

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH10029-SB-4 (01/31)

Short Title: Promote Renewable Energy/Energy Efficiency-2. (Public)

Sponsors: Representatives Harrison, J. Harrell, and Martin (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROMOTE THE DEVELOPMENT OF RENEWABLE ENERGY AND ENERGY EFFICIENCY IN THE STATE THROUGH IMPLEMENTATION OF A TWENTY PERCENT RENEWABLE ENERGY AND ENERGY EFFICIENCY PORTFOLIO STANDARD (REPS).

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 62-2(a) reads as rewritten:

"§ 62-2. Declaration of policy.

(a) Upon investigation, it has been determined that the rates, services and operations of public utilities as defined herein, are affected with the public interest and that the availability of an adequate and reliable supply of electric power and natural gas to the people, economy and government of North Carolina is a matter of public policy. It is hereby declared to be the policy of the State of North Carolina:

...

(8) To cooperate with other states and with the federal government in promoting and coordinating interstate and intrastate public utility service and reliability of public utility energy supply; ~~and~~

(9) To facilitate the construction of facilities in and the extension of natural gas service to unserved areas in order to promote the public welfare throughout the State and to that end to authorize the creation of expansion funds for natural gas local distribution companies or gas districts to be administered under the supervision of the North Carolina Utilities ~~Commission~~. Commission; and

(10) To promote the development of renewable energy and energy efficiency through the implementation of a Renewable Energy and Energy Efficiency Portfolio Standard (REPS) that will do all of the following:

- 1 a. Diversify the resources used to reliably supply energy to
2 consumers in the State.
- 3 b. Provide greater energy independence and security through the
4 use of indigenous energy resources available within the State.
- 5 c. Encourage private investment in renewable energy and energy
6 efficiency.
- 7 d. Improve air quality, promote public health, protect the
8 environment, conserve the natural resources of the State, and
9 provide other benefits to energy consumers and citizens of the
10 State."

11 **SECTION 2.** Article 7 of Chapter 62 of the General Statutes is amended by
12 adding a new section to read:

13 **"§ 62-133.7. Renewable Energy and Energy Efficiency Portfolio Standard (REPS).**

14 (a) As used in this section:

- 15 (1) 'Electric power supplier' means a public utility, an electric membership
16 corporation, or a municipality that sells electric power to retail electric
17 power customers in the State.
- 18 (2) 'Energy efficiency measure' means a physical change to a building or
19 equipment implemented on or after 1 January 2007 that results in a
20 permanent reduction in overall demand for grid-connected electric
21 power while maintaining the same or improved level of energy service.
22 'Energy efficiency measure' includes combined heat and power (CHP)
23 or other thermal energy. 'Energy efficiency measure' includes a
24 demand response measure or load limiting measure only to the extent
25 that the measure results in a demonstrated, long-term shift in the
26 consumption of electric power by a retail customer from a peak
27 demand period to a nonpeak demand period.
- 28 (3) 'New renewable energy facility' means a facility that generates electric
29 power that was first placed into service on or after 1 January 2007 and
30 that delivers electric power generated by the use of a renewable energy
31 resource to an electric power supplier.
- 32 (4) 'Renewable energy resource' means a solar, wind, hydropower,
33 geothermal, ocean current or wave energy resource; a biomass
34 resource, including agricultural waste, animal waste, wood waste,
35 energy crop, or landfill methane; or hydrogen, metered waste heat, or
36 other metered thermal energy derived from a renewable energy
37 resource. 'Renewable energy resource' does not include a fossil fuel,
38 municipal solid waste, or nuclear energy resource. 'Renewable energy
39 resource' does not include renewable energy generated as part of the
40 NC Green Power Program.

41 (b) Each electric power supplier shall be subject to a Renewable Energy and
42 Energy Efficiency Portfolio Standard (REPS), as provided by this section.

43 (c) For each calendar year 2009, 2010, 2011, and 2012, the total REPS
44 requirement shall increase by an amount equal to at least one percent (1%) of the total

1 electric power in kilowatt hours sold by an electric power supplier to its retail electric
 2 power customers in the State during the previous calendar year and shall be supplied by
 3 new renewable energy facilities or saved due to the implementation of energy efficiency
 4 measures. For each calendar year 2013, 2014, 2015, and 2016, the total REPS
 5 requirement shall increase by an amount equal to at least one and one-half percent
 6 (1.5%) of the total electric power in kilowatt hours sold by an electric power supplier to
 7 its retail electric power customers in the State during the previous calendar year and
 8 shall be supplied by new renewable energy facilities or saved due to the implementation
 9 of energy efficiency measures. For each calendar year 2017, 2018, 2019, 2020, and
 10 2021, the total REPS requirement shall increase by an amount equal to at least two
 11 percent (2%) of the total electric power in kilowatt hours sold by an electric power
 12 supplier to its retail electric power customers in the State during the previous calendar
 13 year and shall be supplied by new renewable energy facilities or saved due to the
 14 implementation of energy efficiency measures. The percentage shall increase on an
 15 annual basis so that by calendar year 2021 and, for each calendar year thereafter, an
 16 amount equal to at least twenty percent (20%) of the total electric power in kilowatt
 17 hours sold by an electric power supplier to its retail electric power customers in the
 18 State during the previous calendar year shall be supplied by new renewable energy
 19 facilities or saved due to the implementation of energy efficiency measures.

