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Meeting #9 Summary
Governor's Commission on Global Warming
Little Rock, Arkansas
September 9, 2008

Attendees:

GCGW: Nick Brown, Jerry Farris, PhD, Rob Fisher, Richard Ford, PhD, Miles Goggans, Art Hobson, PhD, Kevan Inboden, Christopher Ladner, Elizabeth Martin, PhD, Robert McAfee, PhD, Hugh McDonald, Annette Pagan, Bill Reed, Cindy Sagers, Jeffrey Short, Kevin Smith, Rep. Kathy Webb, and by phone Aubra Anthony

Advisory Body: Jane Anderson, Adrian Baber, Karen Bassett, Lawrence Bengal, Chris Bensen, Alice Wright and Lori Burrows (for John Bethel), Jenny Ahlen (for Maria Haley), Nancy Ledbetter, Teresa Marks, Grace Ellen Rice, John Shannon, Terry Tucker, Ed Swaim (for Randy Young)

Governor's Office: Jillian Hicks, Andrew Parker

Arkansas Bureau of Legislative Research: Gina Mercer, Carol Stapleton

Center for Climate Strategies: Tom Peterson, Lewison Lem, Joe Pryor, Randy Strait, and by phone, Hal Nelson

Others: See Attachment for Members of the Public Who Attended GCGW Meeting #8.

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

1. Notice and Agenda
2. PowerPoint Presentation
3. Draft Summary of GCGW Meeting #8
4. CCS Memo to GCGW on Preparation for Meeting #9
5. Policy Option Descriptions for Analysis

Discussion and Conclusions:

1. Welcome and Introductions and Review of Day's Agenda

The Governor's Commission on Global Warming (GCGW) Co-chair Kevin Smith opened the meeting and asked the members of the GCGW Advisory Body to identify themselves. He also noted that in the interest of time, the public comment session was moved to the end of the meeting agenda. He then provided a review of the charge to the Commission in his opening remarks. The GCGW will need to decide on its final recommendations during today's meeting and the last meeting on September 25th. Therefore, it will be important for the GCGW members to work through each of the options efficiently in order to complete its work.

Tom Peterson of the Center for Climate Strategies (CCS) briefly reviewed the agenda for the meeting.

2. Approval of Draft Summary of GCGW Meeting #8

The GCGW approved the draft summary of GCGW Meeting #8 without any revisions.

3. Dates and Times for Next GCGW Meetings

The final GCGW meeting will be held on September 25, 2008.

4. Causes and Risks of Global Warming, and Federal Climate Change Issues

Co-chair Smith provided a brief summary of the public meeting last evening noting that several members of the public spoke. Dr. Virginia Burkett, Chief Scientist for Global Change Research, U.S. Geological Survey, spoke on “Physical Science Basis and Implications for the U.S. Southeast” and Mr. McKinstry, Partner of Ballard Spahr Andrews & Ingersoll, LLP, spoke on “Climate Change Science, Uncertainty & Law, as Presented to the U.S. Supreme Court.” Co-chair Smith introduced Mr. McKinstry to the Commission and opened the floor for members of the Commission to ask Mr. McKinstry questions.

5. Review of GCGW Process Status and Draft Results

Peterson noted that the GCGW will begin its final approval of options today. He then reviewed several slides that summarize the draft quantification results. He noted that the information presented today are draft results and will change; the presentation today is to orient the GCGW to how the cumulative results are organized and compared to the reference case forecast to estimate overall emission reductions and costs for the state. These results will be updated to incorporate the GCGW’s comments today and to include the results for options for which the quantification has not yet been completed. The cumulative results are “scrubbed” to eliminate potential double counting where options overlap.

6. Review and Approval of the Policy Designs for Quantification

ENERGY SUPPLY (ES)

Bill Dougherty (CCS) provided a brief overview of the ES options, identifying revisions that the Technical Work Group (TWG) had made to the options since the last GCGW meeting, and ES TWG members provided additional information in responding to the GCGW’s questions and comments. The following options are ready for the GCGW’s review and final approval: ES-1, ES-2, ES-6, ES-9, and ES-11. The inventory and forecast is also ready for review and comment by the GCGW to provide guidance on which reference case to use going forward to support quantification of the policy options.

