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Transportation and Land Use (TLU) Technical Work Group

Summary List of Priority Policy Options for Analysis

Policy No.	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			
TLU-1	Study the Feasibility of Plug-In Vehicles	<i>Not quantified—Qualitative Study Option</i>					Pending
TLU-2	Research and Development of Renewable Transportation Fuels	<i>Incorporated into analysis for TLU-3</i>					Pending
TLU-3	Advanced Biofuels Development and Expansion (3a: 10% displacement)	1.52	4.76	37.40	\$411	\$11	Pending
	Advanced Biofuels Development and Expansion (3b: 12% displacement)	1.78	5.72	44.43	\$648	\$15	Pending
TLU-4	Smart Growth, Pedestrian and Bicycle Infrastructure	0.06	0.17	1.39	<0 (Net Savings)	<0 (Net Savings)	Pending
TLU-5	Improve and Expand Transit Service and Infrastructure	0.001	0.007	0.03	1.5	\$1,479	Pending
TLU-6	School and University Transportation Bundle				<i>In Process</i>		Pending
TLU-7	Promote and Facilitate Freight Efficiency	0.33	0.47	6.1	\$48	\$104	Pending
TLU-8	Procurement of Efficient Fleet Vehicles (Passenger and Freight)				<i>In Process</i>		Pending
TLU-9	Fuel Efficiency: Clean Car Incentive	<i>Not Quantified – Qualitative Study Option</i>					Pending
TLU-10	Public Education	<i>Not Quantified—Overlaps with other policies</i>					Pending
TLU-11	Lower Speed Limits and Enforcement (11a: 60 mph limit)	1.99	1.91	31.2	-\$87	\$45	Pending
	Lower Speed Limits and Enforcement (11b: 55 mph limit)	2.88	2.75	45.1	-\$125	-\$45	Pending
	Sector Total After Adjusting for Overlaps	TBD	TBD	TBD	TBD	TBD	
	Reductions From Recent Actions (Federal CAFE requirements)	1.02	3.26	26.9			
	Sector Total Plus Recent Actions	TBD	TBD	TBD	TBD	TBD	

GHG = greenhouse gas; MMtCO₂e = million metric tons of carbon dioxide equivalent; \$/tCO₂e = dollars per metric ton of carbon dioxide equivalent; TBD = to be determined; CAFE = Corporate Average Fuel Economy.

Negative values in the Net Present Value and the Cost-Effectiveness columns represent net cost savings.

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

TLU-1. Study the Feasibility of Plug-In Electric Vehicles

Policy Description

Increasing the contribution of motor vehicles that are "plugged in" to the electrical grid may reduce greenhouse gas (GHG) emissions in Arkansas, depending on the degree to which power generation in the state relies on fossil fuels and renewable fuels now and in the future. The goal of this policy option is to study a set of actions that would further evaluate the benefits and feasibility of plug-in hybrid electric vehicles (PHEVs), accelerate the deployment of a commercially viable technology, remove barriers to more rapid adoption, create initial incentives, and provide for the integration of PHEVs with other systems, including the power supply and transportation systems.

Policy Design

Undertake a study that will review relevant completed, ongoing, and forthcoming studies, including the three-year national study (which began in 2007 and is expected to be completed by 2010) by the Electric Power Research Institute (EPRI), Ford Motor Company, and Southern California Edison (SCE), which will develop and evaluate technical approaches for integrating PHEVs into the nation's electric grid system.¹ Following the review of the relevant studies, assess the potential effectiveness of implementing some or all of the items noted in the implementation section that follows

Goals: Undertake a study that reviews relevant research, including the three-year national study (which began in 2007) by EPRI, Ford, and SCE (estimated to be completed after 2010). Thereafter, assess the effectiveness of the additional goals, actions, and implementation timetables for other policy design options listed above.

Timing: As indicated above for each individual activity.

Parties Involved: Auto users, power utilities, auto dealers, others.

Implementation Mechanisms

- Assess the impacts of plug-in electric fleets on the state's power infrastructure at various levels of market penetration, and identify technology and system requirements to maximize use of off-peak and underutilized power resources. Engage power utilities as partners in the study, and consider the future sources of power generation and their current and future impacts on GHG emissions from PHEVs. Since automakers are preparing to introduce PHEVs by 2010, and since 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.

¹ See: <http://www.ford.com/about-ford/news-announcements/press-releases/press-releases-detail/pr-epri-joins-fordsce-analysis-of-27955>.

- Provide funding for state and local government fleet conversions of standard hybrids to PHEVs. In the future, set a goal for a certain number of conversions, and allocate funding to reach that goal. Require that these vehicles be grid-aware, and include funding for equipment to accomplish this task.
- In the future, provide funding for school districts to acquire plug-in electric hybrid school buses.
- Commit the Arkansas state government to purchase PHEVs as they become commercially available, allowing purchase at a price premium to reflect taking into account carbon-reduction benefits and reductions in state expenditures on imported fuels.
- Direct the state to provide rate recovery for utility research and development (R&D) investments in pilot tests of vehicle-to-grid systems.
- Fund the study of an assessment of electric vehicle charging needs in state parking facilities.
- Develop and fund at least one vehicle-to-grid pilot involving a fleet of public plug-ins parked in a state garage.
- Fund a study by the state to identify Arkansas companies and economic sectors with potential vehicle electrification markets, and develop a strategy to help Arkansas companies position themselves for success in those markets.

Related Policies/Programs in Place

As described in the above implementation section. No other related programs identified at this time.

Type(s) of GHG Reductions

Since this policy calls for a study, it is, not quantified at this time. Following the completion of the study, it is expected that better information will be available in order to provide quantitative estimates of the potential impact of PHEVs on Arkansas.

Estimated GHG Reductions and Costs or Cost Savings

Not quantified at this time, since results will be more likely to be available following completion of the proposed study.

Key Uncertainties

The basic question as to whether motor vehicles powered by the electrical grid in Arkansas will produce more or less GHG emissions on a life-cycle per-mile basis is unanswered. The study is being recommended to provide information in an attempt to answer this question.

Additional Benefits and Costs

To be identified during the course of the study.

Feasibility Issues

The feasibility and effectiveness of the proposed implementation actions will be assessed as part of the study process.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-2. Research and Development of Renewable Transportation Fuels

Policy Description

This policy option will provide funding to assist in the development of low-carbon fuels that are not yet commercially available in Arkansas, such as cellulosic ethanol. It will also provide funding to conduct analyses to identify which renewable fuels will provide the best options for Arkansas and its constituent regions and cities.

Among other leading research institutions in the Arkansas, the University of Arkansas' Division of Agriculture has expanded its involvement in research and education on biomass issues, especially biofuels. New faculty members have been hired, and others have redirected their efforts (e.g., plant breeding for alternative feedstock opportunities). The division dedicated the recent higher education bond monies for capital improvements for new construction and renovation of the Rice Research and Extension Center at Stuttgart. Two laboratories in that facility have been designated as field biofuel laboratories. New resources are needed to expand both the research and the agricultural extension output in these areas. Additional capacity is needed to work on by-products and co-products (e.g., increased uses for glycerin, a by-product of biodiesel production), new feedstocks, application of cellulosic technologies, marketing strategies, and policy information support systems. Financial support is needed for field stations to adapt to these changing crops in their research and education systems.

Policy Design

During the 2007 Regular Session of the General Assembly, appropriations bills were passed to support research and extension in the area of biofuels and other biomass products. However, none of the bills was funded. The Division of Agriculture earmarked \$1.0 million from its general appropriation for this important area, but recent reductions in the fiscal year (FY) 2009 forecast have caused those funds to be redirected to operational issues. To move the biofuel and biomass programs forward, the \$1.0 million of redirected funds should be replaced, and an additional \$3,254,708 should be provided to pay for classified and nonclassified salaries, extra help, staff benefits, maintenance, and general operations related to research and development (R&D) of renewable alternative transportation fuels.

Goals: The state will provide continuing annual funding in the amount of \$4,254,708 for program enhancement for biofuels and other biomass. (This dollar estimate of needs is drawn from HR 1379, Arkansas Alternative Fuels Program.)

Timing: Legislation passed in the 2009 Regular Session, with funds to be available in FY 2009–2010.

Parties Involved: State of Arkansas, University of Arkansas Division of Agriculture, other state research institutions.

Implementation Mechanisms

This policy will provide funding to promote in-state R&D related to biofuel/biodiesel production, such as investigating the production of biofuels from Arkansas-based biomass feedstocks (e.g., residues or by-products) from agricultural production (crop residues, chicken fat, beef tallow), agricultural processing, forest or wood resources or production processes (material not being utilized by pulp mill plants), or other cellulosic crops (e.g., switchgrass). It could also include the reuse of food oils for use as biodiesel, possibly encouraging the production of “homemade” biofuels (for example, by farmers for their farm equipment).² Such research could be linked to life-cycle analyses of feedstock production and conversion.

Related Policies/Programs in Place

House Bill #1379, dated February 28, 2007 “An act to create the Arkansas Alternative Fuels Development Program. “

Type(s) of GHG Reductions

Second-generation biofuels have the potential to significantly reduce carbon dioxide (CO₂) and other GHG emissions in comparison to existing petroleum-based fuels.

Estimated GHG Reductions and Costs or Cost Savings

Quantified as part of the analysis for TLU-3, Advanced Biofuels Development and Expansion.

Data Sources: Please see analysis for TLU-3.

Quantification Methods: Please see analysis for TLU-3.

Key Assumptions: Please see analysis for TLU-3.

Key Uncertainties

Universities are well suited for R&D activities, since outcomes and time frames for results can be uncertain.

Additional Benefits and Costs

R&D often has benefits that are difficult to predict before undertaking the R&D.

Feasibility Issues

None noted.

² The Council for Agricultural Science and Technology (CAST) has published a map showing the leading candidates for lignocellulose-based biofuel feedstocks. See CAST, *Biofuel Feedstocks: The Risk of Future Invasions*. CAST Commentary QTA 2007-1. Ames, IA, 2007. Available at: <http://www.cast-science.org/websiteUploads/publicationPDFs/Biofuels%20Commentary%20Web%20version%20with%20color%20%207927146.pdf>.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-3a. Advanced Biofuels Development and Expansion (10%)

Policy Description

Arkansas should adopt standards that require a certain amount or percentage of transportation motor fuels, as measured by volume, to be sold in within the state to be advanced biofuels.³ The goals for the amounts or percentages to be sold should gradually increase over time, as in-state and out-of-state supply and production capacity increase. The state should also help facilitate the transition to advanced biofuels by regulating quality standards for fuel blends.

According to H.R. 6: Energy Independence and Security Act of 2007, the term "advanced biofuel" means renewable fuel, other than ethanol derived from corn starch, that has life-cycle GHG emissions that are at least 50% less than baseline life-cycle GHG emissions. "Baseline life-cycle GHG emissions" means the average life-cycle GHG emissions for gasoline or diesel.

