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Energy Supply (ES) Technical Work Group

Summary List of Pending Priority Policy Options for Analysis

	Policy Option	GHG Reductions (MMtCO ₂ e)			Net Present Value 2009–2025 (Million \$)	Cost-Effectiveness (\$/tCO ₂ e)	Level of Support
		2015	2025	Total 2009–2025			
ES-1	Green Power Purchases and Marketing	<i>Not Yet Quantified</i>					Pending
ES-2	Technology Research & Development	<i>Not Yet Quantified</i>					Pending
ES-3	Renewable and/or Environmental Portfolio Standard (RPS/EPS)	<i>Not Yet Quantified</i>					Pending
ES-4	Grid-based Renewable Energy Incentives and/or Barrier Removal	<i>Not Yet Quantified</i>					Pending
ES-5	Approaches Benefiting from Regional Application	<i>Not Yet Quantified</i>					Pending
ES-6	Combined Heat and Power	<i>Not Yet Quantified</i>					Pending
ES-7	Geological Underground Sequestration for New Plants	<i>Not Yet Quantified</i>					Pending
ES-8	Transmission System Upgrades	<i>Not Yet Quantified</i>					Pending
ES-9	Nuclear Power	<i>Not Yet Quantified</i>					Pending
ES-10	Carbon Tax	<i>Not Yet Quantified</i>					Pending
ES-11	Efficiency Improvements and Repowering of Existing Plants	<i>Not Yet Quantified</i>					Pending

Note: The numbering used to denote the pending priority draft policy options is for reference purposes only; it does not reflect prioritization among these important draft policy options.

Energy Supply Technical Work Group Reference Table
(AR GCGW meeting #5)
Priority Policy Options for Analysis and Corresponding Catalog Options

Proposed Option #	Proposed Option Name	# From Catalog of State Actions
High-Priority (Tier I)		
ES-1	Green Power Purchases and Marketing	2.4 (Green power purchases and marketing)
ES-2	Technology Research & Development	5.1 (CCSR incentives/enabling policies) 3.1 (advanced fossil fuel technologies) 1.6 (technology research and development) 3.5 (technology-focused initiatives) 4.4 (incentives/requirements for low-GHG coal production) 5.2 (R&D for CCSR)
ES-3	Renewable and/or Environmental Portfolio Standard (RPS/EPS)	2.1 (Renewable and/or Environmental Portfolio Standard (RPS/EPS))
ES-4	Grid-based Renewable Energy Incentives and/or Barrier Removal	2.2 (Grid-based Renewable Energy Incentives and/or Barrier Removal)
ES-5	Approaches Benefiting from Regional Application	2.10 (Explore regional economies of scale for cost-effective implementation of RE) 1.1 (GHG cap and trade)
ES-6	Combined Heat and Power	2.5 (Combined Heat and Power)
ES-7	Geological Underground Sequestration for New Plants	3.6 (Geological Underground Sequestration for New Plants)
ES-8	Transmission System Upgrades	6.1 (Transmission system upgrades) 6.2 (Reduction of transmission and distribution line losses) 6.3 (General distributed generation support)
ES-9	Nuclear Power	3.2 (New nuclear power) 3.3 (Relicensing/up-rating of existing nuclear power)
ES-10	Carbon Tax	1.2 (Carbon Tax)
ES-11	Efficiency Improvements and Repowering of Existing Plants	3.4 (Efficiency Improvements and Repowering of Existing Plants)

ES-1. Green Power Purchases and Marketing

Policy Description

Green power purchasing refers to a variety of consumer-driven strategies to increase the production and delivery of low-GHG power sources, beyond levels achieved through Renewable Portfolio Standards and other mandatory programs. These programs provide consumers with information about alternative green sources that can be then be selected by the consumer rather than the traditional, more carbon-intensive source.

This policy should establish an Arkansas Green Power consortium, with participation from a variety of groups, including the electric utilities, in-state renewable energy producers, the Arkansas Department of Economic Development and state universities' technology wings.

- Work to develop renewable energy production facilities in the state.
- Publicize, communicate and market this power to consumers with a voluntary Arkansas Green Power fund.
- Establish a revolving loan pool to assist in the start-up costs for the program and re-invest the dollars in new and emerging technologies involving green power.