Dougherty noted that the quantification for ES-4 (Grid-Based Renewable Energy Incentives and/or Barrier Removal), ES-8 (Transmission System Upgrades), and ES-10 (Carbon Tax) has not yet been completed, and these options will be deferred until the GCGW’s next meeting. The GCGW decided to delay review of the following options

until its next meeting in order to allow further work to be completed by the TWG: ES-3a (Renewable Portfolio Standard (RPS)), ES-3b (Renewable Energy Feed-In Tariff (REFIT)), ES-5 (Approaches Benefiting From Regional Application), and ES-7 (Geological Underground Sequestration for New Plants).

A GCGW member noted that consideration of some of the options is linked; for example, consideration of a carbon tax could potentially affect or interact with other options. They noted that a carbon tax would simplify things as it is a direct and more desirable approach to reducing GHG emissions. Peterson and Dougherty clarified that for market-based mechanisms to work, they need supporting mechanisms (e.g., other options).

The GCGW decided to approve ES-1 and ES-2 without further discussion.

Summary of Comments and Responses to Questions:

ES-6 (Combined Heat and Power) and ES-11 (Efficiency Improvements and Repowering of Existing Plants)—Under Implementation Mechanisms, members asked that the following information be added: “For utilities subject to the authority of the Arkansas Public Service Commission (APSC), the APSC should review any allocations that are subsidies coming from ratepayers, and ensure that there is not inappropriate cross-subsidization between classes of consumers. For utilities (e.g., municipal utilities) that are not subject to the authority of the APSC, the governing body for the utility should review any allocations that are subsidies coming from ratepayers and ensure that these are not inappropriate cross-subsidization between classes of consumers.”

ES-9 (Nuclear Power)—Several GCGW members agreed that the GCGW should support nuclear power, because it is an important source of baseload capacity and has low GHG emissions. A question was raised if the group would be in favor of adding “strongly supports” new nuclear power. Another member would like to see language to support incentives for new nuclear, and another member was concerned about the waste disposal issue for new nuclear energy. Others noted that mechanisms for disposing of nuclear waste have not been developed; they do not support including the word “strongly,” unless a statement is included to say “when the technology becomes available.” A member referred other members to a pro nuclear Web site called (<http://www.cleansafeenergy.org>) with extensive information.

A question was asked about how waste disposal costs are included in the quantification of this option. Dougherty responded that the interim storage of waste from the fission process is included in the fixed and variable operation and maintenance costs. However, the ultimate disposal or long-term disposal costs are not included, as this is tricky because the costs would need to be spread across all plants that come on line, and decommissioning costs would need to be included.

The GCGW decided that the word “strongly” would not be added to the policy statement. Co-chair Smith asked two members concerned about waste disposal issues to contact Dougherty to decide if the language under “Key Uncertainties” should be revised to clarify the nuclear waste issue.

ES Voting:

- ES-1 (Green Power Purchases and Marketing (Transfer to RCI-7))—unanimous approval to moving this option to RCI-7; no objections.
- ES-2 (Technology Research & Development)—unanimous approval; no objections.
- ES-6 (Combined Heat and Power)—unanimous approval with the revisions noted; no objections.
- ES-9 (Nuclear Power)—unanimous approval; no objections.
- ES-11 (Efficiency Improvements and Repowering of Existing Plants)—unanimous approval with the revisions noted; no objections.
- Inventory and Forecast—unanimous support for Scenario 2, which includes both the Plum Point and Hempstead coal plants (without carbon sequestration) in the business-as-usual forecast for the purpose of analyzing the incremental impacts of the policy options.

Inventory and Forecast

Dougherty presented the revised inventory and forecast and explained the two reference case scenarios. Scenario 1 includes the Plum Point coal plant but does not include the Hempstead Co. (Turk) coal plant. Scenario 2 includes both of these plants. He noted that although this information has been reviewed by the TWG, the TWG has not provided a recommendation on which scenario to use. Dougherty noted that it is important for the GCGW to provide guidance to the TWG on if it prefers one scenario or the other; or if it wants the TWG to continue to perform analyses using both scenarios. If the GCGW selects one scenario, it will significantly decrease the number of sensitivities to analyze.

The GCGW discussed the merits of both options and agreed to approve Scenario 2 to be used for the reference case. Some members expressed concern that this decision might be interpreted as endorsing coal-fired power plants; however, members clarified that this decision is simply to support the analytical effort for the ES options.