The types of fuels eligible for consideration as "advanced biofuels" may include any of the following: ethanol derived from cellulose, hemicellulose, or lignicellulose; ethanol derived from sugar or starch (other than corn starch); ethanol derived from waste material, including crop residue, other vegetative waste material, animal waste, and food and yard waste; biomass-based diesel; biogas (including landfill gas and sewage waste treatment gas) produced through the conversion of organic matter from renewable biomass; butanol or other alcohols produced through the conversion of organic matter from renewable biomass; and other fuel derived from cellulosic biomass.

Policy Design

Arkansas should encourage state and national fuel industries to reach for specific goals, as measured by specific volume amounts or percentages of advanced biofuels, that would produce fewer GHG emissions when considered on a per-volume and/or per-energy-unit basis. The state should encourage industry and research universities to work together to create an Arkansas Alternative Energy Institute.

The state does not wish to encourage the conversion of any human food sources, such as corn, to alternative fuels, because this is likely to increase the price of food. The Governor's Commission on Global Warming (GCGW) also does not wish to encourage the production of alternative fuels that would lead to higher GHG emissions than are produced from petroleum-based fuels. As a result, the state is supportive of development of advanced biofuels, as listed above under the Policy Description.

Goals:

- Increase the use of advanced biofuels that emit less GHG emissions in automobile and other gasoline-powered vehicles to the level of 10% of the total consumed by 2015.

³ A definition of "advanced biofuels" can be found in Section 201 of the text of federal legislation "H.R.6: Energy Independence and Security Act of 2007." The text of the legislation can be found online at: <http://thomas.loc.gov/>.

Timing:

By 2012, an appropriate state agency will:

- Develop incentives for industry to produce advanced biofuels that reduce GHG emissions.
- Develop an industry/research university institute that will continually work toward commercially available solutions for advanced biofuels.

By 2015, the state or appropriate agency will:

- Reduce GHG vehicle emissions by converting to fuels that burn much more efficiently, with the goal of advanced biofuels comprising 10% of the statewide use of fuels by 2015.
- Work with the Arkansas Alternative Energy Institute to promote biofuel production to aid in control of GHG emissions and to promote state industries that will provide “green” jobs for Arkansas workers.
- Establish legislation to set standards for biofuel production that meets federal and state regulations for GHG emission levels.

Parties Involved: Arkansas Departments of Natural Resources, Highway and Transportation, Agriculture, Economic Development, Labor, Forestry, and Energy.

Implementation Mechanisms

To aid in biofuel development, state money could be used to establish partnerships with state and national labs that have already worked on some of the issues of biofuel conversion. This would bring knowledge of established production/conversion protocols into the state and develop processing parameters for Arkansas-specific feedstocks.

The state could incentivize the development of in-state industries and businesses that produce and distribute alternative fuels:

- Arkansas should provide incentives to private industries to establish alternative-fuel infrastructure that could aid in the promotion of alternative-fuel use.
- The expense of equipment and installation may be offset by the increasing use of these alternative fuels.
- The biofuel production plants should optimally be situated within a radius of their feedstocks as feasible, with use of both rail and truck as appropriate, and with a focus on minimizing the energy used to distribute the fuel.
- The distributors of alternative fuels should be in convenient locations to be able to offer fuels at competitive prices.

Related Policies/Programs in Place

Federal Energy Independence and Security Act (EISA) of 2007: Fuel suppliers are required to blend 9 billion gallons of renewable fuel into gasoline. [Is this a current requirement?] Fuel suppliers must increase the amount of renewable fuel blended into transportation fuels annually, to reach a level of 36 billion gallons in 2022.

House Bill 1379, for an act to be entitled: An Act to Create the Arkansas Alternative Fuels Development Program.

Type(s) of GHG Reductions

CO₂ and other GHG emissions from combustion of surface transportation fuels.

Estimated GHG Reductions and Costs or Cost Savings

Table 1. Estimated GHG reductions and costs of or cost savings from TLU-3

TLU-3 Quantification Factors	2015	2025	Units
GHG emission savings	1.52	4.76	MMtCO ₂ e
Net present value (2009–2025)	N/A	\$411	Million \$
Cumulative reductions (2009–2025)	N/A	37.40	MMtCO ₂ e
Cost-effectiveness	N/A	\$11	\$/tCO ₂ e

GHG = greenhouse gas; MMtCO₂e = million metric tons of carbon dioxide equivalent; \$/tCO₂e = dollars per metric ton of carbon dioxide equivalent.; NA = not applicable.

This analysis assumes a “fuel-neutral,” low-carbon fuels policy requiring increased use of biofuels that could be met by a variety of scenarios. A sample scenario is assessed (i.e., 10% ethanol use and 10% biodiesel use by 2020) that would achieve the stated goal for overall increase in biofuels use to 6% of total transportation fuel consumed in Arkansas.

Data Sources:

- *Life-cycle impacts of biofuels*—Argonne National Laboratory. "The Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) Model," version 1.7. Available at: <http://www.transportation.anl.gov/software/GREET/>.
- *Fuel economy and gasoline and ethanol prices*—U.S. Department of Energy, Energy Information Administration. *Annual Energy Outlook 2008: With Projections for 2030 (Revised Early Release)*. DOE/EIA-0383(2008). March 2008. Available at: <http://www.eia.doe.gov/oiaf/aeo>.
- *Price of biodiesel relative to conventional diesel*—U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy. "Clean Cities Alternative Fuel Price Report," 2001–2007. Available at: http://www.eere.energy.gov/afdc/price_report.html.

Quantification Methods:

The estimate of GHG emission reductions from this policy is based upon an increase of alternative fuels use to 10% of all on-road fuels in the state by 2015. A ramp-up period is estimated so that alternative fuels use would increase steadily on a yearly basis between 2010 and 2020.

To estimate the likely ramp-up in alternative-fuel use needed to meet the policy, a potential scenario was developed for analysis. In the scenario, by 2020, ethanol sales in Arkansas would represent 20% of gasoline sales, with 10% of the ethanol used in flex-fuel vehicles (E85) and the remainder used in conventional vehicles operating on E10.⁴ For the purpose of this analysis, all ethanol would be from cellulosic feedstocks. (While this analysis did not consider corn-based ethanol, it does not assume that use of corn-based ethanol would necessarily be prohibited.) Biodiesel (from soy) would make up 15% of total diesel sales by 2020. The cumulative effect of this increase in biofuels would be that alternative fuels would make up 10% of on-road fuels used in Arkansas by 2015 (and 26% by 2025).

Cost is calculated as the incremental cost of biofuels per gallon of gasoline equivalent (for ethanol) or diesel equivalent (for biodiesel), multiplied by total consumption of each fuel. We account for the consumer price of fuel plus the federal subsidy, in the form of an excise tax credit to blenders, for ethanol and biodiesel. This subsidy amounts to \$0.51/gallon (gal) for ethanol and \$1/gal for biodiesel from virgin oils. Ethanol and gasoline prices in future years are drawn from the Energy Information Administration's (EIA's) *Annual Energy Outlook 2008* (AEO 2008). Based on January 2008 information from the U.S. Department Energy's (DOE's) "Alternative Fuels Price Report," the difference in the average price of biodiesel compared to conventional diesel in the Gulf Coast region is approximately \$0.11/gal (less for biodiesel). This difference, combined with the \$1 subsidy, results in an assumed full cost of biodiesel of \$0.89 more per gallon than the cost of conventional diesel.

Key Assumptions:

- Program starts in 2010, the first year of emission reduction.
- Program reaches goal of alternative fuels as 10% of total fuels consumed in Arkansas by 2015.
- No GHG reductions from corn-based ethanol considered as part of this analysis. Instead, next-generation biofuels are assumed to be commercially available at the time of implementation.
- Program applies to all on-road vehicles, "replacing" or (displacing) current gasoline and diesel fuel.
- Baseline scenario accounts for:
 - 0% ethanol existing market share.

⁴ E85 is a fuel blend of 85% ethanol and 15% gasoline, and E10 is a blend of 10% ethanol and 90% gasoline.

- 0% existing biodiesel market share.

Key Uncertainties

Cellulosic ethanol is assumed to be a significant component of this policy. The timeline for availability of cellulosic ethanol on a large scale is unknown, although production facilities are beginning to come on line as of the date of this analysis. Another unknown is the price difference between cellulosic and corn-based ethanol.

The price differential between biodiesel and diesel is extremely dynamic. The results of the cost component of this analysis could vary, depending on future changes in that price differential.

Also, to achieve the goals, transportation fuel providers would need to undertake changes in their production and distribution methods. Because the policy does not prescribe particular technology pathways, there is uncertainty surrounding which fuels and technologies fuel providers will use to meet the standard. The program assumes that providers will use the most cost-effective options to meet the standard, but compliance costs are unknown at this time.

Additional Benefits and Costs

It is generally agreed that increased domestic production of advanced transportation motor biofuels will reduce the need for importing petroleum-based motor fuels and crude oil from other countries.

Feasibility Issues

Please see key uncertainties.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-3b. Advanced Biofuels Development and Expansion (12%)

Policy Description

Arkansas should adopt standards that require a certain amount or percentage of transportation motor fuels, as measured by volume, to be sold in within the state to be advanced biofuels.⁵ The goals for the amounts or percentages to be sold should gradually increase over time, as in-state and out-of-state supply and production capacity increase. The state should also help facilitate the transition to advanced biofuels by regulating quality standards for fuel blends.

According to H.R. 6: Energy Independence and Security Act of 2007, the term "advanced biofuel" means renewable fuel, other than ethanol derived from corn starch, that has life-cycle GHG emissions that are at least 50% less than baseline life-cycle GHG emissions. "Baseline life-cycle GHG emissions" means the average life-cycle GHG emissions for gasoline or diesel.

The types of fuels eligible for consideration as "advanced biofuels" may include any of the following: ethanol derived from cellulose, hemicellulose, or lignicellulose; ethanol derived from sugar or starch (other than corn starch); ethanol derived from waste material, including crop residue, other vegetative waste material, animal waste, and food and yard waste; biomass-based diesel; biogas (including landfill gas and sewage waste treatment gas) produced through the conversion of organic matter from renewable biomass; butanol or other alcohols produced through the conversion of organic matter from renewable biomass; and other fuel derived from cellulosic biomass.

Policy Design

Arkansas should encourage state and national fuel industries to reach for specific goals, as measured by specific volume amounts or percentages of advanced biofuels, that would produce fewer GHG emissions when considered on a per-volume and/or per-energy-unit basis. The state should encourage industry and research universities to work together to create an Arkansas Alternative Energy Institute.

The state does not wish to encourage the conversion of any human food sources, such as corn, to alternative fuels, because this is likely to increase the price of food. The GCGW also does not wish to encourage the production of alternative fuels that would lead to higher GHG emissions than are produced from petroleum-based fuels. As a result, the state is supportive of development of advanced biofuels, as listed above under the Policy Description.

