

MINUTES
LEGISLATIVE TASK FORCE ON SUSTAINABLE BUILDING DESIGN AND PRACTICES
OF THE
ARKANSAS GENERAL ASSEMBLY

Monday, August 13, 2012
1:30 P.M.
Room 151, State Capitol
Little Rock, Arkansas

The Legislative Task Force on Sustainable Building Design and Practices met at 1:30 P.M., Monday, August 13, 2012, in Room 151 of the State Capitol in Little Rock, Arkansas. The following members attended:

Legislative Members: Senator David Johnson, Co-Chairman and Representative Greg Leding, Co-Chairman.

Non-Legislative Members: John Coleman, Richard Davies, Charlie Foster, Mark Kenneday, Anne Laidlaw, Zack Mobley, Barbara Nix, and Mark Robertson.

Also Attending: Senator Bill Sample, Representatives Jonathan Barnett, David Fielding, Billy Gaskill, Homer Lenderman, Buddy Lovell, David Meeks, and Mike Patterson.

Representative Leding called the meeting to order.

CONSIDERATION TO APPROVE JULY 9, 2012, MINUTES [EXHIBIT C]

Without objection, the July 9, 2012, minutes were approved.

FURTHER DISCUSSION ON COMPRESSED NATURAL GAS, ETC. INCENTIVES [BASED ON DFA'S FISCAL IMPACT PRESENTED AND DISCUSSED AT JUNE 11 MEETING] (ATTACHMENT 1)

Ms. Kelly Volin, Transportation Program Manager, Arkansas Energy Office (AEO), Arkansas Economic Development Commission (AEDC), said AEO offered rebates to Arkansans for 50% of the conversion or incremental cost of a new CNG vehicle through the Compressed Natural Gas (CNG) Conversion Rebate Program (CRP). The American Recovery and Reinvestment Act funded the program. AEO distributed \$1.4 million in rebates to 17 individuals for 188 vehicles and 31 fleets during the nine-month program. The office awarded a \$470,000 Natural Gas Fueling Station Grant to Little Rock and Conway for installing one CNG station per city. In June, AEO and major stakeholders conducted a liquid natural gas (LNG)/CNG mapping exercise and explored "best locations" for installing LNG/CNG stations in Arkansas. Today, there are three public and two private CNG stations in the state. It costs about \$750,000 to install a station. In response to a question by Representative Barnett, Ms. Volin said Arkansas has a 5¢/gasoline gallon equivalent (GGE) tax on CNG. The rate increases as the number of registered CNG vehicles in Arkansas rises.

Mr. Michael Callan, President, Arkansas Oklahoma Gas, said Arkansas Oklahoma Gas (AOG) is a small utility distribution company in the Fort Smith area. Since 1982, AOG has operated a percentage of its fleet on CNG. During the first seven months of 2012, the company sold 36,000 GGE of CNG to the public and used slightly less than that for their fleet. Since April 2011, when AOG opened its first public CNG station in Fort Smith, the company has run 110,000 GGE of CNG through the facility. Today, AOG sells CNG to the public for \$1.34/GGE, more than a \$2.00 differential price between CNG and gasoline. AOG converts their fleet vehicles to CNG for about \$8,500/vehicle and payback takes 1 ¾ years. Mr. Callan said AOG's CNG storage is at capacity and compression is almost at capacity, so the company is installing another CNG storage sphere and plans to build a second CNG station in Fort Smith. The lowest quote he has received to install a turnkey station is \$685,000.

Mr. Jose LaBoy, Sales Manager, Centerpoint Energy (CE), said CE is a natural gas delivery transportation and fuel services company serving Texas, Louisiana, Mississippi, Oklahoma, Arkansas and Minnesota. Mr. Laboy said CE is committed to expanding the CNG infrastructure and wants to deliver the fuel to stations safely.

Mr. Gary McChesney, Chief Technology Officer, FutureFuel Chemical Company (FFCC), said FFCC is a specialty chemical and biofuel company in Batesville. The plant formerly operated as Eastman-Kodak Chemical Company; in 2006, new investors renamed it FutureFuel Chemical Company. The company produces about 90 specialty chemical products; they began making biodiesel in 2005. Today, FFCC employs 500 people, sells \$140 million of biodiesel per year, and reports about \$310 million in total annual sales. The company uses natural gas (NG) to power their plant and operate a fleet of 30 biodiesel delivery trucks. Currently, FFCC purchases methanol from out-of-state to make biofuel but is experimenting with using NG as a feedstock to make their own methanol. Mr. McChesney noted FFCC also has interests in technology that converts NG to ethanol.

In response to a question by Representative Lenderman, Mr. Callan said CNG vehicles are relatively expensive now, but as automakers become more adept at producing them, the price differential will decrease. Ms. Volin said Governor Beebe signed the Governor's CNG Memorandum of Understanding declaring Arkansas is interested in purchasing CNG vehicles for its state fleet in hopes of reducing the vehicles' costs.

AEO SUMMARIZATION OF THE ENERGY BUILDING CODE DISCUSSIONS AND AEO'S RECOMMENDATIONS

Mr. J.D. Lowery, Renewable Energy Programs Manager, AEO, AEDC, said AEO upgraded Arkansas's commercial energy standard and plans to upgrade the residential building code to the 2009 version by December. The office worked with Arkansas Code Enforcement officials and the Arkansas Home Builders Association to design training for stakeholders who will be required to comply with the new residential code. In cooperation with the United States Green Building Council, AEO developed training materials that explain complying with the new commercial code. Energy Efficiency Arkansas funds these training programs. Mr. Lowery noted AEO works with Northwest Arkansas Community College (NWACC) and Pulaski Technical College (PTC) to utilize their mobile laboratories and teach students how to conduct duct-blast and blower-door tests. AEO hopes to develop a home energy rating standard "label" for homes so buyers and sellers can compare the homes' energy efficiency.

SUMMARIZATION OF "ENERGY, JOBS AND THE ECONOMY WORKSHOPS" SPONSORED BY ARKANSAS ADVANCED ENERGY ASSOCIATION (AAEA), UNIVERSITY OF ARKANSAS (U of A) APPLIED SUSTAINABILITY CENTER, AND AEO

Mr. Steve Patterson, Executive Director, AAEA, said AAEA held workshops this summer for legislative candidates and Arkansas General Assembly members-elect to share an objective information-based summary of the advanced energy economy. The association held workshops at NWACC, PTC, Henderson State University and Mid South Community College. Mr. Patterson said participation exceeded the agency's expectations with 44 attendees who had keen interests in job opportunities within the energy sector. Mr. Patterson said the state has extensive energy-efficiency resource standards that are creating job growth at utilities and energy service companies. AAEA plans to conduct these workshops during the summer of every legislative election year.

Representative Leding said the next Task Force meeting is Monday, September 10.

The meeting adjourned at 2:30 P.M.