AGRICULTURE, FORESTRY, AND WASTE MANAGEMENT (AFW)

Joe Pryor (CCS) provided a brief overview of the AFW options, identifying revisions that the TWG had made to the options since the last GCGW meeting, and AFW TWG members provided additional information in responding to the GCGW's questions and comments. The following summarizes the GCGW's questions and comments for AFW-4 and AFW-7; there were not clarifying comments or questions for the other pending options.

Summary of Comments and Responses to Questions:

AFW-4 (Expanded Use of Agriculture and Forestry Biomass Feedstocks for Electricity, Heat, or Steam Production)—A request was made to include in Table 4-4 the potential costs of native seasonal grasses.

A GCGW member asked why the analysis of this option assumed the replacement of coal with biomass, rather than natural gas with biomass. In response, the TWG assumed that

biomass would replace baseload rather than peaking units and, therefore, would displace coal rather than a natural gas plant. It was noted that natural gas units are likely to be the technology of choice from a marginal dispatch standpoint. A member noted that biomass could also replace a stationary liquid fuel source. A request was made to include under Key Uncertainties that although biomass's physical generation attributes may lend themselves to replacing coal, the feedstock price indicates that it is more likely to be dispatched at the margin, where it is likely to be displacing such higher-cost/lower-emission sources as natural gas. Add this discussion and add additional column to Table 4-5 indicating natural gas costs. Displacement of natural gas (rather than coal) will likely reduce emission savings and reduce the total cost of implementing the option. A member noted that the assumed cost per million British thermal units for biomass in Table 4-4 is closer to the cost for natural gas than coal. The GCGW agreed to have the costs for natural gas added for comparison purposes; it is not necessary to revise the analysis.

On page 25 under “energy crops,” a GCGW member was concerned with using “marginal agricultural land” here for several reasons (e.g., it is not practical for developing bioenergy in Arkansas, would not necessarily be carbon neutral, could stop the growth and sale of cellulosic fuels in Arkansas). The member also noted that the federal government and landowners have set aside marginal lands, so the member is not in favor of using marginal lands to promote growth of biomass for energy use. The GCGW agreed to remove “marginal” from the language in the document. The analysis remains unchanged.

A clarification was made that the Policy Design for “Energy From Livestock Manure and Poultry Litter” is to utilize 10% of available energy from livestock manure and poultry litter for renewable electricity, heat, and steam generation by 2025; it is not intended to get 10% of the available energy in Arkansas coming from livestock and poultry litter.

AFW-7 (Forest Management and Establishment for Carbon Sequestration)—A definition for sustainable forestry was added under the Policy Design section of the policy option description. In response to a question from a GCGW member, the TWG is not aware of local or regional standards for defining sustainable forestry. It was noted that the current definition is fine, but if additional references can be identified, they should be included.

A request was made for the TWG to clarify the term “fire,” where used to note the differences between wildfire and prescribed burning. Note that wildfire can have negative consequences on ecosystems and GHG emissions, while prescribed burning can have both ecosystem and GHG emission benefits through reduced wildfire intensity. The GCGW supports the use of prescribed burning.

In Table 7-9, a member asked why are the costs for tree planting constant from 2005 to 2025, while the costs for other cost items in the table increase. It was explained that this in part because the tree-planting costs are not discounted, while the other cost items are. It will be noted under Key Uncertainties that while planting costs may increase across the period, costs are assumed to remain constant in real terms across the period.

AFW Voting:

- AFW-2 (Promotion of Farming Practices That Achieve GHG Benefits [Soil Carbon and Nutrient Efficiency]) —super majority approval; one objection based on negative costs.
- AFW-3 (Improved Water Management and Use [Increased Surface Water and Improved Purification])—super majority approval; one objection based on negative costs.
- AFW-4 (Expanded Use of Agriculture and Forestry Biomass Feedstocks for Electricity, Heat, or Steam Production)—super majority approval with the revisions described above; one objection based on negative costs.
- AFW-5 (Expanded Use of Advanced Biofuels)—unanimous approval; no objections.
- AFW-6 (Expanded Use of Locally Produced Farm and Forest Products)—unanimous approval; no objections.
- AFW-7 (Forest Management and Establishment for Carbon Sequestration)—unanimous approval with the revisions noted; no objections.
- AFW-8 (Advanced Recovery and Recycling) and AFW-9 (End of Use Waste Management Practices)]—super majority approval; one objection based on negative costs.

