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MEETING SUMMARY
ARKANSAS GOVERNOR'S COMMISSION ON GLOBAL WARMING
Energy Supply (ES) Technical Work Group (TWG)
Call #10, July 25, 2008
10:00 pm to 12:00 pm Central Time

Attendees

GCGW: Nick Brown, Joan Cash, Rob Fisher; Art Hobson, PhD.; Kevan Inboden; Robert McAfee, PhD; Hugh McDonald; Gary Voight

Governor's Office: Jillian Hicks

Advisory Body Members: John Bethel, Maria Haley

Center for Climate Strategies (CCS): Tom Peterson, Bill Dougherty, Joan O'Callaghan

Background Documents (All posted at www.arclimatechange.us/ee.cfm)

1. Notice and Agenda
2. PowerPoint for Teleconference
3. Draft ES Policy Option Descriptions
4. Call #9 Meeting Summary

Introductions and Review of Agenda

Tom Peterson initiated the call and welcomed the participants, completed a roll call of the members of the ES TWG, GCGW Advisory Body, and public; and briefly reviewed the agenda for Call #10. The meeting focused on the analytical approach being used to develop of the GHG forecast and quantify the ES policy options. Peterson added that earlier materials concerning the Arkansas inventory and forecast (I&F) had been discussed during teleconference Meeting #6 on 6/2/08, and information on Appendices A and E can be found on the GCGW Web site.

Discussion of Analytical Framework

Bill Dougherty explained that the development of a Reference Forecast (i.e., a baseline) is critical to the quantification of the policy options' greenhouse gas (GHG) emission reductions and costs or cost savings. He noted that any increment above and beyond the baseline is the focus of the analysis. Peterson added that the baseline includes existing and formally planned actions—not potential actions.

The overall framework for developing the GHG mitigation analysis assumes two reference case scenarios. Reference Scenario #1 includes all planned capacity additions/retirements without the Hempstead plant. Reference Scenario #2 includes all planned capacity additions/retirements

including the Hempstead plant. The TWG agreed to these two scenarios during the discussion of the analysis for option ES-7 during Call #9 on 8 July.

Electricity Sales Growth

A TWG member questioned the basis for the 1.37%/year assumption for electricity sales growth rate over the 2005–2025 period. Dougherty responded that the figure is based on the U.S. Department of Energy/Energy Information Administration (EIA) *Annual Energy Outlook 2007* (AEO 2007) for the Southwest Power Pool (SPP)/Southeastern Reliability Council (SERC) region. The model assumes business as usual without a carbon capacity constraint. Dougherty will check this assumption on the baseline. A TWG member asked about the 60,612 GWh figure being used for all sector sales in 2025, noting he recalled an earlier figure around 67,000 GWh. Dougherty will check the I&F for inconsistencies. After an extensive discussion of the **TWG concluded that 1.37%/year is a reasonable assumption for future electricity sales growth.**

Members should contact Dougherty for access to draft spreadsheets (these will not be posted on the website) where GHG emissions and mitigation option analysis are calculated (<mailto:billd@sei-us.org>) as well as for any additional information on price elasticity and the basis for the 1.37% assumption. TWG members can access AEO2007 directly at: [http://tonto.eia.doe.gov/ftproot/forecasting/0383\(2007\).pdf](http://tonto.eia.doe.gov/ftproot/forecasting/0383(2007).pdf).

Capacity Expansion

A TWG member noted that the 9,002 MW figure for electric generating capacity in the state may be low for total capacity but high for just capacity additions. A TWG member will send Dougherty a list of generating facilities in Arkansas in 2005 with IPP or merchant generation and cogeneration.

Another TWG member said that no capacity retirements or deratings isn't a reasonable assumption. It was noted that the competitive environment makes publishing the sensitive data particularly difficult. After much discussion, the **TWG approved the current (zero) capacity retirements or deratings assumption as a basis for analysis.**

There may be a need for importing electricity to satisfy demand within Arkansas. **The TWG agreed the GHG forecast will be subject to the criteria that Arkansas' electricity demand is met by in-state capacity. Any additional capacity needed to satisfy this criteria would be met by natural gas combined-cycle technology.**

Dates and Times for Next GCGW Meetings

- Meeting #8, Thursday, July 31, 2008, 9:30 am – 4:30 pm CDT
- Meeting #9, Tuesday, September 9, 2008, 1:00 pm – 3:00 pm CDT
- Meeting #10, Thursday, September 25, 2008, 1:00 pm – 3:00 pm CDT

Peterson explained that policy options that won't be quantified will be presented at the GCGW meeting on 7/31/08 for the commissioners' approval. As the quantification progresses, additional options will be presented for approval during the September GCGW meetings.

Dates and Times for Next ES TWG Meetings

- Meeting #11, Friday, August 8, 2008, 1:00 pm – 3:00 pm CDT
- Meeting #12, Thursday, August 28, 2008, 1:00 pm – 3:00 pm CDT

During the next teleconference call, the TWG will respond to comments from the 7/31/08 GCGW meeting.

Public Input and Announcements

None.