

Appendix F

Cross-Cutting Issues

Policy Recommendations

Summary List of Policy Recommendations

No.	Policy Recommendation	GHG Reductions (MMtCO ₂ e)			Net Present Value 2009–2025 (Million \$)	Cost-Effectiveness (\$/tCO ₂ e)	Level of Support
		2015	2025	Total 2009–2025			
CC-1 [†]	Greenhouse Gas Inventories and Forecasts	<i>Not Quantified</i>					Unanimous
CC-2 [‡]	State Greenhouse Gas Reporting and Registry	<i>Not Quantified</i>					Unanimous
CC-3 [‡]	Statewide Greenhouse Gas Reduction Goals or Targets	<i>Not Quantified</i>					Super Majority (3 objections)
CC-4*	The State's Own Greenhouse Gas Emissions (Lead by Example)	<i>Not Quantified</i>					Unanimous
CC-5*	Comprehensive Local Government Climate Action Plans	<i>Not Quantified</i>					Super Majority (1 objection)
CC-6*	State Climate Public Education and Outreach	<i>Not Quantified</i>					Super Majority (1 objection)
CC-7 [‡]	Optimizing Best Scale of Reduction Policies	<i>Not Quantified</i>					Unanimous
CC-8 [†]	Creative Financial Mechanisms	<i>Not Quantified</i>					Super Majority (1 objection)
CC-9*	Adaptation and Vulnerability	<i>Not Quantified</i>					Super Majority (1 objection)
CC-10 [†]	Climate Change-Related Economic Development	<i>Not Quantified</i>					Unanimous
CC-11 [†]	Regulatory Realignment in Government To Encourage Constructive Climate Action	<i>Not Quantified</i>					Super Majority (2 objections)

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

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

* The GCGW approved this option at Meeting #8 (July 31, 2008); 19 members present and voting (two by phone).

† The GCGW approved this option at Meeting #10 (September 25, 2008); 21 members present and voting (none by phone).

CC-1. Greenhouse Gas Inventories and Forecasts

Policy Description

Greenhouse gas (GHG) emission inventories and forecasts are essential for understanding the magnitude of all emission sources and sinks (both man-made and natural), the relative contribution of various types of emission sources and sinks to total emissions, and the factors that affect trends over time. Inventories and forecasts help to inform state leaders and the public on statewide trends, opportunities for mitigating emissions or enhancing sinks, and verifying GHG reductions associated with implementation of the Governor's Commission on Global Warming's (GCGW's) recommendations to the Governor.

Policy Design

Develop an inventory and forecast system that is aligned with national protocols and tailored to specific emissions/sinks found in Arkansas.

Goals:

1. Coordinate with the U.S. Environmental Protection Agency (EPA) on the development of a mandatory federal GHG reporting rule (see Fiscal Year [FY] 2008 Consolidated Appropriations Amendment).¹
 - a. This GHG rule will define sources, thresholds for reporting, and frequency of reporting, and can be used to define reporting standards for the previous year's emissions.
 - b. The rule will apply to the following gases: carbon dioxide (CO₂), methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
 - c. Forecasting of GHG emissions will be included as part of the state's responsibilities. In forecasting future GHG emissions, treatment of uncertainties should be transparent, be as consistent as possible across sectors and time, and to the extent possible, reflect multiple scenarios.
2. Gather all inventory-related information for all historical years through 1990. Develop a benchmark emissions estimate and associated gap analysis for all years, and identify missing data and/or additional information required.

Timing:

Implement refinement of the GHG inventory for previous and current time periods, as needed, to support implementation of the policy recommendations by the GCGW until the requirements of the U.S. EPA reporting rule on GHG emission inventories and forecasts become clear.

¹ 110th U.S. Congress, First Session, H.R. 2764: Consolidated Appropriations Act, 2008, <http://www.govtrack.us/congress/billtext.xpd?bill=h110-2764>, see Title II, Administrative Provisions, U.S. Environmental Protection Agency (EPA) (Including Rescission of Funds), pages 284 and 285.

Parties Involved:

- Arkansas Department of Environmental Quality (ADEQ).
- Forecast assistance provided by various other state agencies.

Other:*General Emissions Breakdown*

Anecdotally, it could be assumed that 1/3 of GHG emissions are from energy production sources, 1/3 are from mobile (transportation) sources, and 1/3 are from “other” (residential, commercial, industrial, agricultural, forestry, etc).

Implementation Mechanisms

ADEQ already gathers information for many sectors included in the GHG inventory. The larger Title V facilities submit data annually and should include the GHG pollutants as part of that submittal. ADEQ develops data for smaller facilities and for other sectors, such as mobile sources, every 3 years. The additional pollutants can be incorporated into this process. Eventually, it may be appropriate to require certain sources to report their GHG emissions.

Related Policies/Programs in Place*Federal Clean Air Act (CAA)*

Per the CAA, for several years ADEQ has been developing emission inventories for pollutants caused by stationary and mobile sources that contribute to the formation of the criteria air pollutants (i.e., ozone, carbon monoxide (CO), nitrogen dioxide, sulfur dioxide, fine particulate matter, and lead) and regional haze. The pollutants that contribute to the formation of the criteria air pollutants include CO, volatile organic compounds (VOCs), oxides of nitrogen (NO_x), oxides of sulfur (SO_x), lead metal and lead oxides, and fine particulate matter. The pollutants that contribute to the formation of regional haze include NO_x, SO_x, ammonia, VOC, fine particulate matter, and elemental carbon. Certain sources are reported every year; other sources are reported every 3 years. Currently, no GHGs are directly tracked or inventoried by ADEQ.

Type(s) of GHG Reductions

This recommendation is an enabling policy to encourage management, tracking, and ultimately reduction of GHG emissions. This recommendation does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

This recommendation could be considered an administrative and enabling function and may incur overhead costs. It will not directly reduce emissions per se, except where these data motivate individual companies or sources to reduce emissions for public relations purposes.

Data Sources: Many.

Quantification Methods: Several.

Key Assumptions: Development of inventories and forecasts on an ongoing basis will establish a baseline for GHG emissions and provide a monitoring tool for assessing the efficacy of the GCGW’s recommendations. Effective emission sinks can be identified and augmented. Public education and outreach will inform and involve citizens in the overall goal of GHG emission reductions. Forecasting will allow state officials to plan for, implement, and monitor necessary additions of emission sources or sinks to the emission cycle.

Key Uncertainties

- The adequacy of ongoing funding for a statewide GHG inventory and forecasting function.
- Appropriate resources to effectively integrate existing data into a central reporting system.
- The most effective frequency of reporting.

Additional Benefits and Costs

The preparation of periodic inventories and forecasts would most likely require additional resources. These resources are minimized but not eliminated by adding implementation of this recommendation to the existing emission inventory duties currently assigned to ADEQ.