One member objected to the negative costs (indicating a cost savings) for these options, unless the cost savings can be clearly pointed out. The member noted that options with negative costs usually occur because the analysis of the options has not accounted for all costs; if these options had such great savings, people would be doing them without regulatory requirements. The member asked that his objection be recorded for all options (for all sectors) that have negative costs.

Inventory and Forecast

The TWG recommends that in the inventory and forecast report, activity and emissions for manure management be broken out by animal category. The breakout of the activity and emissions is provided in slides in the PowerPoint presentation. The GCGW approved this.

In addition, Pryor reviewed GHG estimates associated with catfish farming, and noted that the estimates are low relative to other sources. The TWG recommends that the methodology, assumptions, and estimates be included in the appendix for the agricultural sector in the inventory and forecast report; however, because of the uncertainty of the estimates, the TWG recommends that the emissions not be included in Arkansas' GHG account. The GCGW approved this recommendation.

A member asked for clarification on where CO₂ emissions taken up by crops are included in the inventory. The member will object to the agriculture portion of the inventory and forecast until he receives an explanation. It was noted that AFW-2 is focused on sequestering soil carbon. Pryor and Strait noted that they would look into this and provide an explanation.

[Note: After the meeting Pryor and Strait researched this and provided the following response: The inventory and forecast was prepared following U.S. EPA and IPCC methods. These methods only include estimates for soil carbon; above-ground agriculture carbon is not considered to be sequestered, as this re-enters the natural carbon cycle; it is lost to the atmosphere through respiration or decomposition either directly or indirectly (e.g., used as energy as animal feed or by humans); and some of the above-ground carbon is internally transferred to soils. Carbon sequestration in agriculture is below ground in the form of soil carbon (i.e., the result of the photosynthesis process).]

TRANSPORTATION AND LAND USE (TLU)

Lewis Lem (CCS) provided a brief overview of the TLU options, and TLU TWG members provided additional information in responding to the GCGW's questions and comments. Lem noted that the quantification of TLU-3, TLU-6, and TLU-8 is not yet complete, and will be deferred for discussion at the last GCGW meeting. Options that have been quantified and are recommended by the TWG for review and approval by the GCGW are TLU-4, TLU-5, TLU-7, and TLU-11. The TWG also recommends the non-quantified options TLU-1, TLU-2, TLU-9, and TLU-10 for review and final approval by the GCGW. The GCGW agreed to approve TLU-1 and TLU-10, as there were no questions or comments on these two options.

Summary of Comments and Responses to Questions:

TLU-2 (Research and Development for Renewable Transportation Fuels)—A GCGW member noted that there is a statement at the beginning of the policy option description that the state will provide funding, but no costs are mentioned; the quantification is included with TLU-3. A member felt uncomfortable deciding on TLU-2 without discussing TLU-3, since the quantification for both is combined under TLU-3. A question was asked if the \$4.2 million funding noted under goals for TLU-2 is not considered baseline funding; it is taken from a legislative bill that was not approved by the legislature. The GCGW asked that the TWG evaluate this further.

TLU-4 (Smart Growth, Pedestrian and Bicycle Infrastructure)—In the table on the first page of the policy option document, a GCGW member requested that the sign for the cost-effectiveness be changed from “less than” to “less than or equal to.” There were no objections to this clarification.

TLU-5 (Improve and Expand Transit Service and Infrastructure)—A member noted that in the last sentence of the 5th bullet under implementation mechanisms, the TWG agreed to change the 20% value to 5%–50%, so the sentence should read: “Regional Mobility Authorities throughout Arkansas should always include mass transit options in their considerations and should devote 5%–50% of their funding to mass transit options.” This widens the options for regional mobility authorities in the state. A member noted that this clarification was included in the document for today's meeting.

TLU-7 (Promote and Facilitate Freight Efficiency)—A GCGW member noted that the TWG recommends that the following (under Policy Design, the last bullet) be removed: “Supporting state and federal legislation to allow heavier tractor semi-trailer weights on highways.” This has been discussed with the TWG, and the TWG has no objections to it. On the first item, there was some objection to suggesting that trucks should be longer or

wider than they already are. This has to do with any truck, not just doubles. Longer or wider trucks raise concerns about if they would be able to meet infrastructure (e.g., bridges) limitations and impacts on roads. It was noted the corresponding bullets under Implementation Mechanisms would need to be removed also if approved by the GCGW, and that dropping this would not affect the quantification of this option. There was also a recommendation to remove the last two sentences of the first paragraph under the Policy Description, and to add the following sentence: “The state should offer incentives to truck carriers that invest in low-emission engines.”

