

Arkansas Alternative Energy Commission Meeting



Strategic Energy Planning for Arkansas

Status Report

Chris Benson
AEDC Energy Policy Advisor

10/20/11

Change

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“...Strategic Planning is about managing change. People and interests don't like change, so bring them along by finding common ground and selling ideas through short and simple messaging.”

Secretary of Energy, Dr. Steven Chu

Statement of Purpose

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Devise a strategic energy framework for advancing the Governor's energy policy goals.

- The framework is not a comprehensive state energy plan for meeting the State's energy needs but rather a collection of strategies that will help to guide the State's decisions as it transitions to a sustainable economy. The framework will be supported by a series of initiatives and actions that are realistic, measurable and actionable that the State can use to accomplish its objectives.

Strategic Energy Objectives

Meet future energy demand

Participate in clean energy market economy

Secure

Clean

Jobs

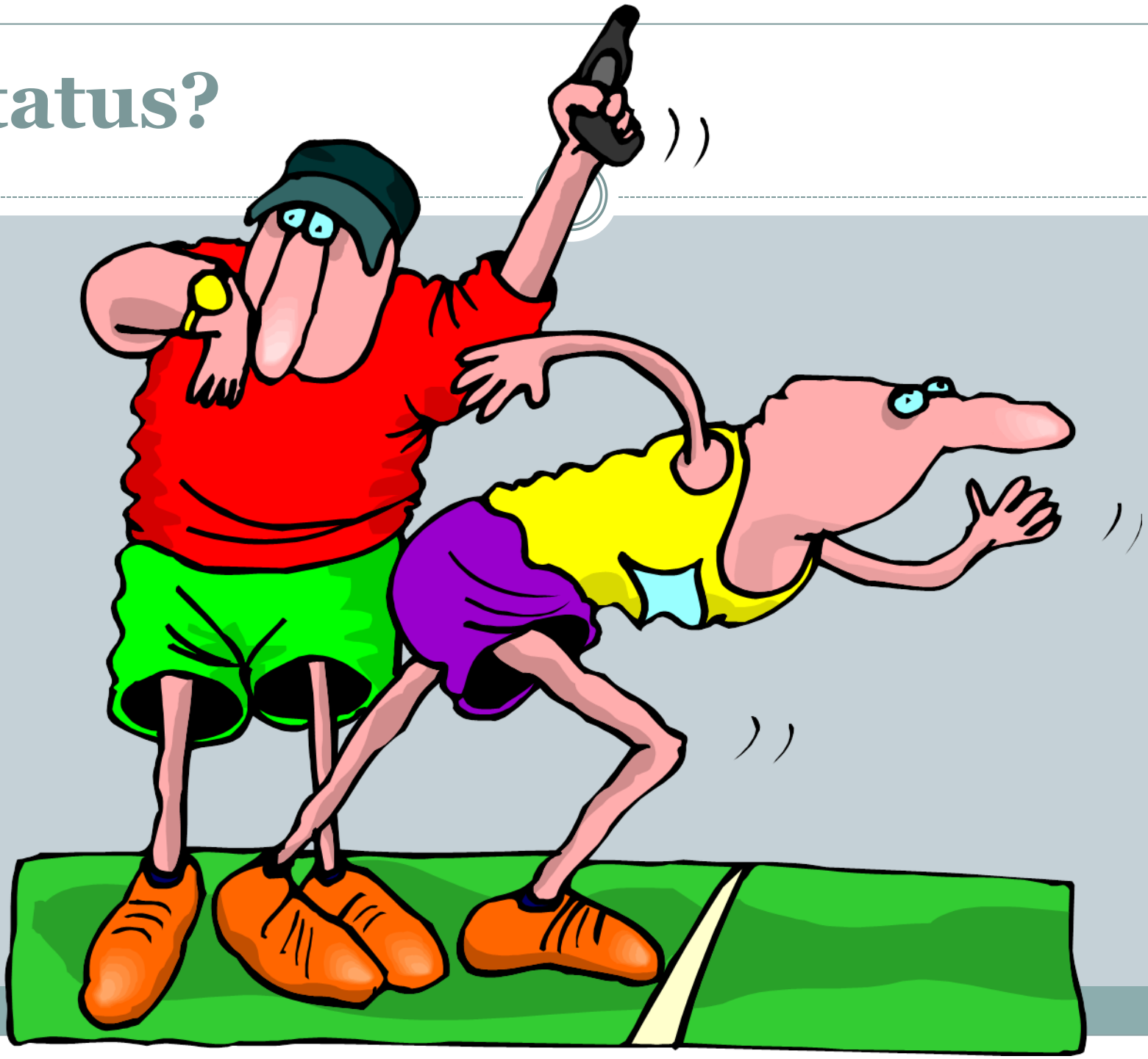
Investments

4

Sustainable Initiatives

- Competitiveness
- Environmental preservation
- National and state security
- Economic growth
- Reduced costs
- Innovation

Status?