Experience with GHG reduction efforts indicates that reporting entities are likely to realize cost savings as they begin to focus on ways to reduce energy use and emissions. Periodic public disclosure of GHG emission source and sink data in Arkansas may help to educate the public on opportunities for reducing GHG emissions and increasing carbon sequestration.

Feasibility Issues

- Incorporating the reporting and forecasting efforts into existing workload demands.
- Gathering the required data in a timely and consistent manner.
- Maintaining the skills and expertise to accurately forecast based on trends.

Status of Group Approval

Complete.

Level of Group Support

Unanimous.

Barriers to Consensus

Not applicable.

CC-2. State Greenhouse Gas Reporting and Registry

Policy Description

Greenhouse gas reporting reflects the measurement and reporting of GHG emissions to support both goal development and tracking and management of emissions. GHG reporting can help sources identify emission reduction opportunities, reduce risks, and potentially develop revenue associated with possible future GHG mandates by developing the required infrastructure in advance. Tracking and reporting of GHG emissions can also help in the implementation of periodic state GHG inventories. GHG reporting is a precursor for sources to participate in GHG reduction programs, opportunities for recognition, and a GHG emission reduction registry, as well as to secure “baseline protection” (i.e., credit for early reductions).

A GHG registry enables recording of GHG emission reductions in a central repository with “transaction ledger” capacity to support tracking, management, and “ownership” of emission reductions; establish baseline protection; enable recognition of environmental leadership; and/or provide a mechanism for regional, multistate, and cross-border cooperation. Properly designed registry structures also provide a foundation for possible future trading programs.

Policy Design

The reporting and registry functions go hand-in-hand. The reporting protocol and format must be aligned with the requirements of the registry provider. To be effective, the registry must be applied on a national level, with an international registry being preferred.

Goals: Encourage participation in a nationally recognized, voluntary reporting and registry program. Pay supplemental attention to protocol development for any particular sources or sinks/offsets that are specific to Arkansas. Strive to avoid duplication of reporting requirements on emission sources. Rely on the use of data that emission sources already report under existing and future state and federal programs to avoid duplication of reporting burden on the sources.

State of Arkansas

Participate in a reporting and registry program to develop knowledge on the reporting mechanism, reporting costs, registry requirements, and resource demands. Educate other private and public organizations on the requirements of participation.

Other Organizations

Facilitate and encourage voluntary participation in a reporting and a registry program. Acknowledge or provide incentives for local governments, academic and nonprofit institutions, and businesses and regulated industries.

Timing:

- Address state participation as quickly as possible.
- Develop a plan for encouraging organizations to participate in a reporting and registry program concurrent to the state’s participation in a program.

Parties Involved:

- Arkansas state agencies (lead by example).
- Local governments, academic and nonprofit institutions, and businesses and regulated industries.
- All GHG emission sources and sinks (both man-made and natural) should be included.

Implementation Mechanisms

The Climate Registry is a nonprofit partnership of states developing consistent, accurate, and transparent GHG emissions measurement protocols capable of supporting voluntary and mandatory GHG emission reporting policies for its members and reporting entities. Currently 39 U.S. states are members (www.theclimateregistry.org). The State of Arkansas should (1) join The Climate Registry as a board member for the benefit of sources in the state, and (2) itself become a reporter to The Climate Registry by requiring all state agencies to report GHG emissions through The Climate Registry. All “direct” emissions (Scope 1 emissions as defined by the GHG Protocol) and emissions associated with purchased power and heat (Scope 2 emissions) should be reported. Other indirect emissions (Scope 3 emissions) should be phased in over a period of 2 years after the start of the initial reporting effort. Direct and indirect reporting costs as well as results by agency should be presented in a public report. The reports associated with following years should include reference to previous year’s performance for tracking of performance.

The state should also provide reporting education and assistance for private entities to encourage their participation in The Climate Registry.

If and when a federal registry and reporting program is implemented, Arkansas will adjust its program as appropriate to align itself with the approved federal program.

Related Policies/Programs in Place*Existing Reporting and Registry Organizations*

- The Climate Registry, a nonprofit organization that supports a voluntary GHG emissions registry.
- The Canadian Standards Association, GHG CleanProjects™ Registry provides a portal to report and showcase a project’s GHG emission reductions or removals.
- The California Climate Action Registry is a private, nonprofit organization originally formed by the state of California. The registry serves as a voluntary GHG registry to protect and promote early actions to reduce GHG emissions by organizations.

Existing GHG Trading Organizations

- Launched in 2003, the Chicago Climate Exchange (CCX), is the world’s first and North America’s only active voluntary, legally binding integrated trading system to reduce emissions of all six major GHGs, with offset projects worldwide.
- The International Emissions Trading Association is working for the development of an active, global GHG market, consistent across national boundaries and involving all flexibility

mechanisms: the Clean Development Mechanism, joint implementation, and emissions trading.

Type(s) of GHG Reductions

This recommendation is an enabling policy to encourage adaptive management, tracking, and ultimately reduction of GHG emissions. This recommendation does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

The reporting and registry components of this policy recommendation would help position Arkansas entities for participation in an emission trading program should one develop in the future, leading to cost savings. Although establishment of a credible reporting program is essential for participating in a trading program, these elements do not reduce GHG emissions themselves. This recommendation could be considered an administrative and enabling function; it does not directly reduce GHG emissions by itself.

Data Sources: Many.

Quantification Methods: Quantification methods will be designed to follow standard, comparative, and accepted reporting protocols to support the exchange and sale of emission reduction credits, should this become a need in Arkansas.

Key Assumptions: None cited.

Key Uncertainties

None cited.

Additional Benefits and Costs

None cited.

Feasibility Issues

None cited.

Status of Group Approval

Complete.

Level of Group Support

Unanimous.

Barriers to Consensus

Not applicable.

CC-3. Statewide Greenhouse Gas Reduction Goals or Targets

Policy Description

Section 5 (Purpose and duties) of Arkansas Act 696 requires the GCGW to set forth a global warming pollutant reduction goal based on the commission's evaluation of the current global warming data, the assessment of global warming mitigation strategies, and the available global warming pollutant reduction strategies.² Consistent with this charge, the establishment of a statewide goal or target can provide vision and direction, a framework within which implementation of GCGW policy recommendations can proceed effectively, and a basis of comparison for periodic assessments of progress. Greenhouse gas reduction goals or targets recommended by the GCGW should be consistent with the parallel goal of an efficient, robust Arkansas economy. In pursuit of similar climate progress, at least 18 other states have established GHG reduction goals or targets.

Policy Design

Goals: The GCGW recommends that Arkansas establish a statewide, economy-wide goal to reduce the state's gross GHG emissions below 2000 levels by 20% by 2020, 35% by 2025, and 50% by 2035.

Timing: These goals should be adopted by the state by 2009.

Parties Involved: All parties statewide.

