

MINUTES
ARKANSAS ALTERNATIVE ENERGY COMMISSION
[Established by ACT 1301 of 2009]
State Capitol, Room 171, Little Rock, Arkansas
Monday, October 20, 2014

The Arkansas Alternative Energy Commission (AAEC) met Monday, October 20, 2014, at 10:00 a.m. in Room 171 of the State Capitol in Little Rock, Arkansas.

Commission members in attendance: Leo Hauser, Chair; Warren Allen, George Heintzen, Jr., Audrey House, Rita Potts, Jessica Sabin, and Joseph Wood.

Also attending: Representative John Hutchison

Mr. Hauser called the meeting to order.

REVIEW AND APPROVAL OF SEPTEMBER 18, 2014, MEETING MINUTES [EXHIBIT B]

Ms. House made a motion to approve the September 18, 2014, meeting minutes. Ms. Sabin seconded the motion, and the motion carried.

REVIEW STATUS OF STATE ENERGY PLAN

Mr. J.D. Lowery, Director, Arkansas Energy Office (AEO), Arkansas Economic Development Commission (AEDC), stated the plan consists of ten items:

1. To update the state energy code. The AEO updated both the residential and commercial standard to the 2009 International Energy Conservation Code. A disclosure label showing the energy saving characteristics will be required in 2015 for new homes and renovation over 50 square feet. Builders will be required to sign-off that their homes meet the minimum energy code.
2. Amend Act 1494 of 2009 (*An act to promote the conservation of energy and natural resources in buildings owned by public agencies and institutions of higher education; and for other purposes*).
 - a. Require all new state agencies' lease agreements to meet state energy management practices.
 - Legislation was not needed; this was done through the Arkansas Building Authority.
 - b. Establish an energy consumption database for vehicles in addition to state buildings.
 - Currently working with the Office of State Procurement (OSP) on this issue.
 - c. Create a position or contract at the AEO to manage the implementation of Act 1494 and work with OSP and ABA on finance arrangements.
 - AEO has created a position, but it is not specific to Act 1494. It is a contract and position focusing on energy performance contracting required in Act 554 of 2013 (*An act to amend the guaranteed energy cost savings act; to allow state agencies to use maintenance and operations appropriations for debt service related to a guaranteed energy cost savings contract; and for other purposes*).
 - Rules have been promulgated, and the AEO has a contract with Trident Energy Services.

- d. Study the merits of adding an electric vehicle charging infrastructure to state buildings.
 - This is an on-going project through the Clean Cities Program.
3. To introduce enabling legislation concerning Amendment 89 Energy Bonds.
 - This was completed through Act 1252 of 2013 (*An act to provide enabling legislation for amendment 89 to the Arkansas constitution relating to energy efficiency bonds authorized by state entities; to provide for the authorization and issuance of bonds for energy efficiency projects; to allow the Arkansas development finance authority to issue bonds at the request of a state entity for energy efficiency projects; to regulate energy efficiency project bonds; and for other purposes*).
4. To propose a one-time income tax credit to encourage installation of Compressed Natural Gas (CNG) stations and credits for vehicles.
 - This was modified by Act 532 of 2013 (*An act to create the Arkansas clean-burning motor fuel development act; to create the clean-burning motor fuel development fund; and for other purposes*). Currently using GIF funds for fueling station rebates. Four stations have been funded and the AEO is in the process of funding two more. Approximately \$300,000 is available for vehicle conversion.
5. Establish a bio-energy group at AEDC that coordinates and encourages the bio-energy industry and supply chain development.
 - AEO has not established a bio-energy group but continues to work with stakeholders on this issue.
6. Propose a limited income tax exemption for solar photovoltaic manufacturers.
 - Plans to introduce legislation for photovoltaic and advanced battery manufacturers for residential and commercial use.
7. Propose a limited income tax exemption for drop-in bio-fuel producers.
 - Completed under Act 1418 of 2013 (*An act to create an income tax exemption for qualified drop-in bio-fuels manufacturers; and for other purposes*).
8. Provide additional field inspection resources for the Arkansas Oil and Gas Commission and the Arkansas Department of Environmental Quality to support and ensure sustainability of shale production.
 - This was accomplished through the budget process.
9. To expand the Energy Efficiency Resource Standards (EERS) targets beyond 2013.
 - Work is on-going. It appears the EERS will continue beyond 2013.
10. The Clean Energy Standard.
 - Legislation was not introduced in the 2013 legislative session, and there are no discussions concerning this issue for the 2015 legislative session.

Ms. House asked without a clean energy standard what standards are being used to define clean and sustainable. Mr. Lowery stated he is uncertain but will provide a response after some research.

Mr. Lowery distributed a handout listing the AEO's programs and priorities for 2014. He stated the AEO **[Handout 1]**

won a competitive grant award from the Department of Energy to work on a voluntary labeling program to establish a standard that would possibly be used by utilities and builders. The AEO will partner with North Little Rock Electric to use the labeling in its weatherization assistance program.

Mr. Allen stated he is interested in the bio-energy group, and Mr. Lowery stated the AEO has not spent much time on bio-energy. AEO is seeking input from the AAEC, Agriculture Department, University of Arkansas at Fayetteville's Agricultural Department, other university resources, Farm Bureau, and legislators.

Mr. Wood asked about CNG stations, and Mr. Lowery stated there are stations in Little Rock, North Little Rock, Conway, Fort Smith, Springdale, Damascus, and West Memphis. The AEO has received additional funding to expand the program and is focusing on the main arteries such as I-30 and I-40 for station locations.

Ms. Potts asked what funds are available for fueling stations and what percentage of the station is funded.

Mr. Lowery stated there is approximately \$900,000-\$1.2 million available. Stations are funded at a little less than half; approximately \$400,000 for a station.

Mr. Hauser asked what the AEO will be pursuing in the 2015 legislation session, and Mr. Lowery stated there will be a continued interest in CNG as a transportation fuel.

Representative Hutchison stated health, education, and energy will be important topics in the 2015 session.

DISCUSSION OF PROGRESS ON 2014 ARKANSAS ALTERNATIVE ENERGY COMMISSION (AAEC) REPORT

Mr. Hauser recognized Ms. Sabin who has agreed to compile the 2014 AAEC Report. She said she will keep the report brief and concise and will follow the AAEC's 2012 report format with modifications to include a front-end comprehensive summary of the report and short summaries before each topic.

The report completion deadline is before December 15. Members are encouraged to submit their designated topic information to her as soon as possible. She will work with individual members through emails and phone calls. Also, she will delegate a commissioner to be the review person to make sure the report covers all the necessary topics.

NEXT MEETING

The next meeting will be at the call of the chairman.

There being no further business, the meeting adjourned at 10:51 a.m.