Ready, Set

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- Exchange ideas internally ✓
- Talk with our partners ✓
- Define time and scope ✓
- Assemble resources ✓
- Identify questions/needs ✓
- Develop and vet contact lists ✓

...Go!

Where do we go from here?

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1. Identify strategies that advance the Governor's energy priorities.
2. Identify stakeholders in the state who have a role to play in each of these strategies.
3. Identify barriers to implementing the strategies.
4. Identify initiatives that address the barriers.
5. Select initiatives that represent the best consensus solutions for reaching objectives.
6. Measure, verify and evaluate!!!

Strategies

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- 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

Barriers

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- 1. High up front cost for energy efficiency and renewable energy systems
- 2. Transmission access is a potential limiting factor for EE/RE
- 3. Interconnection to the utility grid is a disincentive for renewable energy and cogeneration projects
- 4. Transaction costs are high for renewable and EE projects
- 5. Lack of skilled workforce to meet market demand requirements for EE and RE services
- 6. Difficulty measuring and evaluating EE, results in perception of high risk by financial community
- 7. The supply-demand chain that supports advanced biofuels and biopower development is not well developed

Barriers (cont')

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- 8. Alternative fuel vehicles lack infrastructure for refueling
- 9. Split incentives between participants lowers their interest
- 10. Transfer of ownership before investment is recovered
- 11. Low consumer awareness/knowledge leads to poor purchase and operational decisions
- 12. Utility revenue structures provide little incentive to promote energy efficiency
- 13. Lower income consumers spend a disproportionate amount of their income on energy bills

Thank You!





- **Additional Slides**

Strategic Plan for Economic Development

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Action items:

- **Create an agency subgroup of biofuels and policy expertise that will develop a bioenergy strategy**
- **Create an operational definition of Clean, Green and Sustainable, especially in regard to sustainable economic development practices and standards**