Implementation Mechanisms

The Arkansas Climate Change Center should prepare a report to the Governor and the State Legislature once every 2 years on the state's progress toward achieving the statewide GHG reduction goal in coordination with ADEQ and other state agencies as appropriate. This report should address each sector's progress toward reducing GHG emissions, identify the contribution of each sector's emissions (identified in the GHG inventory and forecast report) toward achieving the statewide goal, and identify future actions and resource needs.

Until the Climate Change Center is established, the state will decide on the appropriate lead agency or agencies for implementing this policy.

Related Policies/Programs in Place

Not applicable.

² State of Arkansas, 86th General Assembly, Regular Session, 2007. "Act 696: An Act to Establish the Governor's Commission on Global Warming; to Direct the Commission to Study Issues Related to Global Warming and the Emerging Carbon Market; to Establish a Global Warming Pollutant Reduction Goal and Comprehensive Strategic Plan; and for Other Purposes." Available at: <http://www.arkleg.state.ar.us/ftp/act/2007/public/act696.pdf>.

Type(s) of GHG Reductions

Not applicable.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Key Uncertainties

Uncertainty surrounds future growth rates in GHG emissions, as well as the timing and scope of implementation of the GCGW's policy recommendations.

Additional Benefits and Costs

Not cited.

Feasibility Issues

Not cited.

Status of Group Approval

Complete.

Level of Group Support

Super Majority (3 objections).

Barriers to Consensus

One member objected with concerns about the ability and high cost associated with reaching the 2020 goal since key technologies will not be available until 2020 or later. Two members objected to the 2025 and 2035 targets because they do not believe these targets are achievable.

CC-4. The State's Own Greenhouse Gas Emissions (Lead by Example)

Policy Description

State and local government entities are responsible for providing a multitude of public services that are delivered through very diverse operations and result in wide-ranging GHG emission production activities. Because of this role, they have the opportunity to model a diverse array of GHG emission reduction activities for a wide variety of clients. State and local government entities should take the lead in demonstrating that reductions in GHG emissions can be achieved by analyzing current operations, identifying significant GHG sources, and implementing changes in technology, procedures, behavior, operations, and services provided.

State government can also encourage and/or provide incentives to reduce GHG emissions by others in a variety of ways. One of the most important is to link GHG reductions to energy expenditures, and demonstrate that reduction in one leads to reduction in the other.

Policy Design

The GCGW recommends that Arkansas establish GHG reduction targets for state and local government operations and school districts, with an emphasis on energy efficiency for both transportation and nontransportation uses. The establishment of these targets will be helpful in setting an example for nongovernmental entities and will help agencies to focus on doing the necessary analysis. Reductions should be reported at the agency level. Thus, state and local government agencies or departments would first need to develop agency- or department-specific GHG emissions inventory data, ideally building on existing energy use reporting data. This would become the baseline data for ongoing emission reduction activities and measurement, which could be included in annual reporting for all entities. Agency and/or department reports would be aggregated into a summary report reflecting state GHG emissions. The Arkansas Climate Change Center should oversee the ongoing climate efforts of the government's agencies or departments, review their performance, and provide direction, guidance, resources, shared approaches, and recognition to agencies or departments and their employees that are working to reduce the government's GHG emissions.

Goals:

- Reduce GHG emissions from Arkansas state and local operations (including universities) consistent with the GHG emission reduction levels that the GCGW recommends for statewide GHG reduction goals or targets.
- Require all state and local agencies and school districts to make continual progress toward the goal, regardless of their starting point.

Timing: The state's efforts to "lead by example" in reducing its own GHG emissions should start immediately. The first annual report by agencies should be due by June 2010 or sooner. The second annual report should reflect initial progress in reducing GHG emissions as agencies begin to plan and implement operational changes.

Parties Involved: Coverage should include all operations of all state agencies including universities, authorities, quasi-state entities, local governments, and school districts.

Implementation Mechanisms

- The Arkansas Climate Change Center is charged with collecting energy use and cost data from state and local agencies (including state-supported institutions of higher education) and public school systems. Until the Climate Change Center is established, the state will decide on the appropriate lead agency or agencies for implementing this policy.
- To allow for sharing of information and success stories, the Arkansas Climate Change Center will convene a meeting of agency representatives annually or biennially. This meeting will facilitate education and outreach to agencies and employees, and will allow for recognition of agency progress.
- The state will evaluate development of state contracts for the procurement of low-GHG products.
- All state agencies should consider GHG emissions in their evaluations of environmental assessments and environmental impact statements and similar environmental studies. State agencies should consider life-cycle GHG emissions as they design and perform their day-to-day functions and services—for example, ADEQ in considering environmental assessments and environmental impact statements, the Arkansas Public Service Commission (APSC) in considering energy projects, the Arkansas Department of Transportation in considering transportation projects, etc. Even without authority to control or reduce GHG emissions, raising them for examination will help increase awareness and perhaps consideration of lower-GHG alternatives.
- In the future, the state should consider climate-neutral bonding (i.e., no net increase in GHG emissions within the bond-issuing agency’s geographical jurisdiction after the project becomes operational).

Related Policies/Programs in Place

None cited.

Type(s) of GHG Reductions

This recommendation is an enabling policy to encourage all state and local government operations and school districts in Arkansas to reduce GHG emissions. It does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Key Uncertainties

Uncertainty surrounds future growth rates in GHG emissions, as well as the timing and scope of implementation of the GCGW's recommended policies and funding mechanisms, including those associated with the state’s own GHG emissions.

Additional Benefits and Costs

Reductions in energy consumption can save money, and reductions in emissions can improve health.

Feasibility Issues

Implementation of this policy recommendation may incur costs associated with conducting energy audits (which are addressed under RCI-3b) and collection and management of the data needed to identify baseline levels and methods for reducing fuel consumption and associated GHG emissions. Reducing fuel consumption will reduce emissions and may result in an overall net savings associated with avoided fuel costs.

Status of Group Approval

Complete.

Level of Group Support

Unanimous.

Barriers to Consensus

Not applicable.

CC-5. Comprehensive Local Government Climate Action Plans

Policy Description

“Think globally, act locally” is the refrain often heard to bring action to bear on environmental issues within the average individual’s ability. Similarly, local government actions on climate change issues will be a keystone for achieving state and federal climate action goals. There is no single approach that can be universally applied at the local level; however, local communities are often the incubator for new approaches that can be further developed and applied on a larger level. Local governments will report on progress on climate change issues and will provide innovative, multi-sector solutions that will be shared with others through a clearinghouse or other mechanisms. The state will provide encouragement and assistance to local jurisdictions to sustain global warming objectives.

Policy Design

Local climate planning initiatives will address local mitigation opportunities, which may change over time. Existing, regional planning data will be used to develop climate change baselines for various, high-value-GHG sectors (transportation, energy use, waste generation, etc.) and to forecast changes or reversals in future growth. The local jurisdictions periodically will report their progress to the state on reducing global warming impacts, so a comprehensive baseline is important when setting GHG targets, developing long-term sustainability plans and local adaptation measures, and requesting resources.

