

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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**SENATE BILL 365*
Finance Committee Substitute Adopted 5/1/13**

Short Title: Affordable and Reliable Energy Act.

(Public)

Sponsors:

Referred to:

March 20, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO REDUCE THE BURDEN OF HIGH ENERGY COSTS ON THE CITIZENS OF
3 NORTH CAROLINA BY REVISING THE RENEWABLE ENERGY PORTFOLIO
4 STANDARDS AND TO PROVIDE FOR COST RECOVERY BY PUBLIC UTILITIES
5 FOR CERTAIN COSTS OF COMPLIANCE WITH RENEWABLE ENERGY
6 PORTFOLIO STANDARDS.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 62-2(a)(10) reads as rewritten:

9 "**§ 62-2. Declaration of policy.**

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

15 ...

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

- 19 a. Diversify the resources used to reliably meet the energy needs of
20 consumers in the State.
21 b. Provide greater energy security through the use of indigenous energy
22 resources available within the State.
23 c. Encourage private investment in renewable energy and energy
24 efficiency.
25 d. Provide improved air quality and other benefits to energy consumers
26 and citizens of the State."

27 **SECTION 2.** G.S. 62-133.8 reads as rewritten:

28 "**§ 62-133.8. Renewable Energy and Energy Efficiency Portfolio Standard (REPS).**

29 ...

30 (b) Renewable Energy and Energy Efficiency Standards (REPS) for Electric Public
31 Utilities. –

- 32 (1) Each electric public utility in the State shall be subject to a Renewable
33 Energy and Energy Efficiency Portfolio Standard (REPS) according to the
34 following schedule:

35 **Calendar Year**

36 2012 through 2023

REPS Requirement

3% of 2011 North Carolina retail sales



1	2015	6% of 2014 North Carolina retail sales
2	2018	10% of 2017 North Carolina retail sale
3	2021 and thereafter	12.5% of 2020 North Carolina retail sales

4 ...
 5 (c) Renewable Energy and Energy Efficiency Standards (REPS) for Electric
 6 Membership Corporations and Municipalities. –

7 (1) Each electric membership corporation or municipality that sells electric
 8 power to retail electric power customers in the State shall be subject to a
 9 Renewable Energy and Energy Efficiency Portfolio Standard (REPS)
 10 according to the following schedule:

11	Calendar Year	REPS Requirement
12	2012 through 2023	3% of 2011 North Carolina retail sales
13	2015	6% of 2014 North Carolina retail sales
14	2018 and thereafter	10% of 2017 North Carolina retail sales

15 ...
 16 (d) Compliance With REPS Requirement Through Use of Solar Energy Resources. –
 17 For the years listed below, no less than the corresponding percentage ~~For calendar year 2018~~
 18 ~~and for each calendar year thereafter, at least two tenths of one percent (0.2%)~~ of the total
 19 electric power in kilowatt hours sold to retail electric customers in the State, or an equivalent
 20 amount of energy, shall be supplied by a combination of new solar electric facilities and new
 21 metered solar thermal energy facilities that use one or more of the following applications: solar
 22 hot water, solar absorption cooling, solar dehumidification, solar thermally driven refrigeration,
 23 and solar industrial process heat. The terms of any contract entered into between an electric
 24 power supplier and a new solar electric facility or new metered solar thermal energy facility
 25 shall be of sufficient length to stimulate development of solar energy; provided, the
 26 Commission shall develop a procedure to determine if an electric power supplier is in
 27 compliance with the provisions of this subsection if a new solar electric facility or a new
 28 metered solar thermal energy facility fails to meet the terms of its contract with the electric
 29 power supplier. As used in this subsection, "new" means a facility that was first placed into
 30 service on or after January 1, 2007. The electric power suppliers shall comply with the
 31 requirements of this subsection according to the following schedule:

32	Calendar Year	Requirement for Solar Energy Resources
34	2010	0.02%
35	2012	0.07%
36	2015	0.14%
37	2018 through 2023	0.20%

38 (e) Compliance With REPS Requirement Through Use of Swine Waste Resources. –
 39 ~~For calendar year 2018 and for each calendar year thereafter, at least two tenths of one percent~~
 40 ~~(0.2%)~~ For the years listed below, no less than the corresponding percentage of the total electric
 41 power in kilowatt hours sold to retail electric customers in the State shall be supplied, or
 42 contracted for supply in each year, by swine waste. The electric power suppliers, in the
 43 aggregate, shall comply with the requirements of this subsection according to the following
 44 schedule:

45	Calendar Year	Requirement for Swine Waste Resources
47	2012	0.07%
48	2015	0.14%
49	2018 through 2023	0.20%

50 (f) Compliance With REPS Requirement Through Use of Poultry Waste Resources. –
 51 ~~For calendar year 2014 and for each calendar year thereafter, at least 900,000 megawatt~~

1 ~~hour~~the years listed below, at least the number of megawatt hours of the total electric power
 2 sold to retail electric customers in the State or an equivalent amount of energy shall be
 3 supplied, or contracted for supply in each year, by poultry waste combined with wood
 4 shavings, straw, rice hulls, or other bedding material. The electric power suppliers, in the
 5 aggregate, shall comply with the requirements of this subsection according to the following
 6 schedule:

Calendar Year	Requirement for Poultry Waste Resources
2012	170,000 megawatt hours
2013	700,000 megawatt hours
2014 through 2023	900,000 megawatt hours

13 (h) Cost Recovery and Customer Charges. –

14 ...
 15 (4) An electric power supplier shall be allowed to recover the incremental costs
 16 incurred to comply with the requirements of subsections (b), (c), (d), (e), and
 17 (f) of this section and fund research as provided in subdivision (1) of this
 18 subsection through an annual rider not to exceed the following per-account
 19 annual charges:

Customer Class	2008-2011	2012-2014	2014 2023	2015 and thereafter
Residential per account	\$10.00	\$12.00		\$34.00
Commercial per account	\$50.00	\$150.00		\$150.00
Industrial per account	\$500.00	\$1,000.00		\$1,000.00

26 (6) The costs shall be recovered from individual customers as a separately
 27 assessed surcharge. The surcharge shall be identified on the customer bills as
 28 a special surcharge for green energy.

29"

30 **SECTION 3.** Incremental costs incurred by an electric power supplier prior to July
 31 1, 2013, to comply with any requirement repealed by this act may be recovered as provided in
 32 G.S. 62-133.8(h). For the purposes of cost recovery under this act, costs incurred prior to July
 33 1, 2013, include all of the following:

- 34 (1) Costs under purchase contracts for renewable energy entered into prior to
 35 July 1, 2013, for the purpose of complying with REPS requirements repealed
 36 by this act.
- 37 (2) The costs of renewable energy facilities built by a public utility for which a
 38 certificate of public convenience and necessity has been issued by the
 39 Commission prior to July 1, 2013, for the purpose of complying with REPS
 40 requirements repealed by this act.
- 41 (3) Other costs the Utilities Commission determines are reasonable and prudent
 42 costs incurred prior to July 1, 2013, to comply with the REPS requirements
 43 repealed by this act.

44 **SECTION 4.** This act becomes effective July 1, 2013.