Policy Design

Goals: Electric facilities purchase green power to cover [x] % of their power needs by [year]. Implement programs to provide consumers the option to purchase green power.

Timing: Consumer purchasing participation of green power by [year].

Implementing Parties: State facilities, electric utilities, renewable energy producers, electricity consumers, and buyers of energy-using appliances and equipment.

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

A 2007 survey of residential consumer in Arkansas revealed 44% of consumers would be willing to pay more for electricity produced from renewable resources. While this survey was exclusively from electric cooperative members, the data could reasonably be expected to apply to all Arkansas consumers. Based on this data, a comprehensive marketing and communications strategy was developed and the ECA GreenPower voluntary program was launched in March 2008. Consumers could voluntarily purchase 100 kilowatt-hour blocks of electricity at \$0.05 per kWh, or \$5.00 per block. ECA will escrow 100% of the funds and use the accumulated resources to build, acquire or otherwise provide energy produced by new renewable resources to

supplement the existing hydro-electric generation (average annual hydro production exceeds 500,000 MWhs). Alternatively the funds may be used to invest in energy efficiency efforts.

Despite an aggressive marketing campaign (including print, magazine, radio, bill stuffers, internet marketing, direct mail and special event marketing), response to the program has been less than enthusiastic. However, the program is but two months old.

ECA's experience is consistent with most electric utilities who have introduced consumer-driven green power programs. One of the more successful programs in the U.S. is the North Carolina Green Power program. They have been marketing renewables for over 2 years and have not passed the 1% participation rate.

Encouraging a higher participation level may be achieved by linking the development of renewable resources with economic development and more effective promotion.

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-2. Technology Research & Development

Policy Description

Research and Development (R&D) funding can be targeted toward a particular technology or group of technologies as part of a state initiative to build an industry around that technology in the state, and/or to set the stage for adoption of the technology for use in the state. For example, an agency can be established with a mission to help develop and deploy energy storage technologies. R&D funding can also be made available to any renewable or other advanced technology through an open bidding procedure (i.e., driven by bids received rather than by a focused strategy to develop a particular technology). Funding can also be given for demonstration projects to help commercialize technologies that have already been developed, but which are not yet in widespread use. Finally, funding could be targeted to increase collaboration among existing institutions in the state for R&D.

States can undertake initiatives focused on developing, promoting, and/or implementing one or more specific fossil fuel or nuclear technologies that show promise for reducing GHG emissions. Technologies could include, among others, carbon capture and storage (to sequester carbon dioxide emissions from power plants, oil and gas operations, and/or refineries); biomass blending in coal power plants; implementation of equipment in oil and gas operations that increases efficiency and reduces losses (e.g. remote sensors of leaks).

Policies to encourage carbon dioxide capture and storage or reuse (CCSR) could include a state agency or department within an existing agency tasked with promoting CCSR, evaluation studies to identify geologically sound reservoirs, R&D funding to improve CCSR technologies, and/or financial incentives or mandates to capture and store carbon or to capture and reuse it.

Policy Design

Goals: The goals of this policy include:

- To identify the likely funding mechanisms and policy tools that would provide further stimulus for the development of new, reasonable cost, low and zero greenhouse gas emitting electricity generation in Iowa.
- Complete a detailed evaluation study for [specific alternative] energy potential in Arkansas.
- Complete a least one high-visibility R&D demonstration to showcase alternative energies.

Timing: Establish funding in the [year] legislative session. Study finished in [year]. First RFP issued [month, year].

Parties Involved: State government, private and public partners on a voluntary basis.

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-3. Renewable and/or Environmental Portfolio Standard (RPS/EPS) --- Proposed Change to "REFIT"

Policy Description

A renewable portfolio standard (RPS) is a requirement that utilities must supply a certain, generally fixed percentage of electricity from an eligible renewable energy source(s). An environmental portfolio standard (EPS) expands that notion to include energy efficiency or other GHG emissions-reducing technologies as an eligible resource. About 20 states currently have an RPS in place, while a handful have implemented an EPS. In some cases, utilities can also meet their portfolio requirements by purchasing Renewable Energy Certificates (REC) from eligible renewable energy projects. Because the Residential, Commercial, and Industrial Technical Working Group is including utility-managed end-use efficiency as one of its Priority Options, we will not consider energy efficiency here, leaving us with only an RPS to consider. However, instead of an RPS, we recommend an incentive-based approach, best described as "renewable electricity based on feed-in tariffs" (REFIT), that is likely to be both more effective than an RPS in increasing Arkansas' use of renewable energy, and more acceptable to utilities.