Local governments have many approaches and motives for reducing GHG emissions. Jurisdictions participating in reducing global warming pollution more often than not are motivated by the desire to simply cut traffic, save tax money, clean the air, and improve the quality of life in their communities. Local governments may develop collaborative agreements with organizations that advocate for a specific approach in order to simplify access to mechanisms for achieving results.

Goals:

Beginning in 2009, the state will provide resources and materials to educate community planning and zoning officials about climate change, impacts, and opportunities. Regional meetings will be conducted to train local officials, discuss the state’s global warming program, and review other jurisdictions’ approaches and lessons learned, to emphasize assistance and resources and to underscore the value of collaboration. These meetings will be repeated periodically to:

- Identify individual community leaders who are acting effectively on climate change, and showcase and share their successes. Likewise, individual community leaders who are not yet acting on climate change should be encouraged to apply lessons learned. The state will host events periodically that focus on leading by example, sharing specifics on lessons learned and opportunities, and illustrating financial investments and payback, co-benefits, etc.

- Identify, assist, and leverage community-based organizations that have expertise or interest in climate-related issues. Work with community-based organizations to identify and build upon climate issues related to their core mission.
- Support and facilitate outreach and education within community-based organizations regarding climate change issues and actions. Establish a network of community-based organizations acting on climate change so they can collaborate, organize joint events, etc.
- Engage communities and students around university campuses to lead periodic meetings to reach out on climate change and discuss impacts, sector-specific mitigation actions, and adaptation opportunities.
- Sponsor university research on local government climate change initiatives, and periodically provide detailed information to the media about the outcome, benefits, etc.
- Encourage local communities to consider including the GCGW recommendations in their local action plans.

Timing: In FY 2009, identify local government leaders and model municipalities.

Parties Involved: Institutions, municipalities, service clubs, social and affinity groups, nongovernmental organizations (NGOs,) etc. Recognize leadership, share success stories and role models, and expand involvement and participation within civic society.

Implementation Mechanisms

Local governments across the United States are implementing energy efficiency and renewable energy actions that can have multiple benefits, including saving money, creating jobs, promoting sustainable growth, and reducing emissions of GHGs and other air pollutants. Organizations are focusing on global warming issues and local municipality action.

Local jurisdictions should be encouraged to collaborate with global warming projects with other municipalities in their region (including those out-of-state). Regional climate change initiatives may be more efficient than state-level programs, as they often eliminate duplication of work and benefit from economies of scale. For example, regional initiatives have begun developing systems that reduce CO₂ emissions from power plants, increase renewable energy generation, track renewable energy credits, and research and establish baselines for carbon sequestration.

Local Arkansas jurisdictions will choose specific climate change actions that bring the quickest return on investment and serve their populations the most. Local jurisdictions can use specific best practice actions for stand-alone programs or as part of a regional climate action plan to reduce GHG emissions. Best practices (such as the California Best Practices Framework³) offer a variety of options ranging from simple steps to more complex undertakings for city and county agencies. Best practices are available for a broad range of climate change actions relating to energy conservation, community design and land use, transportation, renewable energy, waste reductions, purchasing, etc.

³ Institute for Local Government, California Climate Action Network. "Best Practices Framework." Version 5.0. May 9, 2008. Available at: http://www.cacities.org/resource_files/26286.BestPracticesFramework%20v5.0.pdf.

Locally designed initiatives can provide an effective and cost-efficient way to achieve local, national, and global sustainability objectives. Local Governments for Sustainability (formerly the International Council for Local Environmental Initiatives [ICLEI]) provides technical consulting, training, and information services to build capacity, share knowledge, and support local governments in their implementation of programs to reduce pollution that causes global warming and in turn, reduce traffic, save money, and improve their communities' quality of life. Municipal leaders should be encouraged to join ICLEI's Cities for Climate Protection program and/or the U.S. Mayors Climate Protection Agreement.

Related Policies/Programs in Place

Eureka Springs, Fayetteville, Little Rock, and North Little Rock have signed the U.S. Mayors Climate Protection Agreement, and Fayetteville, Little Rock, and North Little Rock have joined the Cool Cities program.^{4,5} These jurisdictions may already be taking action to reduce GHG emissions, and may have already embarked on their own reporting plans.

Type(s) of GHG Reductions

This recommendation is an enabling policy to encourage local governments to develop and implement climate action plans to reduce GHG emissions. It does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Key Uncertainties

- The adequacy of ongoing funding for the state to assist local governments in developing plans.
- The availability of resources and expertise to local governments to develop and implement their plans.

Additional Benefits and Costs

Development and implementation of local plans will help the state to achieve its statewide GHG emission reduction goals. If local governments include energy efficiency and renewable and clean energy actions in their plans, these actions have multiple benefits, including saving money, creating jobs, promoting sustainable growth, and reducing emissions of GHGs and other air pollutants.

Feasibility Issues

None cited.

⁴ U.S. Conference of Mayors Climate Protection Summit. *U.S. Mayors Climate Protection Agreement*. November 1–2, 2007. Available at: <http://www.seattle.gov/mayor/climate/>.

⁵ See <http://www.coolcities.us/> and <http://www.acgov.org/coolcounties/>.

Status of Group Approval

Complete.

Level of Group Support

Super Majority (one objection).

Barriers to Consensus

One member objected on the grounds that this policy recommendation does not identify the basis and content of the educational resources and materials that will be developed.

CC-6. State Climate Public Education and Outreach

Policy Description

The key for long-term success of Arkansas' strategies for addressing climate change lies with increasing the awareness of the issue, as well as the societal costs of and benefits from adopting new policies and/or goals. Education of Arkansas' citizens, business leaders, and policymakers is integral to the successful implementation of changes to mitigate the effects of climate change on the state's environment, economy, and lifestyle. Outreach will extend Arkansans' personal and cooperative commitment to mitigate the effects of climate change to all sectors of endeavor as well as to future generations.

Policy Design

Climate literacy education and outreach would utilize the same practices as existing ADEQ practices. ADEQ has an established network for education and outreach for issues similar to climate literacy (e.g., pollution prevention, clean air). The education and outreach program would include aspects of global warming actions developed from other sectors (i.e., forestry, energy supply, agriculture). Collaboration with NGOs will facilitate public education and outreach and ensure that climate education is coordinated enough to be broadly effective.

The state will provide education and outreach funding for public information messages in the various media regarding Arkansas' climate literacy. Other incentives may include educational materials developed for K-12, university-level syllabi, and preferences in contracting for businesses that employ global warming mitigation practices and/or products. The target audiences will be evaluated periodically to determine the extent of knowledge and the efficacy of global warming outreach efforts.