Goals:

- Increase the use of advanced biofuels that emit less GHG emissions in automobile and other gasoline-powered vehicles to the level of 12% of the total consumed by 2015.

⁵ A definition of "advanced biofuels" can be found in Section 201 of the text of federal legislation "H.R.6: Energy Independence and Security Act of 2007." The text of the legislation can be found online at: <http://thomas.loc.gov/>.

Timing:

By 2012, an appropriate state agency will:

- Develop incentives for industry to produce advanced biofuels that reduce GHG emissions.
- Develop an industry/research university institute that will continually work toward commercially available solutions for advanced biofuels.

By 2015, the state or appropriate agency will:

- Reduce GHG vehicle emissions by converting to fuels that burn much more efficiently, with the goal of advanced biofuels comprising 12% of the statewide use of fuels by 2015.
- Work with the Arkansas Alternative Energy Institute to promote biofuel production to aid in control of GHG emissions and to promote state industries that will provide “green” jobs for Arkansas workers.
- Establish legislation to set standards for biofuel production that meets federal and state regulations for GHG emission levels.

Parties Involved: Arkansas Departments of Natural Resources, Highway and Transportation, Agriculture, Economic Development, Labor, Forestry, and Energy.

Implementation Mechanisms

To aid in biofuel development, state money could be used to establish partnerships with state and national labs that have already worked on some of the issues of biofuel conversion. This would bring knowledge of established production/conversion protocols into the state and develop processing parameters for Arkansas-specific feedstocks.

The state could incentivize the development of in-state industries and businesses that produce and distribute alternative fuels:

- Arkansas should provide incentives to private industries to establish alternative-fuel infrastructure that could aid in the promotion of alternative-fuel use.
- The expense of equipment and installation may be offset by the increasing use of these alternative fuels.
- The biofuel production plants should optimally be situated within a radius of their feedstocks as feasible, with use of both rail and truck as appropriate, and with a focus on minimizing the energy used to distribute the fuel.
- The distributors of alternative fuels should be in convenient locations to be able to offer fuels at competitive prices.

Related Policies/Programs in Place

- Federal Energy Independence and Security Act (EISA) of 2007: Fuel suppliers are required to blend 9 billion gallons of renewable fuel into gasoline. Fuel suppliers must increase the

amount of renewable fuel blended into transportation fuels annually, to reach a level of 36 billion gallons in 2022.

- House Bill 1379, for an act to be entitled: An Act to Create the Arkansas Alternative Fuels Development Program.

Type(s) of GHG Reductions

CO₂ and other GHG emissions from combustion of surface transportation fuels.

Estimated GHG Reductions and Costs or Cost Savings

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Cumulative reductions (2009–2025)	N/A	44.43	MMtCO ₂ e
Cost-effectiveness	N/A	\$15	\$/tCO ₂ e

GHG = greenhouse gas; MMtCO₂e = million metric tons of carbon dioxide equivalent; \$/tCO₂e = dollars per metric ton of carbon dioxide equivalent.; NA = not applicable.

This analysis assumes a “fuel-neutral,” low-carbon fuels policy requiring increased use of biofuels that could be met by a variety of scenarios. A sample scenario is assessed (i.e., 10% ethanol use and 10% biodiesel use by 2020) that would achieve the stated goal for overall increase in biofuels use to 6% of total transportation fuel consumed in Arkansas.

Data Sources:

- *Life-cycle impacts of biofuels*—Argonne National Laboratory. "The Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) Model," version 1.7. Available at: <http://www.transportation.anl.gov/software/GREET/>.
- *Fuel economy and gasoline and ethanol prices*—U.S. Department of Energy, Energy Information Administration. *Annual Energy Outlook 2008: With Projections for 2030 (Revised Early Release)*. DOE/EIA-0383(2008). March 2008. Available at: <http://www.eia.doe.gov/oiaf/aeo>.
- *Price of biodiesel relative to conventional diesel*—U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy. "Clean Cities Alternative Fuel Price Report," 2001–2007. Available at: http://www.eere.energy.gov/afdc/price_report.html.

Quantification Methods:

The estimate of GHG emission reductions from this policy is based upon an increase of alternative fuel use to 12% of all on-road fuels in the state by 2015. A ramp-up period is

estimated so that alternative fuel use would increase steadily on a yearly basis between 2010 and 2020.

To estimate the likely ramp-up in alternative-fuel use needed to meet the policy, a potential scenario was developed for analysis. In the scenario, by 2020, ethanol sales in Arkansas would represent 23% of gasoline sales, with 10% of the ethanol used in flex-fuel vehicles (E85) and the remainder used in conventional vehicles operating on E10.⁶ For the purpose of this analysis, all ethanol would be from cellulosic feedstocks. (While this analysis did not consider corn-based ethanol, it does not assume that use of corn-based ethanol would necessarily be prohibited.) Biodiesel (from soy) would make up 20% of total diesel sales by 2020. The cumulative effect of this increase in biofuels would be that alternative fuels would make up 12% of on-road fuels used in Arkansas by 2015 (and 32% by 2025).

Cost is calculated as the incremental cost of biofuels per gallon of gasoline equivalent (for ethanol) or diesel equivalent (for biodiesel), multiplied by total consumption of each fuel. We account for the consumer price of fuel plus the federal subsidy, in the form of an excise tax credit to blenders, for ethanol and biodiesel. This subsidy amounts to \$0.51/gallon (gal) for ethanol and \$1/gal for biodiesel from virgin oils. Ethanol and gasoline prices in future years are drawn from the Energy Information Administration's (EIA's) *Annual Energy Outlook 2008* (AEO 2008). Based on January 2008 information from the U.S. Department Energy's (DOE's) "Alternative Fuels Price Report," the difference in the average price of biodiesel compared to conventional diesel in the Gulf Coast region is approximately \$0.11/gal (less for biodiesel). This difference, combined with the \$1 subsidy, results in an assumed full cost of biodiesel of \$0.89 more per gallon than the cost of conventional diesel.

Key Assumptions:

- The program starts in 2010, the first year of emission reduction.
- The program reaches goal of alternative fuels as 12% of total fuels consumed in Arkansas by 2015.
- No GHG reductions from corn-based ethanol are considered as part of this analysis. Instead, next-generation biofuels are assumed to be commercially available at the time of implementation.
- The program applies to all on-road vehicles, "replacing" or (displacing) current gasoline and diesel fuel.
- The baseline scenario accounts for:
 - 0% ethanol existing market share.
 - 0% existing biodiesel market share.

⁶ E85 is a fuel blend of 85% ethanol and 15% gasoline, and E10 is a blend of 10% ethanol and 90% gasoline.

Key Uncertainties

Cellulosic ethanol is assumed to be a significant component of this policy. The timeline for availability of cellulosic ethanol on a large scale is unknown, although production facilities are beginning to come on line as of the date of this analysis. Another unknown is the price difference between cellulosic and corn-based ethanol.

The price differential between biodiesel and diesel is extremely dynamic. The results of the cost component of this analysis could vary, depending on future changes in that price differential.

Also, to achieve the goals, transportation fuel providers would need to undertake changes in their production and distribution methods. Because the policy does not prescribe particular technology pathways, there is uncertainty surrounding which fuels and technologies fuel providers will use to meet the standard. The program assumes that providers will use the most cost-effective options to meet the standard, but compliance costs are unknown at this time.

Additional Benefits and Costs

It is generally agreed that increased domestic production of advanced transportation motor biofuels will reduce the need for importing petroleum-based motor fuels and crude oil from other countries.

Feasibility Issues

Please see key uncertainties.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-4. Smart Growth, Pedestrian and Bicycle Infrastructure

Policy Description

This policy option calls for incentives and programs to encourage smart growth, including enhancing the pedestrian and bicycle infrastructure. Current land-use development practices increase vehicle travel by dispersing destinations, which separates activities and favors automobile travel over alternative modes. "Smart growth" planning by local, regional, and state governments refers to development that reduces sprawl and maximizes environmental, fiscal, and economic resources. It incorporates such planning tools as mixed use, open-space protections, downtown revitalization, "greyfield" redevelopment, infill development, transit-oriented development, and pedestrian and bicycle infrastructure. It seeks to preserve open, recreational, and agricultural spaces and to prevent sprawl, especially on the periphery of urban areas where sprawling development may otherwise occur.

It is difficult to envision a solution to either global warming or energy security issues that does not involve slowing the growth of our transportation emissions. To date, the national discussion of climate and energy initiatives has focused on technological solutions—namely, developing more fuel-efficient vehicles or lower-carbon fuels. Experts recognize, however, that all such technological solutions will be overwhelmed by the continued growth in automobile travel, thanks to our increasingly spread-out, car-dependent development patterns. During 1982–2002, these land-intensive development patterns caused development acreage to increase at twice the rate of population growth. This in turn caused per-capita vehicle miles traveled (VMT) to increase three times faster than America's population growth over that same period. It's no accident that VMT is increasing as we continue to build and develop more areas where residents have no realistic choice but to drive long distances each day to meet their daily needs. A 2002 study by Smart Growth America found that the degree of sprawl was the most significant cause of a high VMT rate.⁷

The good news is that we can make enormous progress simply by shaping future building to create communities where people can accomplish more by driving less. Numerous studies now demonstrate that when people are given the option to live in a less automobile-dependent place, they do indeed drive less. According to the report *Growing Cooler: The Evidence on Urban Development and Climate Change*, residents of more compact neighborhoods drive 20%-40% less on average, saving oil and reducing GHG emissions.⁸ If we combine compact neighborhoods with increased investment in public transit of all shapes and sizes (TLU-6, School and University Transportation Bundle), the resulting synergies can reduce dangerous emissions enormously.

⁷ Smart Growth America. "Energy and Climate." Available at: <http://www.smartgrowthamerica.org/climate.html>.

⁸ Reid Ewing, Keith Bartholomew, Steve Winkelman, Jerry Walters, and Don Chen. *Growing Cooler: The Evidence on Urban Development and Climate Change*, Washington, DC: Urban Land Institute, 2008. Available at: <http://www.smartgrowthamerica.org/gcindex.html>.

Policy Design

The state should allow, encourage, facilitate, and undertake a set of smart growth activities related to the following initiatives:

- Downtown and neighborhood revitalization,
- Greyfield redevelopment,
- Infill development,
- Transit-oriented development (TOD),
- Reducing sprawl,
- Bike and pedestrian infrastructure,
- Incentives for urban school districts,
- Highway access management and corridor maintenance, and
- Smart growth planning, modeling, and tools.

