

**MINUTES**  
**ARKANSAS ALTERNATIVE ENERGY COMMISSION**  
**[Established by ACT 1301 of 2009]**  
**State Capitol, Room 151, Little Rock, Arkansas**  
**Thursday, December 15, 2011**

The Arkansas Alternative Energy Commission (AAEC) met Thursday, December 15, 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, Stanley Baker, Jessica DeLoach, George Heintzen, Laura Humphrey, Mikel Lolley, and Rita Potts.

**Also attending:** Senator David Wyatt.

Mr. Hauser called the meeting to order.

**CONSIDERATION TO APPROVE OCTOBER 20, 2011, MINUTES (EXHIBIT B)**

**Mr. Allen made a motion to approve the October 20, 2011, meeting minutes. Ms. Humphrey seconded the motion, and the motion carried.**

Mr. Hauser welcomed Ms. Jessica DeLoach, the newest member, to the AAEC.

**REPORT FROM ISSUES COMMITTEE [Commissioners Allen, Heintzen, Potts, and Lolley] (Handout C)**

Mr. Allen said boundaries of the Issues Committee study included the charge of the commission to research and report on topics that have an impact on the mission of the AAEC [to expand the use of alternate energy, to recognize what impact expanding the use of alternative energy has on the business community, and to realize the overall impact and direction as we move forward in expanding the use of alternative energy] and the 24 issues listed in the October meeting minutes. The committee grouped the issues into the following four categories: Renewable Energy Plan; Renewable Energy Portfolio Standards (RPS); Energy Efficiency Plan; and Natural Gas Utilization.

Mr. Lolley said he sees the list of issues developing into the following categories: Energy Efficiency; Renewable Energy; Transportation; and Financing/Tax/Budget. He believes these four categories could be listed under one main heading of "Energy Plan".

Mr. Heintzen said he thinks the AAEC's plan should be titled "Alternative Energy Plan" rather than "Energy Plan" in order to co-exist with the governor's plan.

**Mr. Chris Benson, Energy Policy Advisor, Arkansas Economic Development Commission (AEDC)**

Mr. Benson said the issues recognized by the AAEC are basically the same issues AEDC has recognized in its energy plan. The agency plans to send a rough draft of its energy plan to Governor Beebe by March or April, and legislative language should be prepared by June or July. The agency has identified AAEC as a stakeholder in energy planning efforts and expects the commission to provide input via interview processes and questionnaires. Mr. Benson suggested the AAEC pull together its perspective and suggestions as a way for AEDC to interface with the commission. Stakeholder conversations are expected to begin during the first quarter of 2012. Mr. Benson expects exchanges between AEDC and AAEC to begin in January or February.

Mr. Lolley asked Mr. Benson and members of the commission for their opinions regarding including some 2011 legislation that did not get enacted, i.e. Renewable Energy Feed In Tariffs (REFIT), Property Assessed Clean Energy (PACE) program, and tax incentives, into the 2012 AAEC report. Mr. Benson said he does not have a clear answer for that question. The commission is an established vehicle of the legislature and may feel as though it has the mission, venue, and authority to do those kinds of things.

Ms. Potts told Mr. Benson she hoped AEDC would consider the 2010 AAEC Report when drafting its energy plan. Mr. Benson said that is a reasonable request.

In response to a question from Ms. Potts, Mr. Benson explained AEDC's collaboration with the University of Arkansas (U of A) and their efforts to promote energy efficiency in industrial settings. Mr. Benson said in cooperation with Energy Efficient Arkansas, the AEDC established The Arkansas Industrial Energy Clearinghouse which is funded by the American Recovery and Reinvestment Act of 2009. The agency contracted with the U of A and Dr. Darin Nutter, Associate Professor of Mechanical Engineering, to establish an educational organization that provides information to small and medium-size industries and helps them access technical services. The agency is hopeful the clearinghouse will continue past April when stimulus funding is scheduled to end.

**John Bethel, Director, Public Service Commission (PSC)**, said utility and ratepayer-funded programs focus on educating customers to become more efficient. Each utility began introducing its latest round of energy efficiency programs in July 2011. Every program offers a customized examination of the large customers' operations, identifies opportunities to be more efficient, and offers rebates and rate incentives for the companies to take those measures. Mr. Bethel noted that the programs have been very successful so far. In September, the PSC adopted rules and a process for large industrial customers to opt out of paying the charge for energy efficiency programs. Out of 46 applicants, 42 have demonstrated that they met or exceeded goals set by the PSC.