Goals:

The GCGW recommends that this policy address, at a minimum, the following target audiences:

Target Audience: State Executive Agencies

The Governor should form a climate literacy education and outreach committee (coordinated by ADEQ) to educate the public and other audiences regarding the state's climate change action plan and associated policies, and to oversee outreach activities. The committee should consist of appointed members and should be supported by outreach coordinators from relevant state agencies (energy supply, forestry, agriculture, etc.). The committee should:

- Work with the Governor's Office and state agencies to ensure a coordinated effort to implement an effective program that is consistent with the review of climate literacy programs, curricula, and courses.
- Create and maintain one or more "outreach coordinator" positions in relevant executive agencies, specifically tasked with climate change issues.
- Assess the level (establish a baseline) of public understanding of the impacts of climate change and variability of (proposed) state-specific actions to deal with global warming.

- Establish a recurring awards program to recognize leadership and attainment of the goals and objectives of the Arkansas global warming action plan.

Target Audience: General Public

Increase awareness and engage in climate change actions in personal and professional lives.

- Educate broadcasters, reporters, editorial boards, etc., about climate change and the risks it imposes, and provide a subset of solutions. Work with state broadcasters and print media associations to develop and run climate change public service announcements.
- Develop and maintain a state climate change Web site for the public, including a clearinghouse of Arkansas-specific climate change information and resources.
- Work with existing business outreach efforts to customers to enhance awareness of climate change issues and opportunities.
- Provide—and advertise—marketplace incentives to adopt and purchase goods with the minimum carbon “footprint.”

Target Audience: Future Generations

Integrate climate change into educational curricula, post-secondary degree programs, and professional licensing to address the multidisciplinary approach to reduce adverse climate change effects.

- Ensure climate change public education (K-12) performance standards for science and social studies; identify gaps in climate change education and develop specific curricula to fill any gaps.^{6,7,8,9}
- Integrate “best practices” into public school design and construction, and use this as a means to educate the public about to educate students (and parents) firsthand in their communities and colleges.
- Organize groups of educators to identify, assemble, and employ climate change curricula appropriate to age groups. Make curricula and associated materials available to nonpublic-funded educational courses.
- Integrate climate change into core college curricula, and promote research into climate change and solutions at state universities; develop university “Centers of Excellence” on climate issues, new approaches, and technologies.
- Develop assessment tools to determine the impact of climate change curricula.

⁶ National Oceanic and Atmospheric Administration. Climate Program Office Web site. "Education Plan "and "NOAA's Requirements for Climate Literacy." Available at: <http://www.climate.noaa.gov/education/>.

⁷ National Aeronautics and Space Administration. Earth Observatory Web site. Available at: <http://www.earthobservatory.nasa.gov>.

⁸ U.S. Environmental Protection Agency. Climate Change Web site. Available at: <http://www.epa.gov/climatechange>.

⁹ National Science Digital Library Web site. Available at: <http://www.nsdlib.org>.

- Include climate change discussions at state-funded venues, such as science centers, zoos, and museums.

Timing:

FY 2009:

- Develop climate change educational objectives.

Fiscal Year 2010:

- Identify potential projects and resource needs.
- Develop appropriate educational materials and outreach programs, with the expectation of yearly increases for several years to reach additional audiences.

Parties Involved: Prospective target audiences are the general public, governmental leaders and staff (federal, state, and community), business and development, and higher education.

Implementation Mechanisms

- Recruit coordinators.
- Identify key individuals and groups within target audiences.
- Refine the message in collaboration with these individuals and groups.
- Facilitate the “spread” of the message.
- Develop an integrated climate-oriented approach to teaching science standards.

Related Policies/Programs in Place

ADEQ has an established network for education and outreach for issues similar to global warming (e.g., pollution prevention, clean air). The Arkansas Energy Office promotes energy efficiency and emerging technologies through energy education and information programs. The APSC also supports energy efficiency programs in the state. The Arkansas Game and Fish Commission also has an established network for education and outreach, including four conservation education centers located throughout the state. The Arkansas Agriculture Department and Forestry Commission also have well-established education and outreach programs, including administration of Arkansas’ Alternative Fuels Development Program.

Type(s) of GHG Reductions

This recommendation is an enabling policy to establish an effective climate change education and outreach program throughout Arkansas. It does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Key Uncertainties

Education and outreach on this scale are dependent upon recruitment of effective coordinators and key individuals within organizations. Managing the relationships with a variety of organizations and audiences may present a challenge.

Additional Benefits and Costs

Commitment to global warming education and outreach will most likely require additional resources. Additional funding may be required to support ADEQ coordination efforts and the education and outreach committee.

Feasibility Issues

Success will depend upon the attention and the energy input from the leadership throughout Arkansas.

Status of Group Approval

Complete.

Level of Group Support

Super Majority (one objection).

Barriers to Consensus

One member objected on the grounds that this policy recommendation does not identify the basis and content of the educational resources and materials that will be developed.

CC-7. Optimizing Best Scale of Reduction Policies

Policy Description

The Arkansas Climate Change Center should investigate optimization of scale for each specific GHG reduction considered by the state and report its findings in its annual reports. These investigations should include interstate and regional opportunities that optimize GHG reductions.

Policy Design

Goals: To guide the Arkansas Climate Change Center investigations, “optimization” should be interpreted as opportunities that further increase the state’s overall reduction goals by at least 1% per year, or accelerate the achievement of certain goals by at least one year.

Timing: As noted above.

Parties Involved: As noted above.

Implementation Mechanisms

Until the Arkansas Climate Change Center is established, the state will decide on the appropriate lead agency or agencies for implementing this policy.

Related Policies/Programs in Place

None cited.

Type(s) of GHG Reductions

This recommendation is an enabling policy to encourage the state to evaluate inter-state and regional opportunities that optimize GHG reductions. This policy recommendation does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Key Uncertainties

None cited.

Additional Benefits and Costs

None cited.

Feasibility Issues

None cited.

Status of Group Approval

Complete.

Level of Group Support

Unanimous.

Barriers to Consensus

Not applicable.

CC-8. Creative Financial Mechanisms

Policy Description

Allocation of some resources under existing state programs and initiatives can be targeted to achieving state climate goals. However, it is likely that additional resources may also be needed to implement the recommendations in the state plan. Therefore, the state and others will need to consider seeking and stimulating additional funding and investment in climate solutions identified in the state plan. Initiatives could include (but not limited to) establishing, promoting, and utilizing creative financing mechanisms for projects and products that reduce GHGs. Examples could include establishment of a State Revolving Loan Fund to finance products and services with low-carbon intensity, promotion of the use of “green products” procurement preferences, and establishment and promotion of greener buying cooperatives.

Policy Design

Goals: The state should establish a board to identify and procure funding from a broad range of sources to support implementation of this policy recommendation. The state should survey options within existing state economic development plans appropriate to support GHG mitigation policies within Arkansas. Until the Arkansas Climate Change Center is established, the state will decide on the appropriate lead agency or agencies for implementing this policy.

Timing: Establish funding by mid-2009.