Also, the TWG recommends adding the following as a bullet under Policy Design: “Provide incentives for more efficient trucks.”

TLU-9 (Fuel Efficiency: Clean Car Incentive)—A GCGW member asked if the TWG had considered the benefits of vehicle inspection and maintenance, as there is some information that indicates that there are benefits to good maintenance and keeping tires inflated for better fuel economy.

A GCGW member asked if the TWG has addressed vehicle inspections in any of the options. The TWG noted that vehicle inspection programs do not have a direct effect on in GHG emission reductions, but may have secondary benefits in that they identify needs for maintenance, and a well-maintained vehicle reduces GHG emissions. Lem noted that maintenance of vehicles (keeping tires inflated properly, unloading trunks, etc.) is discussed in TLU-9, but none of the options specifically addresses vehicle maintenance programs.

TLU Voting:

- TLU-1 (Study the Feasibility of Plug-In Vehicles)—unanimous approval; no objections.
- TLU-4 (Smart Growth, Pedestrian and Bicycle Infrastructure)—unanimous approval with the revisions noted; no objections.
- TLU-5 (Improve and Expand Transit Service and Infrastructure)—unanimous approval; no objections.
- TLU-7 (Promote and Facilitate Freight Efficiency)—unanimous approval with the revisions noted; no objections.
- TLU-9 (Fuel Efficiency: Clean Car Incentive)—unanimous approval; no objections.
- TLU-10 (Public Education)—unanimous approval; no objections.

RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL (RCI)

Hal Nelson (CCS) provided a brief overview of the RCI options, identifying revisions that the TWG had made to the options since the last GCGW meeting, and RCI TWG members provided additional information in responding to the GCGW’s questions and comments. RCI-6 (Incentives and Funds To Promote Renewable Energy and Energy Efficiency), RCI-9 (Support for Energy-Efficient Communities, Including Smart Growth), and RCI-10 (Energy-Savings Sales Tax) have not been vetted by the TWG, so it is recommended that the GCGW delay review of these three options until the next

GCGW meeting. The GCGW identified RCI-2a, RCI-2b, and RCI-7 for discussion. The GCGW moved to final voting for the remaining options, with the results reported under the RVI Voting section, below.

Summary of Comments and Responses to Questions:

A GCGW member asked if there are overlaps between RCI-9 and TLU-4 on smart growth. It was noted that the RCI options are focused on high-efficiency buildings, but also have sprawl reduction measures. TLU-4 was analyzed to exclude buildings, but may include measures related to street design and neighborhood layout. This potential for overlap will be evaluated and addressed in the cumulative analysis of options.

A GCGW member asked why the reduction value of RCI-4b is so low, considering the stock of existing buildings, whether there is any overlap with other options. Nelson noted that this option was quantified based on major retrofits; most of the energy efficiency to upgrade existing buildings that would not qualify as a major retrofit would be captured under RCI-2b. The reductions under RCI-4b are essentially one-third of the reductions under RCI-4a because of the assumptions used on the rate of major retrofits to new construction.

RCI-2a (Utility and Non-Utility DSM for Peak-Use Electricity)—This option reduces growth in peak demand. A GCGW member asked that existing programs in Arkansas be recognized in the policy option document so it is clear that these are in place. The member will provide information on existing demand-side management (DSM) programs to include in the document. A member noted that there is a difference between growth in peak electric demand and reduction in peak demand itself. Another member noted that demand is very inelastic relative to price, meaning that a significant increase in price does not result in a significant reduction in demand. The GCGW asked that the TWG clarify in the policy option document the assumptions used in the quantification (including clarification of the text in the first bullet under “Assumptions” noting that demand response measures reduce the growth in peak electricity demand).

A GCGW member asked what the effect of RCI-2 would be on consumers. A GCGW member responded that this option is in line with existing programs, is designed to serve the best interest of the consumers, and reduces energy demand to reduce the need to build new resources.

RCI-2b (Utility and Non-Utility DSM and Energy Efficiency for Electricity)—A GCGW member noted that although he supports RCI-2b, the goals indicate that in the first 5 years of the program Arkansas will eliminate 100% of the growth with energy efficiency or DSM programs. Also, a member asked if the analysis assumes that 100% of the annual growth beyond 2015 is achieved. Nelson responded that load growth is 1.4% per year, and that DSM ramps up to reach the 1.4% by 2015 and then continues from 2015 forward at the same rate. A member felt that this level of DSM is unrealistic, and has not been reflected in studies he has seen. A study provided by CCS to the TWG indicated that 1% per year was more realistic for DSM growth. The goals for this option need to be realistic in terms of what is recommended to the state legislature.

