

**MINUTES**  
**ARKANSAS ALTERNATIVE ENERGY COMMISSION**  
**[Established by ACT 1301 of 2009]**  
**State Capitol, Room 151, Little Rock, Arkansas**  
**Thursday, October 20, 2011**

The Arkansas Alternative Energy Commission (AAEC) met Thursday, October 20, 2011, at 10:00 a.m. in Room 151 of the State Capitol in Little Rock, Arkansas.

**Commission members present:** Leo Hauser, Chairman; Warren Allen, Kurt Castleberry, Laura Humphrey, Leif Kindberg, Mikel Lolley, Debbie Moreland, Mike Pinkett, and Rita Potts.

Mr. Hauser called the meeting to order; Mr. Allen presided.

**CONSIDERATION TO APPROVE JULY 14, 2011, MINUTES (EXHIBIT B)**

**Without objection, minutes from the July 14, 2011, meeting were approved.**

**PROGRESS OF STATE ENERGY PLAN**

**Mr. Chris Benson, Energy Policy Advisor, Arkansas Economic Development Commission (AEDC),** presented a PowerPoint of the progress of the state energy plan (SEP) noting it is an effort to transition from the current economy into a sustainable economy for advancing the governor's energy policy goals. [Attachment 1]

The AEDC developed strategic frameworks for economic development planning under the auspice of the governor's office and will use those practices as a model for the SEP whose time horizon will be 3-5 years. It will include measurable, realistic, and doable initiatives. The SEP will focus on meeting future energy demands and moving into a clean energy technology marketplace.

It has identified preliminary steps; exchanged ideas internally; identified partners; formed an advisory group; defined time and scope; and gathered resources. The Institute for Economic Advancement at the University of Arkansas at Little Rock will be assisting.

Identifying stakeholders and identifying barriers to the implementation of strategies will disclose the impact of policy drivers such as economic development, energy security, and the environment. Stakeholders will share information that provides specific initiatives for addressing barriers. Lastly, actions will be selected, measured, verified and evaluated.

The AEDC has identified four strategies for advancing the governor's energy priorities:

- Encourage the adoption of energy efficiency practices and technologies
- Develop alternative transportation fuels and vehicles
- Pursue sustainable policies that create jobs and investments
- Encourage the development of clean electricity generation

The SEP's first draft is expected by March 31, 2012. The SEP is a short-term plan with long-term cost recovery. Time horizons that are overly extensive tend to be counterproductive.

In response to a question from Mr. Allen, Mr. Benson said most energy plans are not regulated by mandate and incentives seem to get the best reception. The AEDC anticipates federal funding to be at a minimal level in future years, so the SEP will likely attempt to identify funding for programs.

## STATE ENERGY CODE

**Mr. Mikel Lolley, Arkansas Alternative Energy Commissioner**, gave an overview of the state energy code (SEC) and reported that Arkansas is doing a good job of keeping up with peer states. The SEC is a consumer protection mechanism that establishes a bar of minimum performance for everyone. Insurers and bankers should encourage minimum energy codes, because they help ensure consistent payments of mortgages. With energy codes in place, customers are more informed of utility expenses and can mitigate costs more easily. Money saved through energy codes is a boost to the economy, because money retained can be spent on other needs. Arkansas spends \$3 billion annually on power utilities.

## REPORT SUBCOMMITTEE [Commissioners Allen, Hentzen, Lolley, and Potts] – ISSUES TO ADDRESS (EXHIBIT E)

In order to establish “Issues to Address”, Mr. Allen comprised a list of topics, using the most recent minutes and two sections from the November 23, 2010, “AAEC Initial Report to Governor Mike Beebe, Senate President Bob Johnson and House Speaker Robbie Wills” (pages 4 -5 & 7-8). The commission agreed to combine similar issues, prioritize a manageable list, and establish subcommittees to move forward with research. The issues follow:

1. A renewable energy efficient program for Arkansas
2. Renewable energy portfolio standards
3. State energy plan
4. Motor vehicles on natural gas
5. Arkansas energy code
6. Gaps and barriers in current Arkansas energy programs
7. General disclosure policy
8. Public benefits funds for energy efficiency
9. Sales tax incentives for renewable energy
10. Sales tax incentives for energy efficiency
11. Property tax incentives for renewable energy
12. Property assessed clean energy
13. Loading order of efficiency relating to alternative and existing energy sources
14. Balance energy efficiency with reliability, universality and affordability
15. Economic disincentives currently faced by utilities for promoting energy efficiency
16. Short and long term recovery mechanisms for participating entities
17. Coordinating energy efficiency efforts with non-utility energy efficiency programs
18. Existing residential building codes for both rural and urban areas
19. Manufacturer incentives to encourage adoption of energy efficiency measures
20. Consumer based incentives
21. On-bill financing as a tool for cost-effective energy efficiency
22. State interconnection policy standards
23. Renewable energy access policies

Mr. Kindberg said Item 2 (Renewable energy portfolio standards) differs from the original recommendation, a Renewable Energy Feed In Tariff (REFIT).

**Mr. Kindberg made a motion to add REFIT as a separate item to the list of “Issues to Address”. Mr. Hauser seconded the motion, and without objection, the motion carried.**

Mr. Castleberry suggested adding “electric vehicles” to Item 4 - motor vehicles on natural gas. Act 832, sponsored by Representative Tyler provides incentives for motor vehicles to operate on compressed natural gas. The AAEC will ask Representative Tyler to present details on the impact of Act 832.

**Mr. John Bethel, Director, Arkansas Public Service Commission (APSC)**, reported the progress of coordinating energy efficiency efforts with non-utility energy efficiency programs. Effective July, the APSC approved energy efficiency programs for all utilities. Energy saving goals have been set for electric and gas utility companies and cumulative targets are required to be met in 2011, 2012 and 2013. Large commercial industrial customers were given the opportunity to opt out of commission and utility

offered energy efficiency programs, if programs are being implemented that create equal or greater savings than the APSC programs. Evaluation measurements, verification protocols and a technical resource manual for quantitative analysis of utility companies were approved. Reports containing new verification data will be available April 2012.

**Mr. Hauser made a motion to use “State Energy Plan/Workforce and Economic Development” as headings for the list of “Issues to Address”, and the Report Subcommittee [Commissioners Allen, Hentzen, Lolley, and Potts] will fit the remaining sub-topics under those headings. Mr. Kindberg seconded the motion, and without objection the motion carried.**

Mr. Allen announced Mr. Kindberg is moving to Washington D.C. and will no longer serve on the AAEC. Mr. Kindberg said he has enjoyed working with the commission and hopes to stay in contact. Ms. Humphrey volunteered to be the webmaster for the AAEC website. Mr. Hauser noted there are now four vacancies on the AAEC.

Ms. Potts asked if a legislative advocate for supporting an AAEC budget has been found. Mr. Hauser said he will ask Representatives Allen, Webb, and Tyler. It was agreed that budget items should include mileage, conference calls, outside assistance, and travel for experts.

Mr. Jared Tabor, an audience member was recognized, and asked Mr. Benson to explain the Bio-Energy Council (BEC). The BEC was an ad hoc group with affiliations and expertise in bio-energy issues, formed for the 2007 legislative session. The BEC has not met since the 2007 session.

In response to a question from Mr. Tabor, Mr. Benson said the AEDC relies on an extensive group of state agencies, non-governmental organizations, and private associations to comprise a list of barriers.

Mr. Tabor asked if energy efficiency service arena programs at Northwest Arkansas Community College are ongoing. Mr. Lolley said community colleges have been identified as centers of excellence for training in the energy efficiency workforce; stimulus funding is available for these programs, and grants are available through the AEDC for the funding and operation of HVAC and energy efficiency diagnostics programs.

The next AAEC meeting will be Thursday, December 15, 2011, at 10:00 a.m.

With no further business, the meeting adjourned at 12:05 p.m.