Parties Involved: Arkansas Climate Change Center, state agencies, EPA, foundations, trusts, NGOs, companies, Arkansas Development Finance Authority.

Implementation Mechanisms

A State Revolving Loan Fund could be established to help offset costs to individuals, companies, etc., for projects that aim to reduce GHG levels through developing new technologies or implementing efficiency strategies/programs. A number of these types of programs already exist in the state, but are focused in particular areas or programs like water allocation, for example. Additional options should include the compiling of funding programs that could have the potential for financial assistance, such as foundations, nonprofits, trusts, etc. An examination of other potential revenue sources from some tax base should also be considered. The idea of “creative” funding sources should be diverse and not limited to just one potential source in an effort to put as many options as possible on the table. It is foreseeable that these programs could be managed in coordination with the Arkansas Climate Change Center and state agencies. Examples of possible funding instruments and activities include the following:

- Establish a State Revolving Loan Program by mid-2009 focused on reducing GHGs in Arkansas.
- Pursue potential tax options that would help fund the GCGW's recommendations.
- Establish a database of potential funders interested in or having a record of funding environmental projects, like foundations or organizations.

- Pursue the potential for ballot initiatives, such as impact fees.
- Examine state incentive opportunities that might include tax credits.
- Establish innovative financing programs for residential and commercial ratepayers to more reasonably finance the up-front capital costs of adding efficiency improvements and renewable energy systems to their homes and small- and medium-size businesses and companies (refer to the U.S. Business Small Administration guidance for defining the size of businesses and companies).

Related Policies/Programs in Place

None cited.

Type(s) of GHG Reductions

This recommendation is an enabling policy to encourage the state to develop creative financial mechanisms that facilitate mitigation of GHG emissions. It does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Key Uncertainties

None cited.

Additional Benefits and Costs

None cited.

Feasibility Issues

The availability of resources for establishing a revolving loan fund.

Status of Group Approval

Complete.

Level of Group Support

Super Majority (1 objection).

Barriers to Consensus

One member objected to including reference to a tax in this policy without indicating who would be taxed.

CC-9. Adaptation and Vulnerability

Policy Description

The Governor's Office should seek government and private funding to help secure efforts for long time monitoring of climate change in the state. A climate change analysis center (i.e., Arkansas Climate Change Center) for the collection and analysis of this data should be established using these funds.

Along with tracking the climate change data, Arkansas should encourage the development of a plan to manage the projected impacts of climate change on the state and to reduce the state's contribution to GHGs. The state should work with industries and research universities to create an Arkansas Climate Change Center. The establishment of the Center should attract more researchers and scientists to the state to help stimulate industrial partners for new economic development and to create new "green" jobs for the state's citizens.

Along with existing local, state, and federal agencies, the Arkansas Climate Change Center may help to address the impact of climate change. The impact issues would include identifying the climate change risks to: humans (e.g., factors that could contribute to disease); water resources (e.g., risk factors that could cause flooding, drought, pollution of waterways); temperature-sensitive populations (e.g., factors that could place immunocompromised individuals at even greater health risks); and ecosystems (e.g., animals and plants that may be affected by changes in their environment). Along with these adverse changes in the natural environment, climate change could also harm Arkansas' energy, transportation, and communication systems; vital infrastructure (including public facilities); and entire economy. The analysis of these risks along with occurring climate change data can be used to create a model to project future problems and hopefully develop solutions to address these issues.

Coordinated responses to climate change issues should be put into effect through the appropriate local, state, and federal agencies to address encountered problems.

Policy Design

Goals and Timing:

As soon as possible, the Governor's Office will:

- Encourage grant writing with goals to acquire funds to establish an Arkansas Climate Change Center.
- Develop an Arkansas Climate Change Center, joining industry and research universities, which will continually work toward solutions for climate impact issues.
- Have established agencies in place to address climate change impact issues that will be constantly occurring.

- Have the Climate Change Center in place to record and analyze climate data that can be shared with other states and regions and used to create models to project detrimental climate change issues and to broadcast these projections in advance.
- The Arkansas Climate Change Center should work with the Parties Involved, listed below, to monitor data and analyses and address arising climate change issues.

Parties Involved: Arkansas Department of Natural Resources, National/State Weather Forecasters, Arkansas Department of Forestry, Arkansas Department of Energy, Arkansas Department of Transportation, Arkansas Department of Agriculture, Arkansas Department of Economic Development, Ducks Unlimited, Audubon Society, U.S. Army Corps of Engineers, Centers for Disease Control, the State University Systems, National Institutes of Health, National Science Foundation, NGOs,, National Oceanic and Atmospheric Administration, and U.S. EPA.

Implementation Mechanisms

To be addressed by the Governor’s Office.

Related Policies/Programs in Place

Federal and state agencies, such as U.S. EPA, national and state weather forecasting agencies, the U.S. Army Corps of Engineers, the Federal Emergency Management Agency, etc., have been in place to address various environmental issues and emergencies that may arise that may or may not be covered by this policy recommendation.

Type(s) of GHG Reductions

Not applicable.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Data Sources: Reports from various “parties involved,” such as reports from national weather forecasters, the Centers for Disease Control, U.S. EPA, etc.

Quantification Methods: The Arkansas Climate Change Center will acquire quantitative reports from the federal and state agencies mentioned and organize these into a complete report that would present a broad, overall analysis of the environmental impacts.

Key Assumptions: National and regional agencies will be in place to share data and be involved in national and regional analyses and modeling of future impacts.

Key Uncertainties

- The acceptance of the federal government to approve CO₂ and other GHGs as pollutants, and to set regulations for controlling these pollutants.
- The uncertainty of the ultimate impact of GHGs on the state/national/global environment.
- The willingness of regional acceptance and participation in joint programs to help address the issues.

Additional Benefits and Costs

- Benefits would include:
 - Produce more “green” jobs for the state;
 - Raise public awareness so that citizens can understand the environmental, economic, and social impacts of GHG emissions and to reduce these levels on an individual level;
 - Create a healthier environment by reducing GHGs; and
 - Have emergency plans in place to address issues that may arise from drastic environmental changes.
- An additional cost may be if the Arkansas Climate Change Center fails from lack of funding, and the impact of this loss falls back onto the previously existing state/federal agencies.

Feasibility Issues

The success of this policy will depend upon the federal acceptance of GHGs as pollutants and the funding from the various proposed granting institutes.

Status of Group Approval

Complete.

Level of Group Support

Super Majority (one objection).

Barriers to Consensus

A member objected on the grounds that the size, scope, and funding for the Arkansas Climate Change Center have not been determined.

CC-10. Climate Change-Related Economic Development

Policy Description

Successful state GHG mitigation efforts are highly dependent on active participation of the business community, particularly in the energy, agriculture, transportation, development, and manufacturing sectors. The intent of this policy is to encourage and facilitate the involvement of funding and investment sources, business interests, and entrepreneurs in pursuing business opportunities associated with GHG mitigation and global warming solutions as quickly and as significantly as possible. The creation of a clearinghouse-like entity may make it possible to match technology developers and other climate solution entrepreneurs with necessary financing more effectively and expeditiously. As a result, a state's ability to identify and secure early business opportunities associated with climate change may be enhanced, increasing its global competitive advantage and job creation within the state.