A GCGW member asked how a small utility would meet the targets in this option, when a big industry locates in its service area. Nelson responded that the goal is statewide;

some states have also addressed this issue through implementation mechanisms, such as pooling, that enable smaller operators to pool their compliance to reduce administrative costs. The European Union is looking at trading energy efficiency deployment, so if one utility has a very successful program it can trade credits to other utilities. A GCGW member noted that the TWG's goal for this option was to be aggressive in the future. The TWG felt that there is a lot of wasted electricity, and wanted to design a policy that would work toward reducing the wasted energy. It was noted that some utilities are looking at energy efficiency as a separate resource for meeting energy demand. There was clarification that the goals for this option are voluntary. A GCGW member noted that it is important that Arkansas utilities be able to provide the correct kinds of baseload capacity. On the other hand, two other members noted that Arkansas has lost three industries recently because of the lack of green power for them to use. It was noted that RCI-10 references RCI-2b, but the voting on RCI-2b does not affect the voting on RCI-10. Voting on RCI-10 will be separate.

RCI-7 (Green Power Purchasing for Consumers)—A GCGW member noted that the 2025 goal for RCI-7 seems to be very aggressive, unless this is mandatory for consumers. A GCGW member clarified that the option does not require consumers to purchase green power; this is a voluntary option. The GCGW approved revisions to the first bullet under the Goals section as follows: By 2025, this voluntary program incentivizes one of four residential customers to participate in green power purchasing programs, and those who do participate purchase up to 25% of their total electricity use from renewable resources. Under the Timing section, the GCGW requested the text be clarified as follows: Consumers participate in green power purchasing programs beginning in 2010, achieving the 25% goal linearly by 2025. This will be reviewed by the GCGW at its next meeting.

RCI Voting:

- RCI-1 (Improved Building Codes)—super majority approval; one objection based on negative costs.
- RCI-2a (Utility and Non-Utility DSM for Peak Use Electricity)—super majority approval with the revisions noted; one member objected to this option based on negative costs and the concern that the goals for energy efficiency are not feasible.
- RCI-2b (Utility and Non-Utility DSM and Energy Efficiency for Electricity)—majority with the revisions noted; seven objections. One member objected to this option based on negative costs; other members objected to the policy design, expressing concerns that this option could limit economic growth in the state.
- RCI-3a (Reduced Energy Use in New and Retrofitted State-Owned Buildings)—unanimous approval; no objections.
- RCI-3b (Reduced Energy Use in Existing State-Owned Buildings)—unanimous approval; no objections.
- RCI-4a (Promotion and Incentives for Improved New Building Design and Construction)—super majority approval; one objection based on negative costs.
- RCI-4b (Promotion and Incentives for Improved Existing Buildings)—super majority approval; one objection based on negative costs.

- RCI-5 (Education for Consumers, Industry Trades, and Professions)—unanimous approval; no objections.
- RCI-7 (Green Power Purchasing for Consumers)—unanimous approval; no objections with the revisions noted.
- RCI-8 (Nonresidential Energy Efficiency)—unanimous approval; no objections, with the addition of the following text under Implementation Mechanisms:

For utilities subject to the authority of the APSC, the APSC should review any allocations that are subsidies coming from ratepayers and ensure that there is not inappropriate cross-subsidization between classes of consumers. For utilities (e.g., municipal utilities) that are not subject to the authority of the APSC, the governing body for the utility should review any allocations that are subsidies coming from ratepayers and ensure that there is not inappropriate cross-subsidization between classes of consumers.

7. Public Input and Announcements

Several members of the public commented on the issues the GCGW is addressing. A brief summary of their comments will be provided as an addendum to this meeting summary.

8. Next Steps for GCGW Meeting #10

During the September 25 meeting, the GCGW will approve the remaining options that it does not approve today. Peterson emphasized the importance of attendance at the TWG meetings leading up to these meetings. The final report and recommendations to the Governor are due on October 31, 2008.

9. Adjourn

Co-chair Smith adjourned the meeting.

