

DRAFT MINUTES
ARKANSAS ALTERNATIVE ENERGY COMMISSION
[Established by ACT 1301 of 2009]
State Capitol, Room 171, Little Rock, Arkansas
Thursday, October 22, 2015

The Arkansas Alternative Energy Commission (AAEC) had its initial 2015-16 interim meeting Thursday, October 22, 2015, at 10:00 a.m. in Room 171 of the State Capitol in Little Rock, Arkansas.

Commission members in attendance: Warren Allen, Chair; Jay Caspary, David Dodge, Audrey House, Rod Krug, Andrew Lachowsky, Paul Love, John Nabholz, Gregory Perkins and Rita Potts.

Mr. Allen called the meeting to order.

INTRODUCTIONS

Commissioners gave brief introductions including work history as it relates to the commission.

REVIEW AND APPROVAL OF JANUARY 8, 2015, MEETING MINUTES [EXHIBIT C]

Ms. House made a motion to approve the January 8, 2015, meeting minutes. Mr. Krug seconded the motion, and the motion carried.

IMPACT OF CURRENT REGULATIONS ON ELECTRICAL GENERATING FACILITIES

Mr. Andrew Lachowsky, Commissioner, was recognized and gave an **[PwrPt Presentation]** overview, from Arkansas Electric Cooperative Corporation's (AECC) perspective, of the "Potential Impact of Environmental Protection Agency's (EPA) Clean Power Plan." He stated AECC has seventeen distribution cooperatives that serve approximately 60% of Arkansas' land area, and approximately one-fourth of the population.

He stated the plan, to a significant degree, targets coal generation. In 2014, coal represented 71% of AECC's energy supply; therefore, the plan would have a significant impact on AECC. AECC has more capability to generate natural gas, but coal is used because it is a cheaper source.

Noting there are considerable uncertainties with implementing the Clean Power Plan, the final plan was a considerable improvement over the proposed plan. Until Arkansas finalizes the plan the impacts are highly uncertain, however there are two key areas, load growth and gas prices.

The proposed rule was issued in June 2014, and the final rule August 3, 2015. The plan's timeline requires the state to submit an initial state plan by September 6, 2016, and a final state plan by September 6, 2018.

The differences between the proposed rule and final rule follow:

<u>Proposed</u>	<u>Final</u>
30% Nationwide Reduction in CO ₂ by 2030	32% Nationwide Reduction in CO ₂ by 2030
44% for Arkansas (7 th highest)	36% for Arkansas (24% if mass-based)
Begins 2020	Begins 2022
Four building blocks	Three building blocks (EE removed)
Switch to gas	Switch to renewables

The EPA provided states with more compliance pathways, and it appears most states are selecting the mass-based plan (rather than rate-based). Under a mass-based plan, states that anticipate continuing or expanding investments in energy efficiency have unlimited flexibility to leverage those investments to meet their clean power plan targets. The main benefits of the mass-based approach are utilities are accustomed to this model and it allows for trading credits across the region.

Mr. John Bethel, Director, Arkansas Public Service Commission (PSC), stated the PSC and Arkansas Department of Environmental Quality (ADEQ) have begun meeting with stakeholder groups which include electric utilities, environmental groups, and consumer groups, looking at options to comply with the rule. The PSC and ADEQ websites have links to documents associated with the Clean Power Plan and the stakeholder process.

REVIEW OF PREVIOUS ALTERNATIVE ENERGY COMMISSION RECOMMENDATIONS AND ITEMS FOR FUTURE STUDY

Ms. Audrey House, Commissioner, AAEC, was recognized and provided an overview of previous AAEC recommendations. Commission members will be emailed a copy of the previous reports which include the recommendations.

Ms. House stated the commission is charged to study:

1. The feasibility of creating and expanding alternative energy sources
2. Effects and the use of alternative energy sources on economic development of our state
3. Other issues related to alternative energy production and the use and impact of alternative energy that the commission considers appropriate.

Ms. House stated the creation of a renewable portfolio standard (RPS), education awareness, and updating the AAEC's website are commission goals.

Mr. Allen stated the importance of finding subject matter experts to make presentations to the commission. Members made the following suggestions for discussion topics and presenters at future meetings:

- Insulation and energy reduction
- Micro-hydro
- Arkansas Energy Plan
- Update on Property Accessed Clean Energy (PACE)
- Renewable Portfolio Standards (RPS)
- Natural gas
- Arkansas Alternative Energy Association
- Arkansas Energy Office

Mr. Nabholz suggested the commission focus on impediments and what proposed legislation or changes are needed to remove those impediments. He also suggested surveying the speaker of the house, senate pro tempore, governor, attorney general, mayoral and county associations, as well as the public to gain input.

Ms. Potts suggested contacting the chairs of the Joint Energy Committee concerning their input on what they would like the commission to study.

NEXT MEETING

Ms. House made a motion the commission would meet at 10:00 a.m. on the following meeting dates: November 19, 2015, December 10, 2015, January 21, 2016, March 17, 2016 (tentative), May 19, 2016, July 21, 2016, and September 15, 2016. Mr. Lachowsky seconded the motion, and the motion carried.

The commission tentatively set the following presenters and organizations for upcoming meetings:

November 19, 2015

- Mr. Dodge - Integrated building technologies
- Attorney General's Office
- Arkansas State Chamber of Commerce

December 10, 2015

- Mr. John Bethel - energy efficiency programs currently in place

There being no further business, the meeting adjourned at 12:20 p.m.