

Arkansas Energy Office

2017 Programs and Priorities

Arkansas Energy Performance Contracting Program

Act 554 of 2013, the Guaranteed Energy Cost Savings Act, required the Arkansas Energy Office (AEO) to establish rules and govern the process in which state agencies and institutions of higher education engage Energy Service Companies (ESCOs) that pursue energy performance contracts (EPCs). Act 1275 of 2015, the Local Government Energy Efficiency Project Bond Act, extended the opportunity for cities, counties, and municipal utilities to opt into these rules and standards.

AEO oversees the process with the assistance of a third-party consultant on behalf of state agencies via a fee to ESCOs to help maintain a self-sustaining program. The AEPC Program has enjoyed robust interest and participation to date, with six (6) approved projects totaling \$60.8 million dollars to date and eleven (11) projects in various stages of active development with state agencies, institutions of higher learning, and local government participants. AEO estimates the total value of projects in development at over \$75 million.

Weatherization Assistance Program

AEO is responsible for the overall administration of the formula grant awarded to the state of Arkansas from the U. S. Department of Energy (DOE) and from the U. S. Department of Health and Human Services for Low-Income Home Energy Assistance Program (LIHEAP) for weatherizing site built, manufactured, and multifamily residential housing. The program provides energy efficiency retrofits for low-income households as well as health & safety retrofits and incidental repairs necessary to install or protect these measures. The program follows DOE WAP guidelines with some exceptions for houses weatherized with LIHEAP funds.

AEO has a network of eight (8) private, non-profit agencies located throughout Arkansas to weatherize eligible housing. Each agency has staff who perform energy audits for each dwelling unit to be weatherized, enter audit information in DOE-approved software - Energy Conservation Online System (ECOS), and supervise crew or procure contractors to perform approved energy conservation measures (ECM). Each agency has one (1) certified Quality Control Inspector, at a minimum, who inspects 100% of the units before reporting them as complete to AEO. Through this program, AEO and its providers weatherize approximately 600 units annually.

2013 Competitive State Energy Plan Grant (Stimulating Energy Efficiency)

The AEO is preparing to issue a Request for Proposals (RFP) to solicit program designs as well as the capacity and experience needed to develop and implement an energy efficiency financing program ("Financing Program") to serve residential customers of Arkansas' seven investor-owned electric and natural gas utilities (IOUs).

Through this solicitation, AEO intends to support Arkansas' leadership in energy efficiency by offering a Financing Program to complement energy efficiency programs already offered to residential customers of the state's seven investor-owned utilities. AEO is designing the solicitation to generate a program design that requires a modest initial investment from the State of Arkansas to establish but that has the ability to evolve over time to increase customer access to energy efficiency. AEO is willing to forego initial customization to establish a basic program that allows its chosen administrator and select partners to offer energy efficiency financing to customers quickly while retaining the ability to learn from experience and modify or expand it in the future.

2014 Competitive State Energy Plan Grant (Home Energy Score)

AEO has been working with relevant stakeholders to develop the Arkansas Home Energy Score label – and corresponding database – to allow consumers, as well as, appraisers, realtors and builders and other stakeholders to

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compare home performance. The hope is that quantifying the energy efficiency measures and energy use in a standardized format will allow the market to more accurately respond to energy efficiency.

AEO will work with DOE utilizing a national standard via the Home Energy Score tool to generate an Arkansas specific/branded label. This will coincide with efforts to work with in-state MLS groups. AEO will host trainings for assessors and intends to provide rebates to homeowners to incentive participation in this pilot project.

2016 Competitive State Energy Plan Grant (AR Cooperative Utility Energy Efficiency Financing)

In recent years, Arkansas's electric cooperative utilities have increasingly turned to energy efficiency programs to help reduce the bills of their members, many of whom are elderly, low income, disabled or face some other hardship that limits their ability to pay high and growing electricity costs. While electric cooperatives are focused on keeping their per unit cost of electricity low, the homeowners and tenants in rural communities often suffer from the high energy costs of poor building construction, resulting from the age of the building stock and the owner's inability to make needed repairs.

The goal of this project is to develop a sustainable energy efficiency program that effectively reaches rural electric cooperative customers without placing cost burdens on non-participating customers. It will increase energy savings achieved by participating electric distribution cooperative utilities in Arkansas by expanding their capacity to deliver effective energy efficiency programs to their members. Resources available through this award will be used to hire, train, and deploy program coordinators representing electric cooperatives in Arkansas that offer energy efficiency financing programs such as an on-bill tariff or on-bill financing. The program coordinators will help cooperative members to understand, and if desired, enroll in these programs that result in deep energy efficiency retrofits in their homes or rental properties.

Volkswagen (VW) Settlement

During this legislative session, the AEO was transferred from the Arkansas Economic Development Commission (AEDC) to the Arkansas Department of Environmental Quality (ADEQ), in part, to better coordinate the development of the state's mitigation plan for the anticipated VW Settlement dollars. The primary goal of the plan is to achieve significant and sustained reductions of NOx emissions.

The current, proposed approach to the plan aims to increase the use of Compressed Natural Gas (CNG) fueled and electric powered vehicles. Jumpstarting markets for electric vehicles (EV) and CNG fueled vehicles not only supports the goal to achieve sustained reductions of NOx emissions, but also serves to support other long term goals of improving energy security and economic development.

In efforts to facilitate an effective deployment of the VW settlement dollars, the AEO supported and/or spearheaded important legislation during this legislative session. For example, Act 285 of 2017 amends the definition of public utility – removing the longstanding hurdle of the sale for resale clause related to EVs, in which entities that charged for the use of EV charging stations were considered a utility and, thus, subject to the regulation of the Arkansas Public Service Commission; AEO was involved in the preparation of Act 285 which clarified that such entities are not classified as utilities. Also, AEO spearheaded the renaming and expansion of the Clean-Burning Motor Fuel Development Act; the act, now known as the Alternative Motor Fuel Development Act (Act 851 of 2017), WHEN FUNDED, will be able to offer rebates for EVs and related infrastructure in addition to the standard rebate offerings for CNG vehicles and related infrastructure. Both pieces of legislation are big wins for the state and can certainly facilitate more impactful programming of the VW settlement dollars.