Policy Design

- To establish a program in Arkansas requiring utilities to offer REFIT incentives to individuals or companies and to pay those individuals or companies at government-set above-market electricity rates and for a guaranteed 20-year period, for renewable electricity from approved sources.
- To establish a system of guaranteed financing for such individuals or companies to install approved renewable electricity sources, and to allow utilities to recover the cost of this program (plus a reasonable profit) from their ratepayer base.

Goals: Each investor-owned and public utility should:

- Meet [x] percent of its load using renewable energy resources by [year], increasing to [x] percent by [year].
- Implement a plan to achieve [x] percent of cost-effective energy conservation by [year].
 - By [year], identify its achievable cost-effective energy conservation for the subsequent [x] years.

Timing: beginning in 20xx.

Parties Involved: Investor-owned utilities, electric cooperatives, state government.

Other: None cited.

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-4. Grid-based Renewable Energy Incentives and/or Barrier Removal

Policy Description

This policy option reflects financial incentives to encourage investment in renewable energy resources. Examples include: (1) direct subsidies for purchasing/selling renewable technologies; (2) tax credits or exemptions for purchasing renewable technologies; (3) feed-in tariffs, which provide direct payments to renewable generators for each kWh of electricity generated from a qualifying renewable facility; (4) tax credits for each kWh generated from a qualifying renewable facility; (5) regulatory policies that provide incentives and/or assurance of cost recovery for utilities that invest in central station renewable energy systems. In addition, this policy option would make it a priority for the Legislature, the Public Service Commission, and other relevant state agencies to identify and rectify barriers which are impeding the development of renewable resources in the state.

Policy Design

Goals: The initial evaluation should include several different types of financial incentives to represent the range of opportunities.

- Offer tax credits or other incentives of \$[x] per kW-equivalent for small solar PV, micro-hydro, and small wind up to [x] kW of grid-connected generation.
- Provide a subsidy to renewable energy generators of [x] cent(s)/kWh for electricity generated from a renewable resource, unless that electricity is used to meet a federal, state, or voluntary renewable energy standard.
- Offer low-interest loans for feasible and desirable biomass generation that meets exemplary environmental performance standards, with partial loan forgiveness for equipment that fails to perform to standard.

Timing: Tax credits and subsidies available beginning in [year] through [year]; loans are available for projects brought online between [year] and [year].

Parties Involved: All power producers operating qualifying facilities for incentives other than tax credits, which would be available to any grid-connected customer.

Other:?

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-5. Approaches Benefiting from Regional Application

Policy Description

A cap and trade system is a market mechanism by which GHG emissions are limited or capped at a specified level, and those participating in the system are required to hold permits for each unit of emissions. Through trading, participants with lower costs of compliance can choose to over-comply and sell their additional reductions to participants for whom compliance costs are higher. In this fashion, overall costs of compliance are lower than they would otherwise be.

Policy Design

Goals:

Timing: Beginning in [year]

Parties Involved: Target entities.

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-6. Combined Heat and Power

Policy Description

Combined heat and power (CHP) refers to any system that simultaneously or sequentially generates electric energy and utilizes the thermal energy that is normally wasted. The recovered thermal energy can be used for industrial process steam, space heating, hot water, air conditioning, water cooling, product drying, or nearly any other thermal energy need in the commercial, and industrial sector. The end result is significantly increased efficiency over generating electric and thermal energy separately. In fact, many CHP systems are capable of an overall efficiency of over 80%—double that of conventional systems. Another significant advantage is the reduced transmission and distribution (T&D) losses associated with centralized power generation.

Policy Design

Reports from the Energy Information Administration (EIA) show 16 distributed generation units in Arkansas with capacity between 1.0 and 20.0 MW with combined capacity of 126 MW. Annual energy production from these facilities exceeds 785 GWh, equivalent to less than 2% of retail energy sales. Though no assessment of the thermal efficiency is available, the units operate at a relatively high capacity factor exceeding 70%. According to an assessment by EPRI, the market adoption of CHP has been limited due to a confluence of barriers including a lack of compelling savings and economics for end users and lack of high enough margins for utility or third party business models.

