

MINUTES
ARKANSAS ALTERNATIVE ENERGY COMMISSION
[Established by ACT 1301 of 2009]
State Capitol, Room 171, Little Rock, Arkansas
Thursday, October 18, 2012

The Arkansas Alternative Energy Commission (AAEC) met Thursday, October 18, 2012, at 10:00 a.m. in Room 171 of the State Capitol in Little Rock, Arkansas.

Commission members present: Leo Hauser, Chairman; Warren Allen, Jessica DeLoach, John Gallegly, Audrey House, Mikel Lolley, Debbie Moreland, Rita Potts, and Richard Smith.

Mr. Hauser called the meeting to order.

CONSIDERATION TO APPROVE AUGUST 16, 2012, MINUTES

[EXHIBIT C]

Mr. Gallegly made a motion to approve the August 16, 2012, meeting minutes. Mr. Allen seconded the motion, and the motion carried.

Mr. Hauser said Dr. Stanley Baker's resignation created a vacancy in the governor-appointed consumer position.

EXISTING HOME ENERGY PERFORMANCE

Mr. Matt Bell, Partner, Viridian Sustainable Building Consulting (VSBC), presented a Powerpoint entitled "Home Energy Performance, Energy Efficiency – The Fifth Fuel", [ATTACHMENT 1] and said the first step of every alternative-energy concept is energy efficiency. VSBC opened a home auditing and retrofitting company, called Home Energy Rx, which services existing homes.

Mr. Bell said the U.S. could reduce greenhouse gas emissions 40% by 2030 by eliminating wasted energy. According to the Arkansas Energy Office, impoverished Arkansans can spend up to 69% of their disposable income on energy costs. Energy-efficiency improvements have barriers such as uncertainty of savings, lack of awareness or knowledge, access to capital, service-provider availability, and complicated processes.

There is no standard for energy-performance reporting. The Home Energy Rating System (HERS) rates energy performance for new homes, but the existing-home market faces challenges in standardizing the process. Utility companies adopted standards, but co-ops have varying guidelines which create challenges. Commercial investment-grade audits follow American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE) guidelines that have very specific requirements. Home audits are driven by what utilities perceive as performance-based or deemed savings measures.

Most homeowners do not know if their home uses energy efficiently or not. Perception, awareness, and comparison systems help create better understanding. Mr. Bell cited HERS, founded by Mr. Ron Hughes, as a well-evolved rating system. Mr. Hughes studied HERS about 20 years ago in Alaska and Vermont; the system has since evolved into a complex science. Lenders and appraisers do not recognize energy-efficiency savings, and that needs to change. The market should promote energy efficiency's impact and standardize the energy audit process.

Energy audits cost around \$400. Entergy and Southwestern Electric Power Company offer incentives and rebates for energy audits, but co-ops do not. Arkansas's electricity is relatively inexpensive at about 9¢/kWh, so customers in the state receive lower returns on energy-efficiency investments. In markets where energy costs are higher, the investments offer quicker and higher paybacks.

Arkansas has very few trained home energy auditors. The state uses American Recovery and Reinvestment Act of 2009 funds to teach Building Performance Institute and Residential Energy Services Network/HERS standards at Pulaski Technical College and Northwest Arkansas Community College. Utilities provide lists of approved auditors and contractors on their websites, but programs need increased market awareness, and the industry needs more trained professionals. Programs like Entergy's rebate structure send market signals that lead more professionals into the field. Traditionally, "energy-efficiency providers" were contractors in a specific field, such as heating, ventilation and air conditioning (HVAC); insulation; windows; or remodeling. The newer provider

model studies buildings as one system, emphasizes building science, and cross-trains certified energy-audit professionals to address simple problems and offer comprehensive solutions. Some utilities offer bonus rebates to customers who implement two or more connected energy-efficient measures at one time.

Mr. Bell said if Property Assessed Clean Energy legislation passes, lending terms, mechanisms, and credit requirements change creating energy efficiency and cash flow on almost every project.