Goals: Overall goals for the set of activities would be the following:

- 35% of new development and redevelopment will occur in higher-density tracts (> 2,000 people per square mile), compared to only 10% under the business as usual (BAU) scenario.
- By 2010, begin providing economic development incentives and liberalized zoning and permitting processes (parking requirements, density restrictions, mixed-use restrictions, etc.) to encourage investment in central business districts.
- By 2010, begin providing economic incentives, liberalized zoning and land-use restrictions, and streamlined permitting processes, to encourage brownfield redevelopment, infill development, and TOD.
- By 2010, develop and adopt a comprehensive plan to preserve open space on the edges of urban areas where sprawling development may otherwise occur, and to encourage regional cooperation in reducing sprawl.
- By 2015, require "complete streets" policies, providing for systematic adoption of sidewalks and bikeways.
- By 2010, develop a program for information dissemination, and technical assistance to facilitate the adoption of smart growth planning processes, models, and tools by local and regional jurisdictions.

Timing: See above, with most strategies to be achieved by 2010.

Parties Involved: State government, local government, individual property owners, and investors.

Implementation Mechanisms

Downtown and Neighborhood Revitalization

Many U.S. towns and cities are crowded during business days, but are deserted by night and on weekends because few people live there. Some cities have begun turning this problem around by revitalizing their downtowns and centrally located neighborhoods. Downtown revitalization can be profitable (by reusing existing infrastructure), can provide a better quality of life (by centralizing entertainment and retail, providing a critical mass for success), and can improve the environment (by reducing VMT, providing sufficient density for walking, bicycling, and transit, reducing sprawling edge development, and preserving greenfields).

Arkansas should provide economic development incentives and liberalized zoning and permitting processes (parking requirements, density restrictions, mixed-use restrictions, etc.) to encourage investment in central business districts and neighborhoods. The state could provide tax incentives for property owners to do historic preservation and restoration on buildings located in historic downtowns (Arkansas is one of the few states lacking a personal income tax incentive for historic preservation). State agencies should lead by example and locate offices and services in downtowns and centrally located neighborhoods. Main Street Arkansas is a state program that assists downtowns in their revitalization efforts and provides training and support to 30 participating communities. A major principle of sustainable building practices is to rehabilitate, refurbish, remodel, or convert existing structures.

Greyfield Redevelopment

"Infill" development of all sorts reduces sprawl and VMT. Many of Arkansas' urban areas have a large percentage of "greyfields": underutilized land in the form of parking lots, declining strip malls, and vacant parcels. Redeveloping greyfields has the additional advantage of improving the quality of life in city centers, which increases the number of downtown residents, workers, and visitors. Arkansas should provide economic incentives, liberalized zoning and land-use restrictions, and streamlined permitting processes, to encourage greyfield redevelopment. This can be a key factor in urban revitalization by providing new centrally located areas for residential, commercial, or mixed-use development. It also reduces average trip distances, and encourages walking, bicycling, and public transit.

Infill Development

Development of vacant or underused parcels of land within existing developed areas reduces average trip distances and saves public funds by taking advantage of existing infrastructure and public utilities. By increasing the local population density, it also encourages walking, bicycling, and public transit. Arkansas should provide economic incentives, liberalized zoning and land-use restrictions, and streamlined permitting processes to encourage infill development. Toward this end, Arkansas should pass Transfer of Development Rights (TDR) (see the Definition section, below) enabling legislation so that cities have the ability to target infill sites for development. Additionally, the ability for cities to adopt tiered impact fees, especially with regard to roads, would help guide development to appropriate infill locations. Tiered impact fees charge less for

developments located near the core of the city and more for developments located on the urban fringe. The lack of county zoning in most of Arkansas severely limits the ability for cities to discourage sprawl. Development often happens just over the line, resulting in leap-frog development patterns and an increased tax burden for providing urban services, such as fire and police protection. A major initiative should be made to bring planning and zoning to all counties having significant urban centers.

Transit-Oriented Development

TOD is the creation of compact, mixed-use commercial or residential communities designed to maximize access to public transit (see TLU-6), while also creating a community attractive to pedestrians and bicyclists. TOD thus reduces VMT and the associated GHG emissions. Arkansas should provide economic incentives, liberalized zoning and land-use restrictions, and streamlined permitting processes to encourage TOD. Regional Mobility Authorities throughout Arkansas should devote at least 20% of their funds to mass transit options.

Reducing Sprawl

For smart growth policies to be truly effective, the efforts must be regional or, better yet, statewide. If all municipalities in an area are not practicing smart growth, development may gravitate to greenfields at the edges of cities or between cities, resulting in sprawl. Arkansas should adopt a comprehensive plan to preserve open space on the edges of urban areas where sprawling development may otherwise occur, and to encourage regional cooperation in reducing sprawl. One approach would be to encourage "green zones" at the edges of cities that would be permanently zoned for agricultural use only, and off limits to developers.⁹ Also, the state should provide for TDR (see the Definition section, below) programs, which enable municipalities to preserve high-value agricultural land and natural resources by transferring development rights to designated infill areas. A land bank handles transactions between landowners and developers. A designated "sending area" and "receiving area" are delineated, and the price of development credits (additional units per acre) is then determined by market forces. This is a market solution that provides compensation to landowners and creates infill development opportunities in appropriate locations.

Bike and Pedestrian Infrastructure

Smart growth aims to encourage alternative (non-automobile) transportation modes, especially walking and bicycling. This requires infrastructure aimed at pedestrians and bicyclers. Arkansas towns, cities, and counties should improve and construct sidewalks and bikeways, and the state should provide economic incentives to encourage such developments. This is particularly true in commercial areas without adequate sidewalks and in residential and other areas where pedestrian and bicycle safety is a concern. The attraction of bicycling and walking is greatly enhanced by facilities that are safe and that also "feel" safe to bicyclers and walkers.

Bikeways can take the form of designated bike lanes on shared streets, or of trails that are separated from roadways except at crossings. The former are typically four or more feet wide.

⁹ For further discussion, see Smart Growth America. "Open Space & Farmland." Available at: <http://www.smartgrowthamerica.org/openspace.html>.

Separate bike trails are usually designed as multi-use trails that also serve joggers, strollers, skaters, etc. Bikeways are not just for recreational use; they also serve commuters, shoppers, school children, and others. Indeed, it is by using bikeways for transportation that real reductions in automobile VMT can occur. For example, in Scandinavian countries, despite the cold weather, 30% of all commuters commute by bicycle. Other infrastructure improvements could include bicycle parking and shower or locker amenities at places of employment. Cities, regional jurisdictions, and universities can institute "free bicycles" programs, as is done in many U.S. and European cities.

Arkansas should require "complete streets" policies, providing for systematic adoption of sidewalks and bikeways to help achieve these goals. All state road projects should include infrastructure to accommodate bikes and pedestrians as a complete street model. At the local level, cities should also be encouraged to create complete streets and adopt trail and on-street bikeway master plans. These master plans should be recognized and included in the planning of all state and city improvement projects. Grant funding should be increased and made available to communities for the construction of multi-use trails and on-street bike facilities. Legislation should be created to allow road turn-back funds to be used for alternative transportation projects. Arkansas should also encourage property owners to donate necessary portions of property for multi-use trails through tax incentives or other benefits. New residential and commercial developments should be required to dedicate rights of way for multi-use trails when identified on the trail master plans. Riparian corridors should be identified for multi-use trails and protected as an enduring green network through their communities.

Incentives for Urban School Districts

Arkansas should provide incentives for school districts to develop new facilities within existing urban cores. Locating new school facilities on the urban fringe encourages sprawl and VMT. A first step would be to remove the excessive acreage requirement that the state mandates for locating new schools (80–100 acres). Rehabilitation and adaptive reuse of existing facilities should be the first option when school expansion is necessary. The Arkansas Department of Education needs to revisit its long-range planning and goals in order to place higher priorities on issues related to sustainability and reasonable location requirements. The placement of school facilities has broad and often drastic effects on how communities grow and evolve. Auto-dependent models of developing schools will quickly fade as the era of cheap energy comes to a close. An emphasis on central location and the ability for alternative transportation options should have significant weight when making policy decisions regarding school locations. Forward-thinking, yet common-sense, approaches are necessary to implement this policy.

Highway Access Management and Corridor Maintenance

The Arkansas Highway and Transportation Department should adopt access management standards to apply to all Arkansas road projects. Adequate prior transportation planning reduces the number of access/conflict points along state highways and municipal arterial roads and ensures that future roadway capacity is not significantly diminished over time. Arkansas should promote the development of "complete, compact, and connected" neighborhoods through the adoption of smart growth policies. Cul-de-sac subdivisions should be discouraged because of the increased VMT associated with them. Arkansas could significantly reduce GHGs and the

maintenance cost of mowing highways by funding a wildflower and native plant corridor program modeled after the program that exists in Texas.

Smart Growth Planning, Modeling, and Tools

Arkansas should provide state funding, information dissemination, and technical assistance to facilitate the adoption of smart growth planning processes, models, and tools by local and regional jurisdictions. A smart growth toolkit should be developed and distributed to all cities and counties.

Definition:

Transfer of Development Rights

TDR is a voluntary, market-based implementation process by which the development rights of a landowner in the area to be protected (the “sending” zone) are transferred to an appropriate, community-designated area (the “receiving” zone). The sending zone is placed in a permanent conservation easement, such as a land bank, and the receiving zone is granted an increase in land-use intensity, such as density bonuses or increases in building height. Since this process does not require local governments to purchase any lands, and since concentrated development in the receiving zone saves money on municipal services, very little public funding is required. At least 23 states have adopted TDR enabling legislation.

Related Policies/Programs in Place

As described above.

Type(s) of GHG Reductions

Transportation sector surface transportation fuels produce CO₂ and other GHG emissions.

Estimated GHG Reductions and Costs or Cost Savings

This analysis considers potential GHG reductions from reductions in VMT for personal (non-truck) travel, as a result of a shift toward more compact development patterns. The analysis relies on estimates of per-capita VMT by census tract population density range, as developed by Steve Polzin, Director of the Center for Urban Transportation Research (CUTR) Mobility Program for the CUTR VMT forecasting model. The CUTR model is based on analysis of the U.S. Department of Transportation’s 2001 National Household Travel Survey data.¹⁰ The model provides estimates of per-capita VMT by state for five density ranges. It is currently set up for years 2005, 2035, and 2055; for this analysis, results were interpolated for Center for Climate Studies (CCS) analysis years.

The observed relationship between per-capita VMT and population density is a rough proxy for the effects of smart growth development as described above. Higher levels of population density are associated with overall shorter trips, because destinations are closer together. In addition,

¹⁰ P.S. Hu and T.R. Reuscher. *Summary of Travel Trends: 2001 National Household Travel Survey*. Prepared for the U.S. Department of Transportation Federal Highway Administration. December 2004. Available at: <http://nhts.ornl.gov/2001/pub/STT.pdf>.

areas with higher population densities are more likely to have pedestrian-friendly design (walkability, mixed use, etc.) and to support transit service. It is difficult to separate out the individual effects of the various smart growth strategies at this aggregate level of analysis, but the analysis should provide an indicator of what can be achieved through a combined set of smart growth policies.