Potential funding sources include philanthropic organizations, high-net-worth individuals, or others interested in supporting innovative, environmentally effective market solutions. Recognizing that fortunes are likely to be made in the "new energy economy," for-profit investors, pension funds, mutual funds, and/or venture capitalists may be looking to fund similar business opportunities. Although technology entrepreneurs are often cited as offering potential global warming solutions, equally progressive solutions may lie in the fields of law, accounting, marketing, production, and government relations and lobbying. The objective of this policy recommendation is to leverage a state's specific talents for global warming solutions into securing the business opportunities and market advantages that well-supported "early-bird" efforts are likely to reap in a carbon-constrained world.

Policy Design

In a continuing effort to reshape economic development in Arkansas, the recognized weaknesses in 20th-century models challenge new directions to incorporate broadened and dynamic global opportunities into the way state economies welcome sustainable and efficient production and creative activities that include reduced GHG levels. Accelerate Arkansas (<http://www.acceleratearkansas.com/>) has recently cited the importance of educational and community development to ensure effective economic development that grows beyond the dominance of conventional manufacturing recruitment.

Goals:

- Design a mechanism to evaluate and monitor programs, missions, and agencies responding to changing trends in economic development as linked with GHG mitigation, whenever possible.
- Conduct an in-depth analysis of the structure and organization of development activities by state government agencies, commissions, and other organizations, to encourage and transition the variety of state and local public, private, and nonprofit organizations into a structure that is in lock-step with necessary review processes and renewal cycles, enabling GHG mitigation and development renovations wherever possible.

- Consider economic development with greater emphasis on what works “sustainably” for Arkansas and regional communities to establish GHG mitigation as a means toward entrepreneurship and building a culture of continuous innovation and reconsideration.
- Leverage the state’s job creation and investment incentives into securing business and education opportunities that focus on improving economic development with GHG mitigation.
- Identify likely funding mechanisms and policy tools that not only provide economic development and recruitment stimulus for new industries and businesses that feature GHG mitigation actions, but also highlight benefiting infrastructure as it exists or is planned for Arkansas through implementing parties in support of renewable energy production.

Timing: Basic seed money should be allocated by the end of the 2009 legislative session.

Parties Involved: Arkansas Economic Developers, Arkansas Economic Development Commission,¹⁰ Arkansas State Chamber of Commerce/Associated Industries of Arkansas, Accelerate Arkansas, Arkansas Development Finance Authority, Arkansas Science and Technology Authority, Arkansas Department of Workforce Education, the state’s University Centers for Business and Economic Research (e.g., University of Arkansas at Little Rock Small Business Development Center and Institute of Economic Advancement, University of Arkansas Fayetteville Center for Business and Economic Research, Arkansas State University Delta Center for Economic Development), Arkansas Assistance Procurement Center, University of Arkansas Cooperative Extension Service, Capital Access Arkansas, and the Office of State Procurement.

Implementation Mechanisms

- Design and adapt a performance-based strategic management system such as a balanced scorecard.
- Incorporate metrics associated with predictions of GHG mitigation relationships that exist between ongoing actions and potential or targeted results.
 - Both design of those metrics and adaptation should be appropriately deduced or adjusted to improve accuracy, provide utility in decision making, and facilitate communication
 - Tracking could be charged to the Arkansas Climate Change Center
 - Standardized or benchmarked against performance across agencies, businesses, and communities
- Promote Arkansas’ use of a strategic management system in economic development through existing public relation efforts that promotes the state’s natural resources, such that value is publicized linking GHG mitigation (i.e., tourism, transportation, quality of life)
- Implement education and communication between policy makers and stakeholders as to importance to achieving economic indicators as they apply to:
 - Per capita income

¹⁰ See Arkansas Economic Development Commission Web site. Available at: <http://arkansasedc.com/>.

- Progress in Science, Technology, Engineering, and Mathematics (STEM) education
- Research and development funding levels
- Entrepreneurship
- Risk capital availability
- Total employment by industry sector and change in income
- Identify aspirant states or regional collaborations to survey and link with their strategic economic development whenever and wherever possible.
- Identify the champion for representation of GHG mitigation to the public
- Support a campaign of economic development linked to GHG mitigation at appropriate venues (trade shows, conferences, county fairs)
- To support economic development, Arkansas educational institutions should establish training programs to help provide a source of qualified persons to conduct energy audits and install efficiency recommendations and renewable energy systems for residential and commercial ratepayers.

Related Policies/Programs in Place

Equity Investment Incentive Act of 2007, Advantage Arkansas (income tax credit), TrustArk (sales and use tax credit), Tax Back (sales and use tax refund), Create Rebate Program, ArkPlus (income tax credit).

Type(s) of GHG Reductions

This recommendation is an enabling policy; it does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Key Uncertainties

Economic development related to climate change appears promising, that there will be "green" jobs that can not be readily exported, but there is uncertainty as to timing, location, and degree of those developing opportunities.

Additional Benefits and Costs

New and emerging technologies in Arkansas, such as biotech crop research, is leading to climate-beneficial economic opportunities. Climate benefits of agricultural economies have been the subject of various research studies.^{11,12,13}

¹¹ See Beach, R.H., B.J. DeAnjelo, S. Rose, C. Li, W. Salas, and S.J. DelGrosso. "Mitigation Potential and Costs for Global Agricultural Greenhouse Gas Emissions." *Agricultural Economics* 2008;38(2):109–115. Available at: http://econpapers.repec.org/article/blaagecon/v_3A38_3Ay_3A2008_3Ai_3A2_3Ap_3A109-115.htm.

¹² See G. Brookes and P. Barfoot. "Global Impact of Biotech Crops: Socio-Economic and Environmental Effects, 1996–2006." *AgBioForum* 2008;11(1):21-38. Available at: <http://www.agbioforum.org/v11n1/v11n1a03-brookes.pdf>.

Feasibility Issues

Not applicable.

Status of Group Approval

Complete.

Level of Group Support

Unanimous.

Barriers to Consensus

Not applicable.

¹³ See R. Pollin, H. Garrett-Peltier, J. Heintz, and H. Scharber. *Green Recovery: A Program to Create Jobs and Start Building a Low-Carbon Economy*. Center for American Progress. September 2008. Available from the Center for American Progress (http://www.americanprogress.org/issues/2008/09/green_recovery.html) and the University of Massachusetts Amherst Political Economy Research Institute (<http://www.peri.umass.edu/>).