Attachment A

Members of the Public Attending Arkansas GCGW Meeting #9
Little Rock, Arkansas
September 9, 2008

Name	Organization
J.P. Bell	Physician
Joe Bender	Clean Air Arkansas Coalition
Brian Bond	Southwest Electric Power Company
Clint Boshears	Clean Air Arkansas Coalition
Shelly Buonaeto	Clean Air Arkansas Coalition
Michael Buonaeto	Clean Air Arkansas Coalition
Randy Eminger	ACCCE
Tommy Foltz	Arkansas Biofuels Alliance
J.D. Harper	Arkansas Manufactured Housing Association
Robert Huston	Clean Air Arkansas Coalition
Eddy Moore	Arkansas Public Policy Panel
Nathan Pittman	Arkansas Soy Energy Group
Jack Sundale	Citizen
Joe Sundale	Citizen
Gladys Tiffany	Omni Center for Peace, Justice and Ecology

Attachment B

Public Comments During GCGW Meeting #9

Randy Eminger (American Coalition for Clean Coal Electricity)

In 2001, average Arkansans spent 11% of their income on energy costs; in 2008, that figure rose to 19%. About 123,000 families in Arkansas are living below the poverty level, and spend 34% of their income on energy costs. While there may be a global warming trend, that trend is not evident in Arkansas.

J.D. Harper (Arkansas Manufactured Housing Association)

The GCGW should amend RCI-1 to acknowledge ongoing efforts by the manufactured housing industry to enhance the energy efficiency of manufactured homes.

Tommy Foltz (Arkansas Biofuels Alliance)

The GCGW should support the production of cellulosic biofuels. AFW-5 precludes first-generation biofuel technology. Arkansas should simultaneously be using the technology that's available today while working toward advanced biofuels. Foltz offered to share with the GCGW the language that he is recommending be added to AFW-5.

Nathan Pittman (Arkansas Soy Energy Group)

The GCGW should expand the program for strengthening the Arkansas biodiesel industry because biodiesel burns clean and significantly reduces GHG emissions, local biodiesel feedstocks are abundant, biodiesel is cost competitive compared to fossil fuels, and the state has several existing biodiesel producers. Non-food feedstock should be evaluated as they become available.

Eddy Moore (Arkansas Public Policy Panel)

Under the Energy Supply policy options, the GCGW should account for some range of carbon pricing. Power companies have considered carbon pricing in modeling future opportunities, and private-sector markets and public service commissions take it into account as well.

J.P. Bell (Physician, Fort Smith, Arkansas)

Arkansas' air is becoming dirtier primarily due to emissions from coal-fired power plants. The GCGW should recommend that the state put a moratorium on building new capacity for coal-generated power plants, whose emissions are impairing the health of Arkansans.

Gladys Tiffany (Omni Center for Peace, Justice & Ecology and Clean Air Arkansas Coalition)

The GCGW should limit coal-fired electricity generation as much as possible.

Shelly Buonaeto (Omni Center for Peace, Justice & Ecology and Clean Air Arkansas Coalition)

Arkansans should limit the energy they use. The GCGW should recommend that the state provide tax credits to citizens who install solar, wind, and other renewable energy technology.

Michael Buonaeto (Omni Center for Peace, Justice & Ecology and Clean Air Arkansas Coalition)

The GCGW should limit coal-fired electricity generation as much as possible.

Joe Bender (Clean Air Arkansas Coalition)

A 600-MW coal plant will result in significant emissions of CO₂, SO₂, particulate matter, and mercury, threatening health and ecosystems. Arkansans need to use energy more efficiently, and the electrical grid needs to be decentralized. RCI-7 is a significant step toward reducing the state's emissions and boosting its economy.

Amos (Little Rock)

Northeastern and northwestern Arkansas have good wind resources. Potential producers of wind energy in the state are poised to start production as soon as Arkansas enacts legislation that offers producers of renewable energy financial incentives similar to those that other states offer.

Robert Huston (Clean Air Arkansas Coalition)

Building a coal-fired plant will have significant negative impacts on Arkansas' environment and economy.

Jack Sundale (Citizen)

There is no such thing as clean coal. Coal already accounts for a major share of Arkansas' GHG emissions. The state should place a higher tax on coal-fired electricity to discourage its use, and should encourage energy efficiency and the production of renewable energy.

Joe Sundale (Citizen)

The GCGW should recommend that the state make coal-fired electricity production the most expensive form of electricity to purchase, while maximizing economic incentives to citizens who install solar power and to local governments that provide the best available public transportation.