Table 2. Estimated GHG reductions and costs of or cost savings from TLU-4

TLU-4 Quantification Factors	2015	2025	Units
GHG emission savings	0.06	0.17	MMtCO ₂ e
Net present value (2009–2025)	<0 (Net savings)	<0 (Net savings)	Million \$
Cumulative reductions (2009–2025)	0.37	1.39	MMtCO ₂ e
Cost-effectiveness	<0 (Net savings)	<0 (Net savings)	\$/tCO ₂ e

GHG = greenhouse gas; MMtCO₂e = million metric tons of carbon dioxide equivalent; \$/tCO₂e = dollars per metric ton of carbon dioxide equivalent; NA = not applicable; TBD = to be determined.

Data Sources:

- Total population and population density by census tracts in Arkansas and other states, 1990 and 2000.
- Per-capita VMT by census tract population density in Arkansas, from CUTR VMT forecasting model.
- Forecast statewide population growth. Url?

Quantification Methods:

The specific method used to estimate GHG benefits of smart growth strategies is as follows:

- Total population in 2000 was identified by five census tract density ranges, as identified in the CUTR model (< 500, 500–1,999, 2,000–3,999, 4,000–9,999, and 10,000 or more people per square mile) for metropolitan versus nonmetropolitan areas.
- The change in population from 1990 to 2000, and associated share of change by density range, was identified from census data.
- Statewide population by tract density range for 2010 (to use as a base year when policy changes are assumed to begin) was estimated by taking state population forecasts for 2010, and allocating 2000–2010 growth to tract density range in the same proportion as 1990–2000 growth.
- For the BAU scenario, new population growth between 2010 and 2025 (as determined from state forecasts developed for the CCS baseline) was allocated to tract density ranges based on the share of growth in the 1990–2000 time frame. Total statewide growth is forecast at

363,000 people, or 13%. The proportion of existing housing stock (population) that would be redeveloped over this time frame was estimated at 9%, representing a rate of 6% per decade between 2010 and 2025. Two-thirds of this redevelopment is assumed to occur in place, and one-third is redeveloped elsewhere, with this redevelopment allocated to tract density ranges based on the 1990–2000 share of population growth. (The 6% and two-thirds figures come from the 2007 *Growing Cooler* report's Section 1.7.3, citing analysis of census data by Nelson [2006].)

- For the Climate Action scenario, a significant shift in the proportion of new development and relocated redevelopment was assumed to take place, with higher-density tracts (> 2,000 people per square mile) receiving 35% of new development under this scenario, compared to only 10% under the BAU scenario. Total population by tract density under this scenario was then calculated. This relatively conservative reallocation scenario reflects the largely rural and small-city nature of population growth in Arkansas, based on analysis of census data from 1990 and 2000 showing that most (two-thirds) of the growth over this decade occurred in nonmetropolitan areas, while most of the remainder occurred in small metropolitan areas. The analysis assumes that rural growth would occur in a more clustered pattern, with shifts in population from the lowest density range (fewer than 500 people per square mile, typical of rural tracts) to the second density range (500–1,999 people per square mile, typical of smaller cities/towns), and that metropolitan growth would shift more toward the third and fourth density ranges (2,000–10,000 [9,999?] people per square mile), representing an increase in higher-density infill and redevelopment.
- Total personal-travel VMT was calculated under the BAU and Climate Action scenarios, based on VMT per capita (from the CUTR model) and total 2025 population by tract density range, and the percentage reduction in personal-travel VMT was calculated.
- The percentage reduction in VMT was adjusted by 90%, to estimate the percentage reduction in GHG emissions. This factor is the same as used in the *Growing Cooler* report to account for the fact that higher-density areas may experience somewhat lower travel speeds and, therefore, slightly reduced fuel economy.
- BAU GHG emissions in 2025 for passenger travel were estimated as those from all light-duty VMT. To estimate cumulative emission reductions over the 2010–2025 period, a linear ramp-up of benefits was assumed over this time frame.

Key Assumptions:

- The fraction of new population growth and redevelopment by census tract density, under BAU scenario.
- The assumed shift in the fraction of new population growth and redevelopment from lower-density to higher-density census tracts, under the Climate Action versus the BAU scenario.
- The percentage of residential building stock redeveloped (off site) over the analysis time frame.

Corroborating Methodologies:

This methodology is consistent with another methodology that was tested, based on the parameters assumed in the *Growing Cooler* report estimate of CO₂ reductions in 2050. The methodology was adapted to 2025 conditions, and some adjustments were made for Arkansas-specific data where available, including population growth and proportion of VMT in urban areas. The previous methodology used a number of factors from the *Growing Cooler* report. The primary differences are that *Growing Cooler* assumes a 30% reduction in VMT for “compact development” (rather than the VMT levels by census tract density range); includes a blanket assumption of 60% of new (urban) growth reallocated to “compact development”; and does not assign any VMT reduction to growth in rural areas. The methodology produces a result similar to that of the original analysis, projecting a GHG reduction of 1% for passenger travel, compared to the 2025 BAU scenario, or a savings of 0.15 million metric tons of carbon dioxide equivalent (MMtCO₂e) in 2025.

Key Uncertainties

Smart growth depends upon the decisions of many individual property and business owners, as well as the efficacy of incentives and other programs.

Additional Benefits and Costs

Smart growth generally has very low direct costs to implement, comprised of the governmental costs of altering regulations and zoning and providing education and technical assistance. Tax incentives are an income transfer that results in a public sector cost but offsetting developer revenue. As most smart growth policies (e.g., allowing higher density and mixed use, reducing parking requirements) are deregulatory in nature, they are opening the development market and have significant indirect benefits. An exception is growth boundaries, which restrict the land use market and have an indirect cost.

Alternative patterns of development have a large number of additional impacts, which may both provide benefits and costs. Smart growth provides a range of co-benefits that are well documented in other places. Prominent among these is the reduced cost of providing utilities and infrastructure, as smart growth makes better use of existing facilities and infrastructure and on average has lower demand. Improved air quality, public health (e.g., due to walking), and quality of life are also notable co-benefits.

Feasibility Issues

Smart growth policies are being considered and implemented around the country in a wide range of communities. Because most policies are deregulatory in nature, this significantly lowers political barriers. Much of the timing and feasibility of smart growth measuring involving building development and population growth depend upon business and economic cycles.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-5. Improve and Expand Transit Service and Infrastructure

Policy Description

Improvements to existing transit service and expansion of transit routes can shift passenger transportation from single-occupant vehicles to public transit, thereby reducing GHG emissions. This mitigation option involves a number of actions to be undertaken by state and local governments and transit agencies.

Policy Design

Goals: Overall goals would be to reduce light-duty vehicle (LDV) total VMT in urban areas from 2008 baseline growth by 1% per year starting in 2010 until 2025.

Timing:

- Reduce urban light duty vehicle (LDV – passenger cars and light trucks) total vehicle miles of travel (VMT) from 2008 baseline growth by 1% per year starting in 2010 until 2025.
- Increase investment in transit service and infrastructure by 2015.

Parties Involved: State and local governments and transit agencies.

Implementation Mechanisms

The state should implement transit investments that encourage greater use of public transportation, such as the following:

- Improve service frequency on selected existing intra-, and intercity transit routes.
- Support and encourage improvements in intra- and intercity bus service.
- Reduce travel times on selected existing transit routes (signal prioritization, exclusive lanes, etc.).
- Improve the quality of service on selected existing transit routes (safety, cleanliness, improvements to shelters/stations).
- Provide financing, regulatory relief, and the use of eminent domain to develop and expand transit service and infrastructure (commuter rail, light rail, bus). In particular, the state should dedicate funding for the planning and development of commuter/light rail systems, especially in locations having higher population densities and other characteristics conducive to successful systems. The first project of this nature could be a case study for the rest of the state. Where such rail corridors are studied, municipalities in the affected corridor should begin to address zoning issues around likely future transit stops in order to promote increased residential and commercial densities. In addition, Regional Mobility Authorities throughout Arkansas should devote at least 20% of their funds to mass transit options.

- Offer incentives to potential passengers and provide loans and/or subsidies to operators (public or private) to offer improved and less expensive intercity bus service.
- Provide financing, regulatory relief, and the use of eminent domain to develop, publicly or privately, a high-speed intercity passenger rail system serving major urban areas. Provide additional financial assistance to improve services already provided by Amtrak on other routes.

Related Policies/Programs in Place

- Arkansas State Highway and Transportation Department, *Arkansas Statewide Long-Range Intermodal Transportation Plan: 2007 Update*, available at: <http://www.arkansashighways.com/planning/F%20&%20E/Final%202007%20Statewide%20Long%20Range%20Plan.pdf>
- Regional long-range transportation plans, including the possibility of passenger rail in northwest Arkansas.

Type(s) of GHG Reductions

CO₂ and other GHG emissions from the combustion of transportation fuels.

Estimated GHG Reductions and Costs or Cost Savings

This analysis examines the reductions in GHGs possible from a shift from personal motor vehicles to transit, which emits fewer GHGs per passenger mile. The calculation of GHG reductions must account both for the reduction in the number of private vehicle miles, but also for the partially offsetting increase in transit VMT. In addition to these direct reductions from individuals’ shift of modes, two more long-term, indirect effects will be estimated. The shifting of trips from personal vehicles to transit can reduce the number of vehicles on the road, and thus the amount of congestion in urban areas. Reducing congestion improves traffic flow and can improve actual average vehicle fuel economy achieved. Studies have also demonstrated that increased transit service can help shape land-use patterns, enabling densities and proximity to the center of urban areas. This has been demonstrated to result in reduced VMT by those living in transit corridors, even if they never use transit.

Table 3. Estimated GHG reductions and costs of or cost savings from TLU-5

TLU-5 Quantification Factor	2015	2025	Units
GHG emission savings	0.001	0.007	MMtCO ₂ e
Net present value (2009–2025)	\$4.0	\$1.5	Million \$
Cumulative reductions (2009-2025)	0.001	0.03	MMtCO ₂ e
Cost-effectiveness	\$3,980	\$1,479	\$/MtCO ₂ e

GHG = greenhouse gas; MMtCO₂e = million metric tons of carbon dioxide equivalent; \$/tCO₂e = dollars per metric ton of carbon dioxide equivalent; NA = not applicable; TBD = to be determined.

Data Sources:

The National Transit Database¹¹ was used to derive (1) current and historical transit ridership, by mode type (urban/rural, bus or paratransit); (2) operating cost per passenger and per passenger-mile, by mode type (urban/rural, bus or paratransit); and (3) revenue per passenger and per passenger-mile, by mode type (urban/rural, bus or paratransit).

Quantification Methods:

Direct quantification will be undertaken for improvements in service frequency, travel time reductions, and the introduction of new and expansion of existing routes and services.