CC-11. Regulatory Realignment in Government To Encourage Constructive Climate Action

Policy Description

State government agencies can lead by example in efforts to control GHG emissions by ensuring that their policies and regulations are climate-friendly. Each state agency should conduct a review of its policies and regulations to identify opportunities for realigning them to remove impediments to climate-friendly options. In addition, agencies should identify opportunities to utilize incentives to minimize the carbon footprint of state government as well as entities affected by state government regulations and policies (e.g., local governments and the private sector). Examples may include (but are not limited to) coordination and alignment between state agencies' policies and programs, reduced costs and/or time frames for greener permits, "performance-based" regulations, and reducing or eliminating "throughput incentives" so that regulated utilities are compensated for demand-side reductions, not just supply-side activities.

Policy Design

Lead by example is one way to help spur activities that will ultimately decrease state agencies' GHG emissions. A multisector energy audit will help the state gain an understanding of where agencies currently stand on energy use, GHG emissions, and consumption. Once baseline data are collected, recommended goals should be set for reducing GHG emissions and increasing efficiency in state government. In addition, the Arkansas Climate Change Center should examine policies that block opportunities for reducing GHG emissions in Arkansas. In coordination with other programs being recommended by the GCGW, establishing a demand-side reduction credit could be initiated to encourage energy consumption reductions.

Goals:

The state should amend the definition of "air contaminant" in Chapter 2 of the Arkansas Air Pollution Control Code (Regulation 18) to remove any barriers that prevent it from controlling CO₂ emissions.¹⁴ This will enable Arkansas to mitigate CO₂, as well as to effectively coordinate its GHG mitigation policies and programs with future regional and national policies and programs. The legislature and governor should coordinate with ADEQ in formulating an amendment to the definition of "air contaminant" to avoid regulating small sources of CO₂.

The state should lead by example by implementing the following actions to mitigate its own GHG emissions:

- Examine state facilities and practices concerning GHG emissions.
- Conduct multisector energy audits of all state facilities.
- Set GHG reduction targets and standards for state government.

¹⁴ See Arkansas Pollution Control and Ecology Commission. "Chapter 2: Definitions." In *Arkansas Air Pollution Control Code—Regulation 18* (http://www.adeg.state.ar.us/regis/files/reg18_final_990215.pdf): "Air contaminant" means any solid, liquid, gas, or vapor or any combination thereof. The following shall not be considered air contaminants: water vapor, oxygen, carbon dioxide, nitrogen, hydrogen, and inert gases.

- Examine any policy barriers that are currently in place.
- Develop a process for tracking and reporting on annual progress.
- Establish demand-side reduction credits for regulated utilities.

Timing: Statewide program in place within 15 months of adoption.

Parties Involved: State agencies, research entities, Arkansas Climate Change Center, universities, NGOs.

Implementation Mechanisms

State Audits

[Note: The following language is also included in RCI-3a (Reduced Energy Use in New and Retrofitted State-Owned Buildings) and RCI-3b (Reduced Energy Use in State-Owned Buildings).]

Audits of energy use and associated GHG emissions by state agencies are vital for establishing baseline levels needed to set achievable goals for reducing emissions. It will be important to audit both state agency facilities and activities in order to fully assess and mitigate each agency’s carbon footprint. It will also be important for state agencies to audit energy use and GHG emissions annually for tracking progress toward meeting GHG reduction goals. In so doing, the GCGW recommends that state agencies consider a phased approach by assessing energy use and associated emissions for state facilities and then for state activities.

- *State Facilities*—Since facilities are stable and stationary entities, protocols for auditing energy use and emissions should be fairly routine to implement annually, and would assist the agencies in developing experience that can be applied to assess energy use associated with their activities.
- *State Activities*—Development and implementation of protocols to assess energy use and emissions associated with state agency activities may be more difficult, because activities vary, depending on the mission of each agency, and are likely to change frequently, even within an agency. Nevertheless, an analysis of energy use and emissions associated with agency activities is necessary to develop plans to mitigate GHG emissions and demonstrate progress toward meeting GHG emission reduction goals.

In addition, the state should consider a phased approach, starting with the larger state government agencies first, to develop protocols and experience that can then be used to assist smaller agencies and the university system. Such an approach should be designed to leverage experience and assessment tools that can be used by other entities (e.g., school districts) to foster consistency in developing and implementing audit protocols on a routine basis.

The Arkansas Climate Change Center is charged with implementing this policy recommendation. Until the Climate Change Center is established, the state will decide on the appropriate lead agency or agencies for implementing this policy.

Merchant Plants

In order for Arkansas to have more control over its GHG reduction, this policy recommends the removal of the 1999 exemption of Merchant Power Plants from the standard APSC process. Currently, Merchant Plants (Exempt Wholesale Generators (EWGs)) can build where ever they want as long as they meet the requirements of the ADEQ, U.S. Corps of Engineers (Wetlands), and EPA (Clean Air Act), which at present do nothing to address GHG emissions in the State. Unlike "rate-based" plants -- which put ratepayers at risk -- there is no requirement for merchant plants to substantiate that a public need exists for the electricity that they propose to generate and sell. This is because they are built with investors' money rather than ratepayers' money. This exemption from APSC oversight allows merchant plants to sell their power to anyone, anywhere. They can sell any or all their output to out-of-state entities, which means Arkansas experiences the brunt of any emissions consequences -- both of GHGs and unhealthy air pollutants -- but little to none of the energy benefit. Additionally, merchant plants tie up existing grid capacity that could otherwise be used to benefit Arkansas consumers, including development of renewable energy sources. This recommendation would remove the 1999 exemption. In addition, the legislature and governor should review and enact clarifying statutes governing environmental considerations for all power plants in Arkansas including ADEQ, APSC, and other state agencies. The legislature and governor should also review and consider removing incentives for merchant plants to locate in the state (e.g., Act 9 Bonds).¹⁵

Related Policies/Programs in Place

None cited.

Type(s) of GHG Reductions

This recommendation is an enabling policy; it does not directly reduce GHG emissions by itself.

Estimated GHG Reductions and Costs or Cost Savings

Not applicable.

Key Uncertainties

None cited.

Additional Benefits and Costs

None cited.

Feasibility Issues

Not applicable.

Status of Group Approval

Complete.

¹⁵ Under Arkansas Act 9 of 1960, cities and counties are authorized to issue industrial revenue bonds (IRBs), commonly known as "Act 9 Bonds," to provide manufacturers with competitive financing. See the Arkansas Economic Development Commission's website for additional information, <http://arkansasedc.com/business-development/financing/industrial-revenue-bonds.aspx>.

Level of Group Support

Super Majority (2 objections).

Barriers to Consensus

One member objected because the Arkansas Pollution Control and Ecology Commission that has oversight over ADEQ had in fact already considered and unanimously rejected the suggestion that the state should amend the definition of “air contaminant” in Chapter 2 of the Arkansas Air Pollution Control Code (Regulation 18), and that the GCGW was overreaching in attempting to instruct that more narrowly focused Commission in how to perform their duties.