20 (d) By 1 January 2022, at least four tenths of one percent (0.4%) of the total
 21 electric power in kilowatt hours sold by an electric power supplier to its retail electric
 22 power customers in the State shall be supplied by a combination of new solar electric
 23 facilities and new metered solar thermal energy facilities that use one or more of the
 24 followings applications: solar hot water, solar absorption cooling, solar
 25 dehumidification, solar thermally driven refrigeration, and solar industrial process heat.
 26 As used in this subsection, 'new' means a facility that was first placed into service on or
 27 after 1 January 2007. An electric power supplier shall comply with the requirements of
 28 this subsection according to the following schedule:

| <u>Year</u> | <u>Cumulative Set-Aside for Solar by Year</u> |
|-------------|---|
| <u>2009</u> | <u>0.005%</u> |
| <u>2010</u> | <u>0.015%</u> |
| <u>2011</u> | <u>0.035%</u> |
| <u>2012</u> | <u>0.060%</u> |
| <u>2013</u> | <u>0.900%</u> |
| <u>2014</u> | <u>0.120%</u> |
| <u>2015</u> | <u>0.150%</u> |
| <u>2016</u> | <u>0.180%</u> |
| <u>2017</u> | <u>0.220%</u> |
| <u>2018</u> | <u>0.260%</u> |
| <u>2019</u> | <u>0.300%</u> |
| <u>2020</u> | <u>0.350%</u> |
| <u>2021</u> | <u>0.400%</u> |

43 (e) An electric power supplier may meet the requirements of this section by:

- 44 (1) Generating electric power at a new renewable energy facility;

1 (2) Reducing energy consumption through the implementation of an
2 energy efficiency measure;

3 (3) Purchasing electric power from a new renewable energy facility; or

4 (4) Any combination of subdivisions (1), (2), and (3) of this subsection.

5 (f) By 1 January 2022, no single renewable energy resource shall supply more
6 than one-half of the cumulative renewable energy resources employed to comply with
7 the REPS requirement of this section.

8 (g) Electric power supplied by a new renewable energy facility or saved due to
9 the implementation of an energy efficiency measure located within the service area of
10 the electric power supplier or contracted for delivery in the State may be used to meet
11 the requirements of this section. Any electric power that is supplied by a new renewable
12 energy facility or saved due to the implementation of an energy efficiency measure that
13 exceeds the requirements of this section for any calendar year may be credited towards
14 the requirements of this section in the following calendar year.

15 (h) The Commission shall adopt rules to implement the provisions of this section.
16 In developing the rules, the Commission shall:

17 (1) Allow an electric power supplier to meet up to fifty percent (50%) of
18 its REPS requirements through savings due to the implementation of
19 energy efficiency measures.

20 (2) Provide for the monitoring of compliance with and enforcement of the
21 REPS requirements.

22 (3) Prevent the double-counting of resources or measures used to meet the
23 REPS requirements in another state to meet the REPS requirements of
24 this section.

25 (4) Establish an alternative compliance payment as an alternative method
26 for electric power suppliers to comply with the REPS requirement for
27 a calendar year if the cost of compliance cannot be recovered by the
28 electric power supplier through electric rates. The Commission shall
29 provide that alternative compliance payments shall be credited to a
30 separate REPS Attainment Fund. The Commission shall use funds in
31 the REPS Attainment Fund only to develop renewable energy and
32 energy efficiency measures that promote compliance with the REPS
33 requirement.

34 (5) Include a procedure as an alternative to the procedure set out in
35 G.S. 62-133 to annually adjust the rates of public utilities to allow
36 timely recovery of all reasonable costs of complying with this section.

37 (i) No later than 15 January of each year, the Commission shall submit a report
38 on the activities taken by the Commission to implement, and by electric power suppliers
39 to comply with, the requirements of this section to the Governor, the Environmental
40 Review Commission, and the Joint Legislative Utility Review Committee."

41 **SECTION 3.** The first report required by G.S. 62-133.7(i), as enacted by
42 Section 2 of this act, shall be submitted no later than 15 January 2008.

43 **SECTION 4.** This act becomes effective 1 July 2007.