Travel time improvements provide a well-documented means of improving transit service and ridership. There is a direct benefit to riders as the improved service reduces their “generalized cost” (time cost plus financial cost) of their trip. In addition to co-benefits in improving service frequency, there is about a -0.4 elasticity for transit travel time. Estimated percentage reductions in travel time will be multiplied by this elasticity to calculate the ridership increase.

Service frequency increases ridership from existing riders and attracts new riders. As waiting time between vehicles has been shown to be valued about two times more on average than actual travel time, this mechanism can prove very effective. There is a reported -0.5 elasticity for service frequency alone (time between buses), while the aggregate impacts for service improvements in time between vehicles and travel time have shown an elasticity of between -0.6 and -1.0 , incorporating the time and frequency impacts of aggregate increases in service miles provided. As above, the service frequency elasticity will be applied to improvements in this parameter. As a redundancy check, the aggregate elasticity will also be applied to the total increase in vehicle revenue service miles to capture both factors together.

For service expansions and introduction, both the literature and a first-order statistical analysis show a long-run elasticity for service expansion of between -0.6 and -1.0 . This elasticity will be applied to service increases, assuming that its full value will not be reached for 5 years for bus services. The elasticity will be prorated in the intervening years, to show the lagged benefits of service expansion.

Estimates for the effects of new light rail and commuter rail services and the improvement of Amtrak services will be based upon information from projects in similar urban areas in other states due to the lack of historical data in Arkansas.

Key Assumptions:

Transit services can be expanded and introduced at the same average operating cost as current services.

¹¹ U.S. Department of Transportation, Federal Transit Administration. "National Transit Database." 2006. Available at: <http://www.ntdprogram.gov/ntdprogram/>.

New or improved services will be able to attract ridership in a manner consistent with service improvements in other similar areas of the country (i.e., the Arkansas transit market is not at saturation). Current fuel price increases provide a strong argument for this assumption.

Key Uncertainties

As described above. The timing for availability of additional transit service depends upon the availability of funding and program implementation.

Additional Benefits and Costs

Transit service provides mobility, accessibility, and safety benefits that are not included in the analysis above.

Feasibility Issues

Implementation of additional transit service depends upon availability of funding.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-6. School and University Transportation Bundle

Policy Description

In 1969, approximately 50% of students walked or biked to school; by 2001 this number was less than 16%, with 25% of auto commute trips taking K-12 and college students to school. Parents are influenced to drive children to school by distance from school, an unsafe travel environment, fear of crime, and bad weather. This burns a lot of fossil fuel and teaches students to travel by car, instead of healthier alternatives, such as walking, bicycling, busing, and car pooling. Public schools and colleges are well positioned to effect the changes in transportation habits that Arkansas needs if it is to reduce automobile use.

Policy Design

This policy focuses on encouraging reduced transportation sector GHG emissions at schools, colleges, and universities.

Goals:

- By 2012, K-12 schools will establish programs, such as ride sharing and ride-sharing clearinghouses; supervised walking to school, including "walking school buses" and safe routes to schools; and bicycling and mobility education that shows how people benefit from using alternative transportation and that makes it "cool" to walk, bicycle, or ride the bus.
- By 2012, high schools will establish programs to reduce or abolish student parking.
- By 2012, K-12 schools will develop a program to teach students about the environmental, health, and other consequences of automobile overuse.
- By 2012, colleges will establish more comprehensive commuting programs, such as free bus programs, expanded bicycle storage, free student bicycles, and abundant multifamily housing on or near campus with services (food, drugstore, etc.) nearby.
- By 2010, colleges will study and report on the environmental, health, financial, and other costs and benefits of requiring all freshmen to live on campus while leaving their cars in distant lots for out-of-town travel only.

Timing: As described in the goals section

Parties Involved: State of Arkansas, local school districts, parents, students.

Implementation Mechanisms

- K-12 schools will establish programs, such as ride sharing and ride-sharing clearinghouses; supervised walking to school, including "walking school buses" and safe routes to schools; and bicycling and mobility education that shows how people benefit from using alternative transportation and that makes it "cool" to walk, bicycle, or ride the bus. Buses are far safer

than driving to school, especially when the car driver is a student. The federal "Safe Routes to School" program provides money for local sidewalks and crosswalks.¹²

- Schools can save dollars by reducing or abolishing student parking. Student parking should be neither free nor subsidized, but should reflect the true cost of the lot and land. Schools can restrict student parking to seniors only, or to outstanding students only. School siting policies should favor small, centrally located schools, to encourage alternative transportation while minimizing driving distances. Arkansas' excessive minimum acreage requirements favor greenfield sites, one-story buildings, big parking lots, and inefficient planning; they need to be revised. Within a one-mile radius of any school, state and local planners should design streets and sidewalks for pedestrians, bicyclers, and children. Schools should factor a transportation energy component into their calculation of building energy ratings. Arkansas could reduce student injuries and death while reducing GHGs by raising the legal driving age to 16 for a learner's permit, as 10 states have done, and to 17 for a full license, as New Jersey has done.
- K-12 is a critical time to teach children the environmental, health, and other consequences of automobile overuse. These consequences, and the importance of reducing driving and gasoline consumption, need to become a routine part of all environmental lessons in health, biology, physical science, and environmental science courses at all ages.
- Colleges can establish free bus programs for students, bicycle storage buildings, free student bicycles, and abundant multifamily housing on or near campus with services (food, drugstore, etc.) nearby. Student parking on campus should be neither free nor subsidized, but should reflect the true cost of the lot and land. Arkansas colleges can require first-year, or first- and second-year, students to live on campus, while requiring that their cars be stored in distant lots for out-of-town travel.

Related Policies/Programs in Place

Arkansas Safe Routes to School Program.

Type(s) of GHG Reductions

Reduced GHG emissions from reduction in combustion of transportation fuels, including CO₂.

Estimated GHG Reductions and Costs or Cost Savings

Reductions in the shorter term will come primarily from mode shifting to ride sharing, walking, and cycling in the short-term. In the longer-term, school siting and sizing will allow greater baseline penetration of each of these modes, increased feasibility of bus usage, and shorter trip distances for all of these modes as well as trips by personal motor vehicle.

- *School enrollment, separately for K-10, grades 11 and 12 (approximate driving age high school enrollment), and post-secondary (colleges and universities)—Statewide in 2003, the*

¹² U.S. Department of Transportation, Federal Highway Administration. "Safe Routes to School." Available at: <http://safety.fhwa.dot.gov/saferoutes/>.

school population of ages 15–18 was 150,885; the projected population of this age group in 2008 is 158,702. The latest grade-specific data are from 2003–2004. Grades 11 and 12 had 31,208 and 28,807 students, respectively.

- *Table 4. Statewide 10-year enrollment in Arkansas schools*

Statewide 10-year Historic Enrollment

Grade	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
K	36,521	36,743	36,504	35,053	34,167	34,163	33,931	34,909	35,237	36,316
1	35,231	36,324	37,445	36,977	36,209	34,617	34,524	34,031	35,134	35,540
2	33,498	34,257	35,286	35,892	35,668	35,054	33,888	33,543	33,164	34,173
3	33,523	33,608	34,074	34,992	35,862	35,572	35,135	33,726	33,675	33,566
4	34,357	33,941	33,816	34,051	35,065	35,677	35,706	35,143	33,761	33,983
5	34,473	34,861	34,295	33,682	34,216	34,981	35,906	35,710	35,336	34,119
K-5 Subtotal	206,603	209,734	211,420	210,647	211,187	210,064	209,090	207,062	206,307	207,697
6	34,984	36,087	36,302	34,431	34,215	34,352	35,400	36,010	36,001	35,667
7	36,758	37,008	36,835	36,634	35,763	35,242	35,533	36,197	36,767	37,062
8	36,406	36,679	37,121	36,213	36,076	35,407	35,145	35,352	36,020	36,898
6-8 Subtotal	108,146	108,774	109,258	107,278	106,054	105,001	106,078	107,559	108,788	109,627
9	36,633	36,993	37,144	37,028	36,545	36,609	36,421	35,863	36,370	37,255
10	34,124	35,192	35,322	35,322	35,251	35,069	34,913	34,377	34,367	35,324
11	29,385	30,555	31,875	31,862	31,707	31,827	31,535	32,218	31,624	31,208
12	27,121	27,064	27,603	28,189	29,097	29,264	28,902	28,857	29,245	28,807
9-12 Subtotal	127,263	129,804	131,944	133,401	132,600	132,769	131,771	131,315	131,596	132,594
K-12 Subtotal	442,012	448,312	452,622	451,326	449,841	447,834	446,939	445,936	446,691	449,918
Other	3,030	3,260	3,051	3,418	3,138	2,845	1,437	1,642	1,623	1,122
Grand Total	445,042	451,572	455,673	454,744	452,979	450,679	448,376	447,578	448,314	451,040

Source: Arkansas Department of Education

- *Average school size, by level—Table 5 presents the average school size by level. However, since the categories overlap (e.g., middle/high school) the numbers are difficult to interpret. As the following table shows, enrollment at 79% of all schools is less than 550 students.*

Table 5. Average school size by level

School Type	Number of Schools	Number of Students	Average School Size
Pre-K	10	1,988	199
Elementary	572	206,870	362
K-8	15	2,604	174
K-12	9	3,758	418
Middle	197	101,954	518
Middle/High	183	45,915	251
High	144	88,496	615
Other	47	886	19
Total	1,177	452,471	384

- *State school bus fleet and utilization—The state budget for 2006–2007 shows that statewide all school districts allocated \$163.9 million (or 4.34 % of total current expenditures) for student transportation. The range allocated by district is from a low of 1.16% to a high of 10.3% in the Jasper School District, with 898 students.*

- *Current mode splits*—Preliminary research indicates that 74% of students are transported by bus.

Quantification Methods:

Percentage improvements/increases in the penetration rate for non-motorized access will be taken and applied from programs, such as the “walking school bus,” the national pedestrian and bicycle clearinghouse, Safe Routes to School, and university student commute trip benefit programs.

Via interview with state officials or comparison with peer states, the number of students driving to school will be estimated. Upon agreement with the Transportation and Land Use (TLU) Technical Work Group (TWG), an estimate will be made of the number of spaces that can be eliminated (e.g., rural students may have few/no options) and the phase-out period.

Ride matching will be estimated by examining U.S. Department of Transportation National Household Travel Survey (NHTS) data to determine average vehicle occupancy for current school trips (e.g., siblings, current ride sharing) and estimating what additional penetration may be available for vehicles not fully occupied.

Key Assumptions:

- Current mode splits from NHTS will be based on a collection of peer states and will be assumed to be similar for Arkansas.
- Estimates of the number of available seats for ride sharing will need to be derived based on vehicle occupancy and assumptions regarding the vehicle fleet (e.g., minivans).