Governor
Mike Beebe's
Strategic Plan
for Economic
Development



 **ARKANSAS**
A natural for business

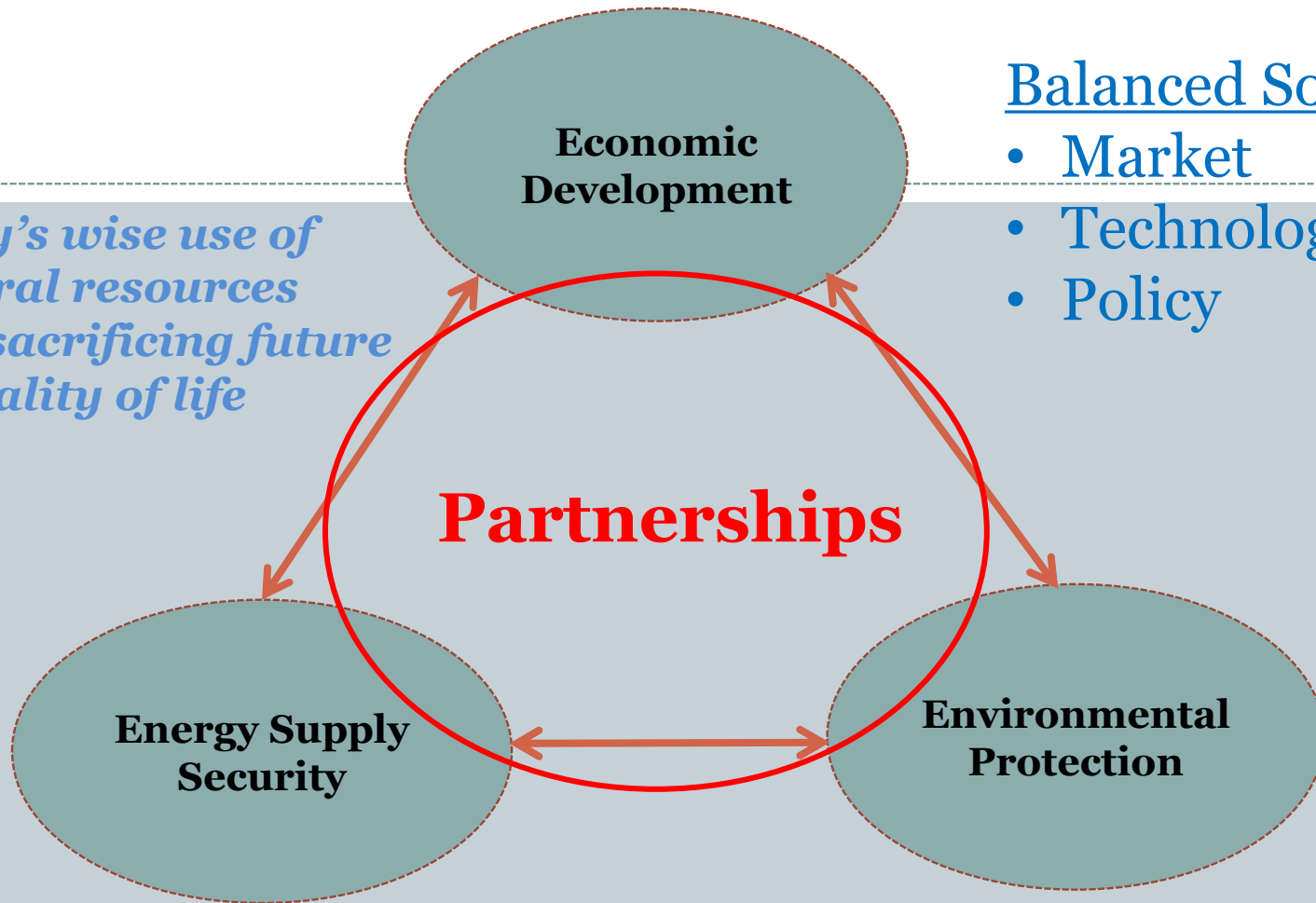
Arkansas Economic Development Commission
2009

SUSTAINABILITY defined

Balanced Solutions

- Market
- Technology
- Policy

*Today's wise use of
natural resources
without sacrificing future
quality of life*



Strategic Energy Plan Principles



- 1. Incorporate the use of life-cycle costing methods as an additional basis for investment decisions.
- 2. Encourage the state to meet its needs with resources that are diverse and indigenous.
- 3. Recognize that state and local prosperity is dependent upon both economic and environmental health.
- 4. Consider, to the extent possible, the impact that decisions will have on the environment and resource depletion, which may not be accounted for in standard economic analysis.
- 5. Advocate for balanced decision making among competing interests.
- 6. Optimize available team resources through existing delivery systems and partnership formation.
- 7. Recognize educational initiatives as a basis for sustainable change.
- 8. Emphasize actions that produce measurable results whenever possible but also be aware that not all costs and benefits are measurable.
- 9. Recognize that strategic planning is about managing change that institutions may not want or be prepared to do.
- 10. Look for opportunities to leverage and target the State's limited assets.
- 11. Technology "push" must be partnered with market "pull".
- 12. Unlocking the full potential of strategic opportunities requires multiple and coordinated policy initiatives over time.

Strategic Challenges



- 1. Arkansas lacks coordinated policies to promote alternative energy strategies;
- 2. Arkansas has an energy or resource intensive economy;
- 3. Arkansas imports a large share of its annual energy requirements;
- 4. Arkansas has limited resources for public investment in energy programs;
- 5. Many consumers and policy makers in Arkansas lack awareness of important aspects of energy and its issues.

Arkansas Energy Rank, 2009



Category	State Rank
Electricity Consumption per Capita	11 th
Energy Consumption per Capita	17 th
Energy Consumption per Dollar of GSP	11 th
Energy Consumption per Registered Vehicle*	4 th
Total Electricity Consumption	30 th
Total Energy Consumption	31 st
Total Population	32 nd

Plan Objectives



Identify a framework to...

- Meet our future energy needs with clean, safe, affordable and reliable energy supplies
- Take advantage of opportunities for Arkansas to participate in an economy marked by increased jobs and clean technology investments

Devil is in the details...