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**MEETING SUMMARY  
ARKANSAS CLIMATE CHANGE ADVISORY COUNCIL  
Transportation and Land Use Technical Work Group  
Call #6, May 6, 2008**

**Attendees:**

**TWG Members:** Richard Ford, Art Hobson, Elizabeth Martin, Bill Reed, Cindy Sagers

**Advisory Body Members:** Lynn Malbrough, Mike Borengasser

**Governor's Office:** Jillian Hicks

**Center for Climate Strategies:** Kathy Leotta, Bill Cowart, Tara Cok

**Background Documents:** (all posted at [www.arclimatechange.us/TLU.cfm](http://www.arclimatechange.us/TLU.cfm))

- Meeting Notice and Agenda
- Summary of Call #5
- PowerPoint for Teleconference
- Straw Proposal Document
- GHG Emissions Inventory and Forecast - Transportation Energy Use

**Discussion and Conclusions:**

**Introductions**

Kathy Leotta welcomed the group and roll call was taken.

**Review and Approval of Prior Call Summary**

Kathy Leotta asked if everyone had the materials from the website and asked the members to take a look at the prior call summary. She asked if there were any changes that should be made. A TWG member moved that the prior call summary be adopted and another TWG member seconded the motion. Kathy announced that the call summary for Meeting #5 was formally accepted.

**Review of Next Steps for TWG**

Kathy Leotta reviewed the PowerPoint slide #3 and discussed the next steps for the TWG. She said the group is on the fourth step of the stepwise planning process. By the end of the day, the group's goal is to have a set of policy designs to be forwarded to Governor's Commission by May 19<sup>th</sup>. She also reminded the group that they are trying to determine the timing, goals and coverage (as in who would be affected) of the policy designs.

A TWG member said he thinks the Governor's Commission is developing recommendations to send to the governor, rather than regulations. However, he thought we'd be unable to set a goal without an implementation date, so the group should put those in where possible.

### **Discussion Regarding Priority Policy Options Policy Designs**

Kathy Leotta said she'd like the group to start with policy options #2,4 and 9 and then go over the remaining ones and clean them up, starting with the last ones first this time.

### **TLU-2 and TLU-8**

Kathy Leotta asked if the group had any suggestions for revising the description, design, goals and timing for TLU-2.

A TWG member said the policy option goes along with House Bill #1379 as she understands it. She said she didn't see a lot of research and development in this policy option, but that TLU-2 and HB 1379 talk about similar things.

The group discussed whether House Bill #1379 will be voted on by the legislature this session. The group assumed it would be. They also discussed how TLU-2 and TLU-8 overlap and how they could probably be reconciled at some point because of their similarities. A TWG member said it seems like TLU-2 has lost the research emphasis while TLU-8 has gained it. The group decided to refrain from merging TLU-2 and TLU-8 until after the full commission meeting on May 19<sup>th</sup>.

A TWG member asked for clarification on whether fuels other than oil are being referred to as alternative fuels on TLU-8.

Another TWG member said it refers to fuels other than petroleum-based fuels because biodiesel is oil but is considered an alternative fuel.

A TWG member said he wonders if any measurable amount of CO2 levels is changing when we switch to these.

A TWG member said everyone agrees that cellulosic fuels would reduce greenhouse gases and that there's a debate over whether corn based fuels would do any help.

A TWG member said the question is whether the group is supposed to be worried about greenhouse gases and not costs, etcetera.

Bill Cowart said on that point, the TWG member is right, but that the group is also looking at cost effectiveness and that economics matter, too.

A TWG member said the larger answer is that there's much more in this than just corn based ethanol, especially with all the cellulosic fuels, as they have tremendous potential.

A TWG member said the unintended consequences of ethanol are becoming well known and those need to be recognized since Arkansas is an agricultural state.

A TWG member said that is addressed on TLU-8 where it talks about how distribution should be within a 50-mile radius. She said corn would be good for Midwestern states. She said she thinks

that's another reason why the group is thinking about merging TLU-2 and TLU-8; TLU-2 alone doesn't address those issues, but TLU-8 does.

Kathy Leotta asked if there were any suggested changes to the language on TLU-2.

A TWG member said she thinks the group should leave it alone now until they hear back from the policy lead.

#### **TLU-4**

Kathy Leotta moved the group on to TLU-4. She asked the group if they thought private fleets would work in the policy description, and the group said that they would.

The policy lead confirmed that the TLU-4 covers alternative fuels and that 'CNG' refers to compressed natural gas.

The group discussed timing for the goals. A TWG member said 2010 would be the earliest date set possible. Dates were set for 2010, 2014, 2015 and 2019.

A TWG member asked what the turnover rate is for the state's fleet. An Advisory Board member said that for the state's light duty vehicles, the turnover rate is about every four to five years and that the heavy duty vehicles have a turnover rate of every eight to ten years.

The group made changes to the policy description and goals.

#### **TLU-9**

The group moved on to TLU-9. The policy lead said she used examples from other states for TLU-9, including Colorado and Montana.

A TWG member said the third bullet about improved transportation choice is 'the big gorilla' and should be emphasized. The group discussed whether it is a personal choice and if something about choices and consequences should be added.

A TWG member wondered if there was another place to implement the policy rather than drivers' education, since that would be too limiting. He said he'd like to suggest other venues and would like to see the state doing this, sending out pamphlets or something like that.

Kathy Leotta asked if the group was OK with the timing.

A TWG member said she thought 2010 would be better than 2009.