Data Sources: School enrollment, school size, bus fleet utilization, and mode splits.

Key Uncertainties

As described above.

Additional Benefits and Costs

None noted.

Feasibility Issues

None noted.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-7. Promote and Facilitate Freight Efficiency

Policy Description

Today, nearly 2 million tractor trailers are registered in the United States. Between 1990 and 2006, total U.S. truck tonnage increased by nearly 40%. By 2018, truck tonnage is estimated to increase by almost 30%, to about 14 billion tons, up from nearly 11 billion tons in 2006. Much of this traffic routes its way through Arkansas. The state needs to focus on methods of reducing the number of trucks needed to haul commerce as well as offer incentives to truck carriers that invest in low-emission engines. Policies should also be supported that allow trucks to haul more material by weight to reduce the number of trucks needed to deliver goods.

Typical switcher locomotives idle 75% of the time, accounting for 27% of their total fuel use. Conversion to electrification may be impeded by both institutional factors and access, both perceived and actual, to necessary infrastructure. A check of the DOE truck stop electrification site locator shows three facilities within a 100-mile radius of Little Rock.

Technologies to reduce heavy-vehicle idling are readily available and cost-effective for long-haul trucking, and include auxiliary power units and truck stop electrification. According to Argonne National Laboratory, long-haul trucks idle an average of 6 hours per day or 1,830 hours per year, consuming 20 million barrels of diesel fuel. The use of existing technology can reduce fuel use by 90%.

Improving freight efficiency by expanding the use of short-haul rail over trucking alternatives will require a fundamental shift in regulatory oversight of the railroads. This will require the adoption of federal legislation reforming the Surface Transportation Board (STB), reversing anticompetitive practices and creating an obligation to serve. The combination of mergers, bottleneck rules, paper barriers, and antitrust exemption creates an environment that often eliminates competition and alternatives for small or captive shippers. The state should take an active role in influencing national rail policies that improve railroad infrastructure, increase rail capacity, and improve rail yards to expand intermodal options.

Policy Design

This policy focuses on promoting and facilitating freight efficiency through:

- Improvements in railroad infrastructure and rail yards;
- Increasing rail capacity, which may allow some freight to shift from trucks to rail;
- Providing economic assistance and regulatory streamlining for the improvement of intermodal rail yards and the relief of rail freight bottlenecks;
- Providing electrification at truck stops to reduce idling;

- Supporting and promoting policies and legislation that improve regulatory oversight of the railroad industry;
- Providing plug-in power at port sites to enable vessels to turn off engines and reduce idling; and
- Supporting state and federal legislation to allow heavier tractor semi-trailer weights on highways.

Goals: Specific performance goals: Reduce diesel truck idling by Class 8 (tracker-trailor) trucks by 80% by 2010 and 100% by 2020. Support passage of legislation by July 2009 that:

Timing: As described in the goals above.

Parties Involved: Freight movement operators and other stakeholders

Implementation Mechanisms

As noted above.

- Restores antitrust laws to the railroads.
- Reforms the STB in a manner that reverses anticompetitive rulings, protects the public interest, creates a proactive STB that will investigate unreasonable rail practices, and creates and enforces an obligation-to-serve standard.
- Requires timely investments in rail infrastructure, including increased rail capacity and rail yard enhancements to accelerate intermodal transportation and truck to short-haul rail.
- Establishes standards for truck stop electrification by August 2009, determining the appropriate technology (such as Idle Aire or Shorepower systems) that will provide an alternative to idling or auxiliary power units; and establishes a reasonable conversion period for transient vehicles and Arkansas-based organizations to retrofit and adapt their systems before assessing the need for restrictive ordinances.
- Completes a similar assessment of port facilities and rail-switching yards to determine the cost and benefits by mid-2010.
- Allows states to haul 97,000 pounds on six-axle trucks to allow the same amount of freight to be transported on fewer trucks, reducing energy consumption and emissions.
- Allows longer-length tractor semi-trailers (double 48s) on highways to reduce VMT.
- Provides incentives to trucking companies that invest in the purchase of low-emission engines and lightweight tractor/trailer combinations.

Related Policies/Programs in Place

The United States Environmental Protection Agency provides partnership support to trucking companies through the “Smartway” program.

Type(s) of GHG Reductions

GHG emissions from combustion of transportation fuels include CO₂ predominantly.

Estimated GHG Reductions and Costs or Cost Savings

Table 6. Estimated GHG reductions and costs of or cost savings from TLU-7

TLU-7 Quantification Factor	2015	2025	Units
GHG emission savings	TBD	TBD	MMtCO ₂ e
Net present value (2009–2025)	TBD	TBD	Million \$
Cumulative reductions (2009-2025)	TBD	TBD	MMtCO ₂ e
Cost-effectiveness	TBD	TBD	\$/MtCO ₂ e

GHG = greenhouse gas; MMtCO₂e = million metric tons of carbon dioxide equivalent; \$/tCO₂e = dollars per metric ton of carbon dioxide equivalent; NA = not applicable; TBD = to be determined.

Quantification Methods:

Estimate the reduction in CO₂ emissions from reduced idling based on estimating the portion of emissions and fuel consumption in the Arkansas inventory that is attributable to Class 8 diesel trucks, estimate the portion of the total fuel consumption that would be consumed during idling, and apply a targeted reduction of 80% to this amount starting in 2008 and a reduction of 100% starting in 2015.

Allowing longer-length tractor semi-trailers and 97,000 pounds on six-axle trucks largely depends on the willingness of surrounding states to concur on the policy of switching to longer trucks for their seamless operation across states for limiting VMT by allowing freight to be transported in heavier loads and fewer vehicles. A national freight commodity flow survey will be used to determine the number of truck trips either completely within Arkansas or traveling only through states permitting heavier, longer-combination vehicles. A penetration factor for these vehicles in these markets will be estimated (to account for equipment availability, shipper preference, etc.). Percentage reductions based on fuel efficiency improvements per ton-mile will then be calculated.

Key Assumptions:

This analysis will assume that idle reductions are achieved only by the Class 8 diesel truck population. These trucks idle for an average of 6 hours per day and consume 0.8–1.2 gallons of diesel per hour during idling. The analysis will also assume that an 80% (by 2010) or 100% (by 2020) reduction of diesel idling from these Class 8 trucks will be achieved.

The cost analysis will assume a 5-year lifetime for idling technology equipment, applied to 80% of Class 8 vehicles starting in 2008 and 100% of Class 8 vehicles starting in 2015, at a cost of \$6,000 per vehicle and a \$4.80 per gallon of diesel. Program administration costs, enforcement costs, fines, and reduced vehicle maintenance costs have not been factored into the cost analysis.

Key Uncertainties

The ability of trucking companies to invest in new equipment depends upon economic conditions.

Additional Benefits and Costs

Fuel savings are generally recognized as having positive financial impacts upon trucking companies and truck operators. Some of these positive savings may be passed on to consumers of the goods that are being transported.

Feasibility Issues

Some technologies are ‘off the shelf’ while others are not yet widely implemented in the marketplace.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-8. Procurement of Efficient Fleet Vehicles (Passenger and Freight)

Policy Description

Arkansas state and local government agencies should "lead by example" by enacting procurement policies and or joining the U.S. Environmental Protection Agency's (EPA's) SmartWay program and utilizing the SmartWay Upgrade Kits that result in adoption of lower-emitting vehicle fleets. The three primary components of the SmartWay program are: (1) creating partnerships between shippers, carriers, and program sponsors; (2) reducing all unnecessary engine idling; and (3) increasing the efficiency of LDVs, heavy-duty vehicles (HDVs), rail, and intermodal operations.

This policy option strengthens Arkansas' commitment to reduce GHG emissions through fuel efficiency in vehicles owned by the state, while also encouraging private and public agencies to develop incentive programs that might, for example, help with the initial costs of purchasing such vehicles.

Policy Design

In leading by example, state government will ensure that its own fleet of vehicles meets or exceeds the targets set for the state as a whole, while providing available means for all public and private vehicles to also exceed these standards on a voluntary basis.

Goals:

- By 2010, identify barriers to purchasing hybrid vehicles, and research and develop solutions to procure hybrid or other lower-GHG-emitting vehicles in the state.
- By 2010, ensure that the overall state of Arkansas fleet considers EPA fuel efficiency rating calculated over the life cycle of the vehicles purchased for the fleet.
- By 2015, ensure that low-carbon fuels are purchased for the state motor pool fleet, wherever they are available and if applicable for the vehicle type.
- By 2019, at least 70% of all HDVs and by 2014 at least 90% of all LDVs are "fuel efficient," meeting, on average, a higher mile-per-gallon (mpg) rate for the state's HDV and LDV fleets.

Timing: See above.

Parties Involved: Arkansas state and local government agencies, private industries and fleets, trucking industry.

Other: TBD

Implementation Mechanisms

TBD –

Related Policies/Programs in Place

TBD –

Type(s) of GHG Reductions

TBD –

Estimated GHG Reductions and Costs or Cost Savings

[Quantification to be completed.]

GHG reductions and fuel cost savings will be reduced primarily through the purchase of more fuel-efficient vehicles. This will be accomplished both through the purchase of HDVs that are more fuel efficient within their vehicle class, and through better “right-sizing” of the state vehicle fleet so that vehicles of a heavier class are not purchased and/or utilized when a lighter, more fuel-efficient vehicle would suffice. Care must be taken to account for the fact that the state may dispose of some vehicles before the end of their useful lives. This could imply the pushing of either less or more fuel-efficient vehicles into the non-state-owned vehicle fleet in Arkansas.

Data Sources: [TBD]

- State HDV fleet composition and utilization.
- Average annual HDV acquisitions.
- State vehicle fleet diesel and biodiesel use.

Quantification Methods:

- Based on the 2010 initiation and 2019 70% goal, penetration of more fuel-efficient HDVs into the state fleet will be calculated, along with the percentage reduction in fuel use.
- Based on the 2015 low-carbon fuel target, an estimate will be made of the potential penetration (accounting for national fuel availability) rate and the GHG benefits (using a life-cycle analysis of fuel emissions) of using biodiesel.

Key Assumptions:

- Fleet turnover and procurement will continue at the same rate as previously. Accelerated procurement rates would be considered to displace less fuel-efficient vehicles into the non-state fleet more rapidly, counteracting some benefits.
- Biodiesel is assumed to be the only low-carbon fuel available by 2015, with the exception of natural gas, which buses may also run on.

Key Uncertainties

TBD

Additional Benefits and Costs

TBD

Feasibility Issues

TBD

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-9. Fuel Efficiency: Clean Car Incentive

Policy Description

Vehicle incentive programs have the potential to affect consumer behavior in terms of choices of motor vehicles. The uncertainty of these programs is the degree to which they will result in measureable changes to consumer choices and behavior. Most studies to date have indicated that state and local policies in states with small populations of vehicles are likely to have little impact upon the types of vehicles that are offered in the marketplace. It is possible that state and local policies can affect some individual choices, but studies to date (including studies by Oak Ridge National Laboratory) indicate that the overall effect of these individual choices is small, unless the program is coordinated with other states and thereby has an effect upon the range of vehicles that are offered in the marketplace.

