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MEETING SUMMARY
ARKANSAS GOVERNOR'S COMMISSION ON GLOBAL WARMING
Residential, Commercial, Industrial (RCI), Technical Working Group (TWG)
Call #8, July 1, 2008
3:00 a.m. – 4:30 p.m. CST

Attendees:

GCGW: Steve Cousins; Kevan Inboden; Robert McAfee, PhD; Hugh McDonald; Kathy Webb

Governor's Office: Jillian Hicks

Advisory Body Members: John Bethel

Center for Climate Strategies: Hal Nelson, Katie Pasko

Public: John Rogers, Paul Williams

Background Documents: (all posted at www.arclimatechange.us/RCI.cfm)

1. Notice and Agenda
2. Call #7 Meeting Summary
3. PowerPoint for Teleconference
4. Arkansas Inventory and Forecast BTU and Growth Factor Data

Introductions and Review of Agenda

Hal Nelson opened the call and welcomed the TWG members. Attendance of all at the meeting TWG was recorded.

Hal reviewed the agenda for the meeting and briefly reviewed the items from Call #7 on June 13th, 2008. There were no comments or questions.

Hal asked for questions regarding previous input received from the Governor's Commission on priority policy options.

RCI-1: No comments by TWG members.

RCI-2: Hal noted that the GCGW had extensive discussion of this option and made several suggestions:

- ◇ Under the fourth paragraph of Policy Description, he noted that Gary Vogel was to send out potential changes regarding energy efficiency requirements municipal utilities and co-ops. Hal will contact Gary for this information.
- ◇ PSC data for growth data should be used as the baseline for the policy quantification and design sections. John Bethel will supply this data when it has been gathered. The TWG agreed to add a statement to the goal section to reflect this action.
- ◇ The GCGW suggested that this be split into RCI-2a and RCI-2b in order to quantify peak use (RCI-2a) and total energy use (RCI-2b) separately. The suggested goal is to reduce the growth rate 5% by 2010 and 10% by 2015. The GCGW debated whether the goal should be a reduction of the growth rate or of actual energy use. This has not yet been decided.

The TWG discussed these two approaches. The current growth model for overall energy use is 1.5 – 3%, depending on the utility. A reasonable overall growth estimate is approximately 1.8%. Statewide could be on the order of 1.4%. Growth is driven by both industrial and residential factors.

Industrial growth is not necessarily population driven, and is more likely driven by technology. Residential growth is driven by population, as well as the use of electronics in the home, such as flat screen televisions. Reductions have been achieved by increasing the energy efficiency of appliances.

Another metric currently employed is use/customer, the values of which had decreased due to increased efficiencies of appliances. Increases are being seen now, due to the addition of electronics in homes. Note that use/customer is equivalent to use/meter. As a result, there is no means to account for the increasing size of the average new home.

The TWG members discussed the metric to be used for the analysis. One member proposed that the quantification be performed using multiple variables, such as population numbers and usage/capita. The AEEE uses the Energy Efficiency Portfolio Standard, which specifies that x% of the load growth must be met with energy efficiency in a state.

The TWG decided that the goal for this policy option should include: X% of the load growth in Arkansas must be met with energy efficiency. For example, 20% of a 5% load growth should be met with energy efficiency results in 1% of the load growth coming from energy efficiency gains.

In addition, the TWG decided that the Load Growth requirements should be set to ensure that they do not hinder economic development in the state.

Discussion centered on the concepts that increasing energy efficiency is a desirable goal, both in peak use and overall total energy use. The TWG agreed to use placeholders at this time and determine the exact goal values to recommend later, after more quantification has been done. The placeholders have been set at:

Peak Demand Usage – 10%/yr. reduction in growth rate in peak demand by 2010; 20%/yr reduction by 2015.

Total Energy Usage - 5%/yr. reduction in growth rate in energy use by 2010; 10%/yr. reduction in growth rate of energy usage by 2015.

It was felt by one member that these goals are very conservative, and will be reached in the near future, without further effort. Another member indicated that changing individual actions is difficult and takes time to see the benefits.

An alternate suggestion was made for a 100% reduction in growth rate by 2010, i.e., cut the growth rate to zero. It was felt that this would not allow any leeway for new industries and residents.