In response to a question by Mr. Hauser, Mr. Bell explained a majority of Arkansas's low-income citizens rent their homes, and it is difficult to convince property owners to make energy-efficiency improvements. Low-income homeowners can take advantage of weatherization programs offered by the Department of Human Services, and subsidies are available to some citizens for paying utility bills.

APPRENTICESHIP GOING GREEN

[HANDOUTS 1 & 2]

Ms. Karen Breashears, President, National Apprenticeship Training Program (NATP), said homeowners, lenders, and appraisers do not understand the value of energy-efficient features; making it difficult for customers to afford or acquire loans to pay for them.

The Arkansas Energy Sector Partnership (AESP) is comprised of 20 two-year colleges and seven apprenticeship programs in Arkansas. The Department of Labor awarded AESP a three-year grant for implementing green training in colleges and apprenticeship programs associated with the partnership. AESP purchased a trailer and training equipment, and created the "Green Mobile Training Unit." By exhibiting the unit at statewide events, AESP has provided about 6,000 members of the public with knowledge about "going green." The trailer allows AESP to mobilize its training program, and 20 two-year colleges in Arkansas have integrated a "green" component in their technical training programs.

Ms. Breashears explained apprenticeship training requires, at a minimum:

- Plumbers must complete 2,000 hours of on-the-job training and 160 hours of technical-related classroom training.
- Electricians must complete 8,000 hours of on-the-job training and 160 hours of technical-related classroom training.

Ms. Breashears noted standards for HVAC vary and there is a need to require similar licensure programs for technicians. She said Arkansas needs more statewide incentives. Consumers and property-owners need education about the value of energy-efficiency improvements. Students who complete NATP's electrical apprenticeship program earn 32 college credits toward an electrical engineering degree.

The Arkansas Department of Health can verify if a plumbing contractor is licensed and in good standing. The Arkansas Board of Electrical Examiners maintains the list of licensed electricians. Plumbers and electricians in Arkansas must display their license number on all service vehicles.

REVIEW DRAFT 2012 ARKANSAS ALTERNATIVE ENERGY COMMISSION REPORT [EXHIBIT E]

Mr. Mikel Lolley thanked Mr. Allen, Ms. House, Ms. Potts, and Chairman Hauser for contributing to the report.

He explained EXHIBIT E is a draft of the Introduction and Preamble for the full report, which the commission has about 30 days to compile. Mr. Lolley said he retained relevant text from the 2010 report, added new information, struck irrelevant text, included a Table of Contents, and compiled the rough draft. He hopes that within the next week, commissioners will incorporate comments and recommendations into the draft and help report the group's last two years of study. The commission's goal is to finalize the Introduction and Preamble within the next two weeks.

Ms. House said Mr. Gene Higginbotham, Executive Director, Arkansas Waterways Commission, agreed to present information about Arkansas's hydropower resource to the commission. Mr. Hauser explained the commission does not meet during the legislative session, so it is likely the next meeting will be in May 2013. He said hydropower is an important topic that the commission should address comprehensively. Commissioners agreed to invite Mr. Higginbotham, and other experts in the field, to share information about hydropower at their first 2013 meeting.

In response to a question by Mr. Allen, Mr. Hauser said 10 of the 15 commissioner positions must be reappointed in 2013. He noted commissioners interested in being reappointed should solicit their intent to the 2013 Senate President and Speaker of the House.

Ms. Moreland suggested commissioners review the draft prepared by Mr. Lolley and share comments and recommendations via conference call in two weeks. Mr. Allen said every recommendation should embrace a topic the commission has studied; and it is important to reissue the commission's recommendations from 2010.

Members agreed to hold a conference call on November 1 at 10:00 a.m. A physical location that accommodates the public will be determined.

Mr. Hauser said the next regular-scheduled commission meeting is November 15, 2012, and will try for final report consideration and getting it out ASAP after that.

Ms. House asked if the commission still intends to define clean energy compared to renewable energy. In response, Mr. Lolley asked members to capture the essence of today's discussion and include that in recommendations for the report.

Mr. Allen made a motion to adjourn, Ms. Moreland seconded.

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