

MINUTES  
ARKANSAS ALTERNATIVE ENERGY COMMISSION  
[Established by ACT 1301 of 2009]  
State Capitol Room 171, Little Rock, Arkansas  
Thursday August 25, 2016

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The Arkansas Alternative Energy Commission met Thursday, August 25, 2016, at 10 a.m. in Room 171 at the State Capitol in Little Rock, Arkansas.

**Commission members in attendance:** Warren Allen, Chair; David Dodge, Audrey House, Rod Krug, Andrew Lachowsky, John Nabholtz, and Rita Potts.

Mr. Allen called the meeting to order.

**REVIEW AND APPROVAL OF JULY 28, 2016, MEETING MINUTES**

[Exhibit C]

**Mr. Nabholtz made a motion to approve the July 18, 2016, minutes as written, and with a second by Ms. Potts, the motion carried.**

Mr. Allen noted if no objections, there will be a change in agenda order. Commissioner Dodge introduced Mr. Ken Gieseke and Peter Rienks.

**RETROFIT METAL ROOFING AND SOLAR INTEGRATION – A PERFECT MATCH**

**Mr. Ken Gieseke, Vice President of Marketing, McElroy Metal, Inc., [PowerPoint Presentation #1]** explained how metal roofing and solar photovoltaic panels work together. A metal roof generally lasts 40+ years and is 100% recyclable. It is the best host for solar panels which come with a 25-year warranty. Solar panels clip onto metal roofs without penetrating the metal, therefore preventing leakage. Arkansas has a great climate for solar and is a top 20 state for pre-engineered metal buildings.

**Mr. Peter Rienks, Senior Account Executive, Inovateus Solar, [PowerPoint Presentation #2]** explained the cost of installing a solar system has decreased significantly and has the lowest facility maintenance cost while easing the grid load by adding a buffer and security. Solar is part of a balanced generating portfolio with nuclear, wind, natural gas, and coal.

Mr. Rienks stated Arkansas is ranked 51<sup>st</sup>, lowest on the solar report card. 29 states have a Renewable Portfolio Standard (RPS), which is a regulatory mandate to increase production of renewable energy on a set time-line. Arkansas does not have an RPS and does not offer incentives for solar generation. A solar panel in Arkansas generates 50% more electricity than a panel in Minnesota, and Minnesota is ranked 7 on the solar report card; therefore an ideal state to investigate policies and incentives.

Mr. Rienks noted the best solar incentives are not the government “writing checks” for solar panels but are in the form of accelerated depreciation, tax incentives, as well as private funding. Obstacles to overcome while trying to expand the solar market are permit costs and utility regulation. The Department of Energy SunShot Initiative is helping reduce permit costs, but the utility companies are threatened by distributed generation, as they want control and resist people generating their own electricity; additionally, net-metering and state-to-state sales of renewables are limited due to regulation.

## **HOW TO REDUCE CARBON DIOXIDE POLLUTION, CREATE JOBS, GROW THE ECONOMY & IMPROVE HEALTH**

**Mr. Robert McAfee, Arkansas Citizens Climate Lobby (CCL), [PowerPoint Presentation #3]** explained a policy initiative called Revenue-Neutral Carbon Fee and Dividend, saying the plan is fair because every power plant or polluter pays the same amount for carbon dioxide emissions and each year the fee increases. The money would be put into a “carbon bank” and then distributed to each consumer. The purpose is to control and mitigate carbon dioxide pollution from burning fossil fuels. The Arkansas CCL is working with the National Citizens Climate Lobby which has a goal to have Congress pass a carbon-fee and dividend policy by the end of 2017.

**Mr. Chris Balos, CCL,** stated he is an advocate for carbon-fee and dividend, because he is from the Marshall Islands and has experienced the impact of rising sea levels due to global warming.

**Ms. Nancy Brown, Semi-retired Psychotherapist and Retired Nurse, CCL,** stated climate change has an effect on mental health. People feel overwhelmed and helpless in the global warming solutions. An important benefit to carbon-fee and dividend is helping people feel like they are supported in their efforts to save the planet, and it promotes hope.

**Ms. Shelley Buonaiuto, CCL,** explained Regional Economic Models, Inc. (REMI) did a study examining the potential economic, demographic, fiscal, and emissions impact of a fee on carbon dioxide emissions in Arkansas. The study focused on two rates. One is based on CCL and their proposed national legislation and the other is based on Clean Power Plan compliance (CPP). **[Handout D]**

- CCL – The fee begins at \$15 per metric ton of carbon dioxide emissions the first year, escalating at \$10 per year through at least the 2030. It ends at \$145 per metric ton in 2030.
- CPP – The fee begins at \$30 per metric ton of carbon dioxide emissions the first year, escalating at \$30 per year until it plateaus at \$150 per metric ton in 2021.

The main policy incentives are:

- Adds 20,000 – 30,000 jobs over the baseline scenario
- Increases the gross state product and the real disposable personal income
- Reduces emissions by 20 - 30 million metric tons per year
- Power emissions approach or are below CPP regulations
- \$500 million to \$1 billion revenue in the first year, \$4 billion long-term
- Monthly rebates to household and employers over \$200 a month
- The long-term population of the state increases with fee
- Attracts a stronger labor market and availability of dividends

Ms. Buonaiuto noted at the national level, the fuel companies would pay the fee; at the state level, the utilities would pay the fee, and then pass it on to consumers. National studies show that 66% of consumers would recoup the entire cost spent.

Mr. McAfee noted someone will have to pay for the removal of carbon pollution from the atmosphere and the transition from fossil fuels to a cleaner form of energy. Cap and trade policy puts a cap on emissions, where carbon-fee and dividend puts a price on emissions while giving something back to consumers.

## **UPDATE ON ARKANSAS ALTERNATIVE ENERGY COMMISSION’S FUTURE RELATIVE TO SUNSET DATE**

Ms. House stated she spoke with Representative Gossage, and he said he would speak with the governor. She also spoke with Senator Stubblefield, and he will take her bill drafts to the Bureau of Legislative Research to make sure the language is correct. Ms. House drafted an appropriation bill and also spoke with Representative Bennett. State Agencies and Governmental Affairs would be the committees voting on the bill(s).

#### **FUTURE MEETING SUBJECTS**

Mr. Allen noted that Commissioner Perkins has a speaker for the September 29<sup>th</sup> meeting, and Commissioner Potts has a speaker scheduled for October 27. He suggested members review past minutes and begin making recommendations for the report. Ms. House asked for help with the report.

#### **OTHER BUSINESS DISCUSSION FROM GUESTS**

Mr. Rienks stated that he would follow up with Mr. Dodge on how other states have created their RPS.

There being no further business, the meeting adjourned at 11:55 a.m.