The overall usage component is more critical to GHG reduction goals than peak usage values. However, no increase in load on a use/customer basis is a reasonable goal to work toward. This would include industrial growth as well as residential growth. Annually, utilities calculate the kwh/customer, which is generally a good indicator.

The two proposals are: no load growth at all versus no load growth/capita. The TWG members agreed to support a goal for RCI-2a of no growth in load/customer with five years. Implementation will take about 5-7 years to get legislation passed and then to implement the goal, therefore the goal should be achieved by 2015.

John Bethel had distributed comments regarding cost recovery from utilities to the TWG through the facilitator. His comments focused on the cost of energy efficient programs, particularly at the regulatory level. The TWG agreed to add cost recovery to the paragraph beginning “to encourage utilities...” This language is intended to tighten the meaning of the policy description and to eliminate inaccuracies.

As efficiencies are achieved, sales which are based on volumes consumed, will be reduced, resulting in a decrease in revenues. Programs that encourage energy savings need to be incorporated into the rate structures in some manner. Until this barrier is addressed, GHG reductions will not be achieved.

The TWG agreed to delete second paragraph under Policy Description and all material under Related Programs in Place. Replace Related Programs with the language distributed by Bethel. Add “and appropriate incentives that are necessary and in the public interest.”, such as DSM and energy efficiency programs. The POD must recognize that a reduction of revenue to the utilities is possible with such programs in place. Utilities generally don’t pursue energy efficiency because it hurts the bottom line, but all investor owned utilities have pursued some form of DSM.

Goals adopted: Total energy use is covered under RCI-2b. Both metrics are included until more data is available to determine the best approach.

RCI-2b1 no growth/capita

RCI-2b2 no load growth or 100% of load growth will be met by energy efficiency

Load growth in California is approximately 2%, or which 1% is met by energy efficiency (50% of load growth). Energy use has been flat or lower in California for decades.

RCI-3: Kathy is to supply data on government floor space. The GCGW recommended that this be split into RCI-3a – New buildings and RCI-3b – Existing buildings. Separate goal statements need to be created for each section, as different standards can be applied to new buildings versus retrofitting existing buildings.

Note: Lead by example issues cover proposals in both Cross Cutting and RCI. The Cross Cutting TWG will handle all non-quantitative issues, while RCI will bear responsibility for all calculations.

The TWG decided to include a statement regarding a procurement requirement in building leases for energy efficiency. This will be sent to the CC TWG for inclusion in their Lead-by-Example option.

All policy options regarding state buildings should explicate leased and non-leased spaces to insure clarity.

Two goals are in the policy options at present. The first sets a reduction goal for the electricity consumed by state and local facilities, schools and universities of 20% by 2020 from the 2009 baseline amount.

The second is implement energy efficiency programs that reduce energy use, adjusted for growth, by 20% per year by 2015 and 25% per year by 2020. Members feel that this is a very aggressive goal to meet in multiple years. The goal of 20% is likely achievable in the first year, but not year after year.

Strike the second sentence in this section. Keep a linear approach for now. Change the metrics to use a placeholder of 50% by 2030, referencing 2030 Initiative numbers, www.architecture2030.org.

RCI-4: The GCGW recommended that this option be split into two parts, RCI-4a and RCI-4b, for new and existing buildings.

The sentence setting a goal that the state will have x% by x year from renewable energy was removed by the GCGW. This was assigned to the ES TWG.

RCI-6: The fifth bullet, beginning “Considering going beyond existing certification programs”, include green loans.

Add a statement to supply weatherization kits in the Implementation section for low income residents. This is a program active in Chicago now. By supplying such kits, immediate action can be taken by all residents, whether a loan is available or not.

Public Input and Announcements

Ludwig Kozlowski, representing the Arkansas Community Action Association, expressed concern that RCI-6, Green Loads, are not appropriate for low income residents who might not have the time or inclination to apply for the loans.

Agenda, Date and Time for Next Meetings

The next TWG meeting is scheduled for:

- Call #9, Friday, July 11, 10:00 am. – 11:30 am CST

TWG members are asked to identify options that are easiest to quantify and approve to move forward.