The combination of higher natural gas prices, potential increased cost of all fuels based energy production due to CO₂ restrictions, impediments to expanding use of coal-based generation, escalating cost for distribution and transmission facilities and dramatic increases in the capital cost for all bulk power supply options will enhance the savings and economics for CHP.

The State should expand on EIA survey data to determine the number of existing DG projects that have CHP potential, assessing the energy reductions achievable with forecasted escalating energy cost.

Goals: Reduce use of fossil fuel from large industrial sources by [x] %

Timing: Beginning in [year]

Parties Involved: State government and regulators, electric utilities, and renewable energy and CHP industry.

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-7. Geological Underground Sequestration for New Plants

Policy Description

This policy refers to the capture of carbon dioxide from fossil fuel-fired power plant emissions and its sequestration in geologic formations includes oil and gas reservoirs, unmineable coal seams, and deep saline reservoirs. Broadly, three different types of technologies exist: Post-combustion, pre-combustion, and oxyfuel combustion. After capture, the CO₂ must be transported to suitable storage sites; this is often done by pipeline.

The Plum Point Plant should, as soon after the plant opening date as the technology becomes available, install and employ post-combustion carbon capture and storage. The Hempstead Plant should not open until it employs, at that time in the future (estimated at 2013-2018) when the technology becomes available, state-of-the-art pre-combustion carbon capture and storage equipment. All other new coal-fired generating plants should employ state-of-the-art pre-combustion carbon capture and storage equipment.

Policy Design

Goals: Capture [percent] of CO₂ emissions from new power plants

Timing: Reductions achieved beginning in [year]

Parties Involved: [large, new power plants]

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

One new coal-fired plant, the Plum Point Plant, is under construction in Arkansas, near Osceola. A second new plant, the Hempstead plant near Texarkana, has been approved by the Arkansas Public Service Commission (APSC) but has not yet received its permit from the Arkansas Department of Environmental Quality. Each plant will, if opened as presently planned, emit about 5 million tons of CO₂ per year. Together, they will add about 16% to Arkansas emissions (62 million tons in 2004). To put this in perspective, the total emissions from these two plants will equal the total emissions from two-thirds of Arkansas' cars and light trucks.

The large greenhouse gas emissions from coal-fired generating plants caused APSC Commissioner David Newbern to dissent from the other two Commissioners' approval of the Hempstead Plant, and to ask "that coal be rejected as the fuel to be used in the construction of any new generating plant unless and until the technology exists, and will be used, to capture and sequester all of the CO₂ emissions" (the quotation is from Newbern's APSC opinion). It is also the stimulus behind a recent bill in the U.S. Congress to place a moratorium on new coal plants

until sequestration of the CO₂ emissions from new plants is achieved, and the reason many climate experts, such as NASA's chief climate scientist James Hansen along with 48 fellow authors of a recent scientific paper on global warming, recommend a similar moratorium on new coal plants.

The charge of the Arkansas GCGW is "to establish a global warming pollutant reduction goal and comprehensive strategic plan." It is difficult to see how we can achieve this task of reducing emissions if the Plum Point Plant and the Hempstead Plant open as planned.

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-8. Transmission System Upgrades

Policy Description

Measures to improve transmission systems to reduce bottlenecks and enhance throughput may be required to satisfy long-term electricity demands and improve the efficiency of operations system wide. Opportunities may exist to substantially increase transmission line carrying capacity through the implementation of new construction and retrofit activities on the transmission grid, including incorporating advanced composite conductor technologies, capacitance technologies, and grid management software. Siting new transmission lines can be a difficult process given their cost and their local impact on the environment, and on the use, enjoyment, and value of property. Policy measures in support of this option could provide incentives to utilities to upgrade transmission systems and reduce barriers to siting of new transmission lines.

One goal of this policy can be to reduce transmission and distribution line losses. Utilities use a variety of components throughout the transmission and distribution system to manage losses. Increasing the efficiency of these components can further reduce losses and associated GHG emissions. For example, the state of Vermont offers a rebate to encourage the installation of energy efficient transformers. Regulations, incentives, and/or support programs can be applied to achieve greater efficiency of transmission and distribution system components.

Another goal can be the general distribution of generation support (interconnection rules, net metering, etc.). Well-designed interconnection rules will ensure that distributed power products meet minimum requirements for performance, safety, and maintenance, at the same time significantly advancing the commercialization of these technologies.

