

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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**HOUSE BILL 177
Committee Substitute Favorable 6/2/11
PROPOSED SENATE COMMITTEE SUBSTITUTE H177-CSTA-4 [v.5]**

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Short Title: Clean Energy Transportation Act.

(Public)

Sponsors:

Referred to:

February 24, 2011

A BILL TO BE ENTITLED

AN ACT TO: (1) CREATE AN INTERAGENCY TASK FORCE TO STUDY THE FEASIBILITY AND DESIRABILITY OF ADVANCING THE USE OF ALTERNATIVE FUELS BY LOCAL SCHOOL ADMINISTRATIVE UNITS AND THE DEVELOPMENT OF ASSOCIATED FUELING INFRASTRUCTURE; (2) DIRECT THE DEPARTMENT OF TRANSPORTATION TO PURCHASE NEW THREE-QUARTER TON PICKUP TRUCKS AND NEW ONE-HALF TON PICKUP TRUCKS THAT OPERATE ON COMPRESSED NATURAL GAS (CNG) OR COMPRESSED NATURAL GAS (CNG) AND GASOLINE AND EVALUATE ALTERNATIVE FUELS FOR THE REMAINDER OF THE DEPARTMENT'S FLEET; (3) ESTABLISH CRITERIA FOR THE OPERATION OF ELECTRIC VEHICLE CHARGING STATIONS LOCATED AT STATE-OWNED REST STOPS ALONG THE HIGHWAYS AND; (4) AMEND THE ENERGY JOBS ACT OF 2011 IF THE ENERGY JOBS ACT OF 2011 BECOMES LAW.

The General Assembly of North Carolina enacts:

PART I. CREATE AN INTERAGENCY TASK FORCE TO STUDY THE FEASIBILITY AND DESIRABILITY OF ADVANCING THE USE OF ALTERNATIVE FUELS BY LOCAL SCHOOL ADMINISTRATIVE UNITS AND THE DEVELOPMENT OF ASSOCIATED FUELING INFRASTRUCTURE

SECTION 1.(a) It is the intent of the General Assembly to reduce the costs of fuel used by local school administrative units and transition to the use of cleaner, more cost-effective, and where available, State-produced fuel resources for school transportation purposes.

SECTION 1.(b) The State Energy Office within the Department of Commerce, in consultation with the Department of Administration and the Department of Public Instruction, and other agencies as applicable, shall create an interagency task force responsible for studying the feasibility and desirability of advancing the use of alternative fuels, as defined in G.S. 143-58.4, by local school administrative units. As part of its study, the State Energy Office shall perform a cost-benefit analysis on each alternative fuel, using both current and projected fuel pricing, to identify the fuel or fuel mix that would be the most cost-effective for each school bus used by local school administrative units. The State Energy Office shall evaluate the cost of alternative fueled school buses including the purchase price and operations and maintenance costs. The State Energy Office shall also review the costs for any associated



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1 fueling infrastructure necessary to support the operation and maintenance of the school buses
2 that use the alternative fuels evaluated in the study. In its review of associated fueling
3 infrastructure, the State Energy Office shall identify opportunities for the use of existing
4 commercial or public fueling infrastructure, the potential for leveraging State funds with other
5 public or private monies in order to develop new fueling infrastructure, and the duration of
6 public-private fuel contracts in order to minimize the costs to the State. Based on the results of
7 the study, the State Energy Office shall make recommendations on which fuel or fuel mix and
8 types of alternative fueled school buses would be appropriate for local school administrative
9 units, taking into account costs, geographic considerations, population densities, and access to
10 available infrastructure.

11 **SECTION 1.(c)** The Task Force shall report the results of its study and any
12 recommendations to the Joint Legislative Commission on Energy Policy on or before
13 December 1, 2012.
14

15 **PART II. DIRECT THE DEPARTMENT OF TRANSPORTATION TO PURCHASE**
16 **NEW THREE-QUARTER TON PICKUP TRUCKS AND NEW ONE-HALF TON**
17 **PICKUP TRUCKS THAT OPERATE ON COMPRESSED NATURAL GAS (CNG) OR**
18 **COMPRESSED NATURAL GAS (CNG) AND GASOLINE AND EVALUATE**
19 **ALTERNATIVE FUELS FOR THE REMAINDER OF THE DEPARTMENT'S FLEET**

20 **SECTION 2.(a)** Notwithstanding any other provision of law and with funds
21 available, beginning July 1, 2013, twenty-five percent (25%) of the new three-quarter ton
22 pickup trucks purchased by the Department of Transportation shall be manufactured by an
23 original equipment manufacturer or a qualified vehicle manufacturer offering a full factory
24 warranty and be capable of operating on compressed natural gas (CNG) or compressed natural
25 gas (CNG) and gasoline.

26 **SECTION 2.(b)** Notwithstanding any other provision of law and with funds
27 available, beginning July 1, 2015, seventy-five percent (75%) of the new three-quarter ton
28 pickup trucks purchased by the Department of Transportation shall be manufactured by an
29 original equipment manufacturer or a qualified vehicle manufacturer offering a full factory
30 warranty and be capable of operating on compressed natural gas (CNG) or compressed natural
31 gas (CNG) and gasoline.