In response to a statement by Mr. Heintzen, Mr. Hauser noted that the charge of the AAEC is to examine, issue a report and possibly recommend future areas of alternative energy to study. The charge does not include developing legislation or posing a position on a particular bill. If individuals choose to work for or against a bill it is their right and free choice to do so, but the commission does not. If the commission chooses to examine previous legislation due to the content that it contains or issues it discusses, that is acceptable. However, it may be more productive to wait until the proposed 2013 legislation comes out - so we'll know what we're dealing with.

**Mr. Randy Thurman, Executive Director, Arkansas Environmental Federation**

Mr. Thurman said the Arkansas Department of Environmental Quality (ADEQ) is in the beginning stages of developing a solid-waste plan, which is a third state energy plan. The department has recently hired Mr. Roger Lawrence, Solid Waste Division Chief, who believes anything put into a landfill is a wasted resource. The American Chemistry Council (ACC) has asked Mr. Thurman to help Arkansas focus on recycling plastics into energy. Mr. Thurman noted that industries in the state do a lot to conserve energy but recycling efforts in Arkansas are abysmal. Plastic is filling up Arkansas landfills and the ACC wants to help businesses develop a plan to convert plastic into energy.

**POSSIBLE TOPICS FOR 2012**

Mr. Lolley said the AAEC Issues Report mentions an RPS, yet the 2010 AAEC Report recommends a REFIT and a bill was presented during the 2011 Legislative Session for a REFIT. Mr. Lolley asked if the commission recommends a REFIT or an RPS.

Mr. Allen said the only point made in the Issues Report regarding an RPS was that it was suggested for further study. REFIT items qualitatively set goals and RPS items quantitatively set stringent goals regarding what is used to produce energy, how much energy is produced, and the timeline for producing energy. Excellent opportunities for examining RPS programs are available because 29 states have already implemented the standards. Mr. Allen said it would be more palatable for the commission to expand the REFIT recommendation.

Mr. Heintzen said studying an RPS will answer questions such as what happens to energy prices, what happens to non-dispatchable power, and what happens when alternative energy units fail to operate? An RPS is not necessarily recommended, but should be studied.

Mr. Lolley suggested asking experts to speak to the commission regarding the differences between RPS and REFIT standards.

Dr. Baker said Arkansas has some high-tech answers to many alternative energy problems with companies that are taking steps to be leaders in generating new types of alternative energy. He would like to see the commission carry the torch for these companies. Dr. Baker noted that he has seen many of these operations forced to go out of state to find success, noting when this happens, Arkansas loses the alternative energy knowledge base and jobs.

Mr. Hauser said if it is the will of the commission, REFIT will not be included in the official list of topics to be considered, but if the topic becomes something viable and of interest, nothing precludes the commission from discussing it down the road.

Mr. Allen suggested listing RPS on the list of issues and keenly focusing on the successes and losses of other states, with a comparative analysis of an RPS versus a REFIT to be conducted in the confines of this study.

Mr. Hauser suggested revising Handout C with the following language:

- In Item Two, add a comma after ‘standards’ and add ‘and examine this information against REFIT actions taken by other states’.

**Mr. Lolley made a motion to approve the revision to the issues list as Mr. Hauser stated. Mr. Heitzen seconded the motion, and without objection, the motion carried.**

**Mr. Lolley made a motion to accept Handout C as revised. Mr. Baker seconded the motion, and without objection, the motion carried.** (Revised Handout C)

The commission will divide the lists of issues among members of the commission into study groups based upon their first, second and third choices of study.

## **2012**

### **RESOURCES/FUNDING**

Mr. Hauser has been advised that because of its enabling legislation, the AAEC is not able to receive funding, either public or private, for any purpose. The commission has no standing or authority to accept funds of any type and most likely, no funds will be available to support efforts of the commission. Mr. Hauser apologized and said he is not giving up on this endeavor.

### **TOPICS FOR DISCUSSION IN 2012**

- Co-Generation [Commissioner Allen]
- Plastics to Energy [Randy Thurmon, American Chemical Council and Commissioner Lolley]
- Industry positions on RPS [Commissioner Allen]
- Smaller Producers [Commissioner Baker]
- Day of Energy Efficiency [PACE, Chris Benson, and Commissioner Lolley]
- Compressed natural gas (CNG) as transportation option [Rep. Tyler, City of North Little Rock, Scott Hamilton – AR Energy Office, and Commissioner Hauser]
- Poultry Waste Energy [Tom Riley and Commissioner Potts]
- Solar [Commissioner DeLoach]

Mr. Hauser asked Mr. Lolley to organize the list of topics for discussion.

### **2012 MEETING DATES**

- February 2
- April 19
- June 21
- August 16
- October 18
- November 15

With no further business, the meeting adjourned at 11:45 a.m.