Policy Design

Goals: Achieve [x] % effective improvement in energy efficiency through reduced transmission and distribution system losses.

Timing: Phased-in beginning in [year] with established goal achieved by [year].

Parties Involved: Arkansas Utilities Board, Investor-owned utilities, generation and transmission electric cooperatives, municipalities, representatives of environmental and economic development organizations, the FERC, and transmission owners.

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-9. Nuclear Power

Policy Description

Nuclear power has historically presented a low-GHG source of electric power. However, no new nuclear power plants have come online in the United States since 1996 due to high capital costs. Long-term disposal of nuclear waste and public safety are public policy concerns with nuclear power. With the national pricing of the GHG cost of fossil fuel generation, either cap-and-trade or carbon tax, nuclear power will be more cost-competitive. The Energy Policy Act of 2005 included provisions encouraging the construction of new nuclear units. There are currently 9 applications for a new plant on file with the Nuclear Regulatory Commission. The one nearest to Arkansas is adjacent to the existing Grand Gulf unit in Port Gibson, MS and it has been accepted for docketing by the Commission. As new nuclear power plants come online in the future in the Arkansas region, they will offer Arkansas electric utilities an alternative to the construction of fossil fuel generation units.

Nuclear plant relicensing allows an existing plant to extend the life of the facility for twenty years past its original 40-year license terms. The two existing nuclear units in Arkansas have already completed this process. Thus no further reductions in current GHG emissions can be achieved through the relicensing process.

Policy Design

Given the uncertainty of when new nuclear generating capacity will be online in this region, the Commission does not recommend a reduction goal achievable with this action. The Commission does go on record supporting the construction of new nuclear power plants.

Goals: not quantifiable

Timing: N/A

Parties Involved: Arkansas Utilities Board, Investor-owned utilities

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-10. Carbon Tax

Policy Description

A GHG tax would be a tax on each ton of CO₂ equivalent emitted from certain sources. The tax could be imposed upstream, based for example on the carbon content of fuels (e.g. fossil fuel suppliers) or at the point of combustion and emission. Although taxed entities would pass some or all of the cost on to consumers, there would be competitive pressure to find cost-effective ways to lower (or offset) emissions. Consumers who see the implicit cost of GHG emissions in products and services could adjust their behavior to lower emissions and reduce cost. The program can be designed to be “revenue neutral” (not a net tax increase) for example by offsetting with an income tax reduction, can fund policies and programs to assist with reducing GHG emissions, or can be directed to helping the competitiveness of industries or assisting communities affected by the tax.

Policy Design

Goals:

Timing: Beginning in 2010

Parties Involved:

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

ES-11. Efficiency Improvements and Repowering of Existing Plants

Policy Description

Efficiency improvements at existing plants refers to increasing generation efficiency through improvements such as more efficient boilers and turbines, improved control systems, or combined cycle technology. This could also include switching to lower or zero emitting fuels at existing plants, or new capacity additions. Policies to encourage efficiency improvements and repowering of existing plants could include incentives and/or regulations. Existing power plants should be encouraged to reach specific energy efficiency goals before new plants are constructed.

Policy Design

Goals: Beginning in 2010 power plants should commence efficiency measures by 10% until a maximum efficiency obtainable is reached

Timing: Beginning in 2010

Parties Involved: Public/consumers, state and local government, Public Service Commission.

Other: TBD – [as needed and approved by the TWG]

Implementation Mechanisms

TBD – [as approved by the TWG]

Related Policies/Programs in Place

TBD – [as needed and approved by the TWG]

Type(s) of GHG Reductions

TBD – [as approved by the TWG]

Estimated GHG Reductions and Costs or Cost Savings

TBD – [as approved by the TWG]

Data Sources: [TBD, as approved by the TWG]

Quantification Methods: [e.g., Full life cycle analysis with supply/demand equilibrium adjustments on TWG approval]

Key Assumptions: [TBD, as approved by the TWG]

Key Uncertainties

TBD – [as needed and approved by the TWG]

Additional Benefits and Costs

TBD – [as needed and approved by the TWG]

Feasibility Issues

TBD – [as needed and approved by the TWG]

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #7 or #8]

Level of Group Support

TBD – [blank until GCGW meeting #7 or #8]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]