To promote energy efficiency and GHG reductions, Arkansas should study the adoption of a "clean car incentive" system. Unlike a tailpipe emissions mandate or mpg mandate, an incentives program would encourage Arkansans to purchase new vehicles that save social costs (global warming costs) by being more fuel efficient.

Policy Design

Goals: By 2015, seek to increase the percentage of vehicles that have lower GHG emissions and are more energy efficient by 6%.

Timing: The total time for the impact of vehicle change was calculated for low-emission diesel at 5 years for a competitive market and total impact time of 30 years; for gasoline hybrids, 5 years for a competitive market to 35 years for total impact; and for hydrogen fuel cell hybrid, competitive production of 15 years and total impact time of 55 years. In the near term, used vehicles could be exempted. In the future, the state could consider extending the program to used cars.¹³

By 2012, the state or appropriate agency will:

- Develop a program to help reduce GHG vehicle emissions by encouraging greater use of vehicles that produce less GHGs.
- Develop incentives and/or disincentives for purchasing of new, lower-GHG, more energy-efficient vehicles.

By 2020:

¹³ J.B. Heywood. "Fueling Our Transportation Future." *Scientific American*, September 2006, p. 62. Available at: <http://web.mit.edu/sloan-auto-lab/research/beforeh2/reports.htm>.

- The majority of vehicles on the road (greater than 50%) will produce less GHG emissions than the average for the U.S. fleet, and will be in compliance with federal and state GHG emission levels.
- The state or appropriate agency will establish legislation to set standards for new vehicles with mandatory manufacture labeling.

Parties Involved: Department of Motor Vehicles, Department of Transportation, American and foreign automobile industries, EPA, Arkansas Energy Office.

Other:

Implementation Mechanisms

TBD –

The program would be self-financed by being paid for with disincentives to those who purchase new vehicles that impose social costs by being less fuel efficient. The incentives (or disincentives) would be subtracted from (or added to) the purchase price of the vehicle at the point of sale. The "pivot point"—the mileage standard that divides incentives from disincentives—would be calculated from recent Arkansas vehicle sales based on the condition that the program be self-financing. To protect light truck (pickup truck) owners, light trucks would be treated as a separate class, with their own pivot point between those vehicles that receive rebates and those that pay fees.

Incentives and disincentives should be zero at the pivot point and should rise in proportion to each vehicle's gasoline savings or consumption relative to the pivot point. Studies suggest that this rise should be around \$1,000 per 0.01 gallons per mile (gpm). That is, for each 0.01 gpm that a particular vehicle type saves (relative to the pivot point), the owner receives a rebate of \$1,000, and similarly for each 0.01 gpm that a particular vehicle consumes (above the pivot point). For example, if the pivot point for all passenger cars is, say, 23 mpg (or 0.043 gpm), then a car getting 18 mpg (0.056 gpm) is 0.013 gpm worse than the pivot point, and so incurs a \$1,300 fee. Another car getting 36 mpg, or 0.028 gpm, is 0.015 gpm better than the pivot point, so it earns a \$1,500 rebate. With a \$1,000 per 0.01 gpm rise, the maximum incentives and disincentives would run around \$2,500.

The clean car incentive would apply only once for each vehicle, at the point of sale of new cars, and so would not affect the price of used cars.

Related Policies/Programs in Place

The federal Energy Independence and Security Act provided a requirement for automakers to increase the average fuel economy of LDVs offered in the marketplace to an equivalent of 35 mpg by 2020.

Type(s) of GHG Reductions

This policy option will assess the potential for GHG reductions from state policies.

Estimated GHG Reductions and Costs or Cost Savings

Not estimated, as the results of the study will provide further information about the potential for state action in this area to result in significant reduction of GHG emissions.

Key Uncertainties

Consumer response to incentive programs varies from region to region.

Additional Benefits and Costs

The use of more fuel-efficient vehicles is recognized as reducing the need for importing petroleum and petroleum products from other countries.

Feasibility Issues

The feasibility of incentive programs such as that described above is yet to be determined. Some European nations and Canada have initiated such programs. The analysis should include a review of these programs in other countries.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

TLU-10. Public Education

Policy Description

This policy focuses on implementing to better inform the public of the measures individuals can take to reduce their transportation-related GHG emissions. Drivers will voluntarily reduce fuel use and GHG emissions from their activities when they have the information necessary to make proper decisions.

The option would involve development and implementation of a curriculum that addresses limiting GHGs in transportation through:

- Education about transportation choices and consequences: low-GHG-emitting vehicles, carpooling, use of alternative fuels, walking, biking, telecommuting, mass transit, safety issues, ride sharing in schools, etc.
- Improved vehicle operation and maintenance: regular vehicle tune-ups, fuel-efficient tires, coolest temperature fueling, tire pressures, engine lubricants, slower acceleration, shifting at lower revolutions per minute, cruise control, turning off vehicle when parked, elimination of "jack-rabbit" starts.
- Education about city planning choices.

The curriculum would be a requirement for all driver training programs and would be distributed through other possible venues as deemed appropriate by the agency(ies) developing the program. This program should include questions pertinent to training included on the written/driving portion of private and commercial driver licensing tests. (Driver training programs in Utah and Arizona currently incorporate this type of curriculum in classroom settings.) In addition, programs that include this curriculum are to be mandated for both state and municipal fleet operators. All GHG-saving application methods included in the curriculum would be enforced at state and municipality fleet levels.

In the interest of time and expense, it is recommended that existing curricula from such entities as DOE or the National Energy Foundation be examined for application and modified as needed.

Policy Design

Goals:

- Reduce transportation GHG emissions through education to promote intelligent transportation purchasing choices and vehicle operation. *[Unable to quantify effects of educational programs at this time.]*
- Begin the consumer information program in 2008, and extend it as resources become available.

Timing:

- By 2010, the state or appropriate agency would develop a marketing program for fuel-efficient replacement tires and energy-efficient driving practices and devices.
- By 2010, the state or appropriate agency would ensure that training be delivered for all state and municipal fleet operators.
- By 2010, private and commercial driver licensing tests would be modified to incorporate information about fuel-saving driving practices.

Parties Involved: Driver training programs, Arkansas Department of Motor Vehicles, state, commercial and municipal fleets.

Implementation Mechanisms

Department of Education to make science standards part of the curriculum.

Related Policies/Programs in Place

None noted

Type(s) of GHG Reductions

None noted

Estimated GHG Reductions and Costs or Cost Savings

The potential GHG reductions from this policy option will not be quantified, since they are associated with other policies that complement public education.

Key Uncertainties

None noted.

Additional Benefits and Costs

None noted.

Feasibility Issues

None noted.

Status of Group Approval

Pending – [until GCGW moves to final agreement at meeting #8, #9, or #10]

Level of Group Support

TBD – [blank until GCGW meeting #8, #9, or #10]

Barriers to Consensus

TBD – [blank until final vote by the GCGW]

Proposed TLU-11. Lower Speed Limits and Enforcement

Policy Description

Lower vehicle speeds can improve fuel economy and safety and reduce GHG emissions.

Policy Design

Statewide speed limits should be set at a maximum of 60 miles per hour (mph). Speed limits should be more strongly enforced, with a "tolerance" of not more than 5 mph—i.e., drivers exceeding 65 mph in 60 mph zones should be ticketed. Electronic surveillance should be introduced to improve enforcement, with the costs of the required new infrastructure to be paid from the additional speeding fines expected from lower speed limits and stricter enforcement.

Goals: All roads currently posted at speeds over 60 mph should be reposted at 60 mph. State patrol officers should be issued orders to ticket drivers exceeding 5 mph over the posted limit, or through the use of electronic surveillance. Arkansas should also support the creation of federal legislation that reduces maximum speed limits in order to conserve fuel.

Timing: As soon as possible following passage by the state legislature.

Parties Involved:

Other:

Implementation Mechanisms

Related Policies/Programs in Place

Type(s) of GHG Reductions

Estimated GHG Reductions and Costs or Cost Savings

Table 6. Estimated GHG reductions and costs of or cost savings from TLU-11

Scenario TLU-11A	2015	2025	Units
Speed Reduction to 60 mph			
GHG emission savings	1.99	1.91	MMtCO ₂ e
Net present value (2010–2025)	-\$90	-\$87	Million \$
Cumulative reductions (2010–2025)	11.7	31.2	MMtCO ₂ e
Cost-effectiveness	-\$45	-\$45	\$/tCO ₂ e

Scenario TLU-11B	2015	2025	Units
Speed Reduction to 55 mph			
GHG emission savings	2.86	2.75	MMtCO ₂ e
Net present value (2010–2025)	-\$130	-\$125	Million \$
Cumulative reductions (2010–2025)	16.9	45.1	MMtCO ₂ e
Cost-effectiveness	-\$45	-\$45	\$/tCO ₂ e

GHG = greenhouse gas; MMtCO₂e = million metric tons of carbon dioxide equivalent; \$/tCO₂e = dollars per metric ton of carbon dioxide equivalent.

Data Sources:

- Federal Highway Administration Office of Highway Policy Information Highway Statistics series.
- International Energy Agency. *Saving Oil in a Hurry*. 2005.
http://www.iea.org/Textbase/publications/free_new_Desc.asp?PUBS_ID=1474.

Quantification Methods:

This analysis quantifies the GHG reductions as a result of reduction of vehicle speeds from the existing speeds of 65 and 70 mph for trucks and passenger vehicles, respectively, to 60 mph for both vehicle types. As a first step, fuel savings are calculated from reductions in travel speeds by different vehicle types. Vehicles were classified by availability of VMT statistics as passenger vehicles (including LDVs with two axles and four wheels), medium trucks, and heavy trucks. Only rural interstate VMT were considered in the analysis and accounted for cruising speed. Acceleration and deceleration effects on emissions were excluded from the emission reductions. It was observed that an additional 53% of annual GHG reductions is possible with reduction of speeds to 55 mph. Cost savings were calculated at the rate of \$4/gal of fuel. The cost of increased travel times as a result of lower speed limits has not been considered in this quantification, but would be an important factor. Potential safety benefits from reduced speeds are also not quantified.

Automatic speed enforcement will be quantified by considering the capital costs and annual operating costs of installing speed cameras at intervals of 7 miles along interstates. An annual capture rate of 50% will be applied for the first year, and will be increased in 5% intervals in subsequent years.

Key Assumptions:

Key Uncertainties

TBD

Additional Benefits and Costs

TBD

Feasibility Issues

TBD

Status of Group Approval

Pending

Level of Group Support

TBD

Barriers to Consensus

TBD