Kathy asked if there should be any other parties involved and a TWG member said the DMV.

#### **TLU-10**

The group began discussion on TLU-10. A TWG member said he wanted to be clearer on feebates. He said the intention is if you get a gas guzzler you pay a fee, and you get a rebate if you get one that gets better mileage.

A TWG member asked if that was overall average or average by class.

The TWG member said those would be defined by the federal government.

The TWG member said it will say average relative to the class. He said the state has a large population that buys trucks for good reasons.

The TWG member said that yes, TLU-10 can differentiate. Another TWG member said the policy is for passenger cars, not heavy duty vehicles.

Bill Cowart said there will be a blended rate. Also, a feebate is not a flat fee for higher and lower. He said for example, for work purposes, there could still be an incentive to use a 400 [Hp] horsepower engine rather than 600 horsepower [Hp] engine.

A TWG member asked if anyone in the group is accounting for the market already discouraging fuel consumption through higher gas prices. He said he doubts feebates will go over well.

Bill Cowart said that penalty already exists, but that feebates would be putting it into a different form.

A TWG member said federal standards will be used which will change every few years by 2020. Right now the fuel standards would be about 27.5 [miles per gallon].

A TWG member said it will be very interesting to see how farmers will react to this. Another TWG member said Bill Clinton lost his election when he changed licensing fees in Arkansas and that he thinks this policy is political dynamite.

The TWG member said you've got to remember there's a reward for those who choose gas sippers. He thinks a lot of poor people will love the policy.

A TWG member said he thinks the incentive for the high price of gas already is incentive enough.

A TWG member asked if there is any state that actually uses feebates.

The group discussed whether the policy option should be kept on the list. The group decided that since at the last commission meeting there was an expectation that the full list of policy options would be developed, it shouldn't be taken out at this point and that the commission will vote on what stays in.

A TWG member asked if there is a way to separate out the vehicles by type and to see second to see if other states have done this. He asked if anyone at the CCS could look into this.

Bill Cowart said he could look into it.

The group made some changes to the text in the policy description and filled in placeholders in the timing section.

## **TLU-8**

Kathy Leotta pointed out that text in the policy document highlighted in blue is the new language.

A TWG member said that a 50-mile radius description was added because beyond that you have added fuel and transport costs and biofuel would not be competitive at that point.

A TWG member said that means almost every moderate sized town would need their own processing plant.

The TWG member responded that the 50-mile radius is the optimum and that you don't want to transport it 2,000 miles away.

A TWG member said he thinks it is better to leave market decisions to market. He thinks the 50-miles suggestion is going way beyond what the commission should be doing.

A TWG member said he thinks the 50-mile suggestion seems to be working in terms of sourcing the feedstock for a plant.

The group discussed whether anything in the language for TLU-8 needed to address the food versus fuel issue or whether the discussion should be eliminated entirely from the policy option because it looks at the cost implications more than the other policy options. The issue of whether cost or greenhouse gas reduction should be the main emphasis of the policies was also discussed. A TWG member pointed out that the benefits of corn based fuel decrease if you have to ship it long distances

A TWG member suggested letting the market sort that out.

Bill Cowart said market prices for GHG emissions are not reflected in those fuels right now.

A TWG member said he thinks it's valid to have the language in there and that he's a champion of free markets up to a point.

The group agreed to keep the policy in and as worded for now and to move it to the commission.

#### **TLU-7**

The group discussed TLU-7 and added dates to goals. The dates added were 2012 to all but the last goal, which was set for 2010.

#### **TLU-6**

For TLU-6, a TWG member asked why developing infrastructure was not mentioned under timing and suggested adding "Increase investment in transit service and infrastructure by 2015."

The amount of VMT reduction was discussed further by the group.

Bill Cowart said in the timeframe of what VMT is supposed to be forecast, one percent per year off of baseline forecast growth is about as aggressive as you can get.

The group agreed to change the timing for the policy to read "Reduce LDV total VMT in urban areas from 2008 baseline growth by 1% per year starting in 2010 until 2025."

### **TLU-5**

A TWG member said it seems there should be an additional bullet before the other six that reflects the first paragraph in policy design.

A TWG member said the policy seems myopically focused on rail when most freight is handled by truck.

A TWG member said we can allow individual trucks to carry more freight.

Bill Cowart said it's not the weight; it's the volume that's the issue.

Kathy Leotta asked if this policy needs a little more work.

Group members said they will seek additional information from other sources such as trade associations.

A TWG member said until a major change happens, none of us will be happy with rail.

Kathy Leotta said she thinks it's OK if the group doesn't have all ten policy options finalized by the May 19<sup>th</sup> meeting and that the group can present the other options in June if that's OK with the group.

A TWG member said he thinks the idea of using bigger trucks would cover the issue. Kathy said she would need any additional information by the end of the week.

### **TLU-1**

Kathy Leotta said the policy option lead will be getting back to her about the additional text highlighted in blue.

A TWG member said a report came out in the Wall Street Journal about the importance of utilities being prepared for plug in vehicles and how they will need time of day pricing. He then read his proposed addition to the policy design: "Because car makers are preparing to introduce plug-in electric cars by 2010, and because it will be advantageous for car owners to plug in at night, utility companies should be encouraged, and compensated for, installing "smart meters" allowing time-of-day pricing for plug-in vehicles."

### **Agenda, Date and Time for Next Meetings**

Kathy Leotta said dates and times for the next meeting need to be set and will be done so by email.

### **Public Comments and Announcements**

There were no public comments.