfolio of measures. Contractor support has helped to drive program participation; customers report that contractors/vendors positively influenced their decision to participate in the programs.

Property Assessed Clean Energy (PACE) Financing

The PACE ACT of 2013 authorized the voluntary creation of energy improvement districts to finance energy efficiency, water efficiency, and renewable energy improvements by interested property owners. A bipartisan consensus of General Assembly members saw PACE as an answer to the financing barrier that had discouraged property owners from addressing deferred maintenance measures and making desired capital improvements that reduce utility costs and have the added benefit of improving their property value. The payments (paid via a special assessment on the owner's property) must be less than the amount of energy savings achieved, so business owners experience an increase in cash flow.

PACE has been a leading priority for AAEA and its members since the advanced energy business community helped secure its passage in 2013. Since that time, AAEA has worked closely with officials managing the state's active energy improvement districts – Energy Improvement District Number 1 (cities of Fayetteville and Springdale), and Pulaski County Energy Improvement District. Other communities, particularly those in rural Arkansas, are looking to form their own districts to take advantage of this economic development tool.

Distributed Generation Deployment

Tremendous potential to expand renewable energy generation exists in Arkansas, which would significantly benefit the state's economy by creating jobs and lowering energy costs for households and businesses. AAEA is urging the Arkansas Public Service Commission to allow the market to continue to grow unfettered by unnecessary policy barriers that would limit further growth in the pivotal "net metering" proceeding (Docket 16-027-R). The PSC recently heard two full days of witness testimony. PSC Chairman Ted Thomas has said a decision is not expected before February.

In March 2017, the Commission ruled that existing net-metering customers will be grandfathered into the current rate structure, a position for which AAEA had strongly advocated.

AAEA also sought and received intervening party status in Docket 16-028-U, which represents an historic attempt by the PSC to more broadly consider a comprehensive set of Distributed Energy Resources and third-party data access issues. Action is pending future orders.