32 **SECTION 2.(c)** Notwithstanding any other provision of law and with funds
33 available, beginning July 1, 2014, twenty-five percent (25%) of the new one-half ton pickup
34 trucks purchased by the Department of Transportation shall be manufactured by an original
35 equipment manufacturer or a qualified vehicle manufacturer offering a full factory warranty
36 and be capable of operating on compressed natural gas (CNG) or compressed natural gas
37 (CNG) and gasoline.

38 **SECTION 2.(d)** Notwithstanding any other provision of law and with funds
39 available, beginning July 1, 2016, seventy-five (75%) of the new one-half ton pickup trucks
40 purchased by the Department of Transportation shall be manufactured by an original equipment
41 manufacturer or a qualified vehicle manufacturer offering a full factory warranty and be
42 capable of operating on compressed natural gas (CNG) or compressed natural gas (CNG) and
43 gasoline.

44 **SECTION 2.(e)** Notwithstanding any other provision of law and with funds
45 available, the Department of Transportation shall ensure that at least fifty percent (50%) of the
46 fuel used annually by the Department's three-quarter ton pickup trucks and one-half ton pickup
47 trucks that are capable of operating on both compressed natural gas (CNG) and gasoline shall
48 be compressed natural gas (CNG).

49 **SECTION 2.(f)** Beginning January 1, 2014, and annually thereafter, the
50 Department of Transportation shall report to the Joint Legislative Commission on Energy
51 Policy, the Joint Legislative Transportation Oversight Committee, the House Appropriations

Subcommittee on Transportation, and the Senate Appropriations Subcommittee on Department of Transportation on the implementation of this section. The first report shall include an evaluation of alternative fuels as defined in G.S. 143-58.4 and alternative fueled vehicles to replace the remaining pickup trucks in the Department's fleet.

PART III. ESTABLISH CRITERIA FOR THE OPERATION OF ELECTRIC VEHICLE CHARGING STATIONS LOCATED AT STATE-OWNED REST STOPS ALONG THE HIGHWAYS

SECTION 3.(a) The Department of Transportation may operate an electric vehicle charging station at State-owned rest stops along the highways only if all of the following conditions are met:

- (1) The electric vehicle charging station is accessible by the public.
- (2) The Department has developed a mechanism to charge the user of the electric vehicle charging station a fee in order to recover the cost of electricity consumed, the cost of processing the user fee, and a proportionate cost of the operation and maintenance of the electric vehicle charging station.

SECTION 3.(b) If the cost of the electricity consumed at the electric vehicle charging stations cannot be calculated as provided by subsection (a) of this section, the Department shall develop an alternative mechanism, other than electricity metering, to recover the cost of the electricity consumed at the vehicle charging station.

SECTION 3.(c) The Department may consult with other State agencies and industry representatives in order to develop the mechanisms for cost recovery required pursuant to subsection (a) of this section.

SECTION 3.(d) Beginning January 1, 2013, and annually thereafter, the Department of Transportation shall report to the Joint Legislative Commission on Energy Policy, the Joint Legislative Transportation Oversight Committee, the House Appropriations Subcommittee on Transportation, and the Senate Appropriations Subcommittee on Department of Transportation on the implementation of this section.

PART IV. AMEND THE ENERGY JOBS ACT OF 2011 IF THE ENERGY JOBS ACT OF 2011 BECOMES LAW

SECTION 4.(a) If Senate Bill 709 of the 2011 Regular Session becomes law, Sections 2(a), 2(b), and 2(c) of Senate Bill 709 read as rewritten:

"SECTION 2.(a) Development of ~~Governors'~~ Regional Interstate Offshore Energy Policy Compact. – The Governor ~~is directed to commence~~ shall lay the groundwork for development of a regional energy compact strategy by working with the governors of South Carolina and Virginia in order to develop recommendations for creation and implementation of a unified regional strategy for the exploration, development, and production of all commercially viable federal and state offshore energy resources within the three-state region. The Governor shall develop recommendations for the General Assembly to consider for the development of a statutory regional compact, and these recommendations shall reflect the collective agreement of all three governors in the three-state region in order to provide common language for consideration by each state's General Assembly. During the development of these compact recommendations, the Governor is authorized to work directly with each of the three states' General Assemblies, Congressional delegations, the United States Department of the Interior, the United States Environmental Protection Agency, and other appropriate federal agencies on behalf of the State of North Carolina to develop appropriate strategies to be considered in the development of the three-state compact for increasing domestic energy exploration, development, and production within each state in the three-state region and their adjacent state

and federal waters. The compact negotiations and recommendations shall address at least all of the following:

- (1) Ensure a timely review and consideration of permits and proposals at both the state and federal level for both state and federal waters adjacent to each state in the three-state region for seismic and other marine geophysical exploration to identify and quantify natural gas and related hydrocarbon resources along the continental margin.
- (2) Amend the Five Year Leasing Plan of the United States Department of the Interior to include leasing federal waters adjacent to the State and the three-state region for the exploration, quantification, and development of natural gas and related hydrocarbon energy resources.
- (3) Advocate proactively with each state's Congressional delegation and appropriate federal agencies to ensure direct sharing of royalties and revenues related to energy leasing, exploration, development, and production of all offshore energy resources in federal waters adjacent to the State and the three-state region.
- (4) Request the United States Department of the Interior to reinstate the federal Offshore Policy Committee with new members and new alternate members to be nominated by the governor of the state represented on the Offshore Policy Committee and appointed by the Secretary of the Interior, six of whom are to be one member and one alternate member from each of North Carolina, Virginia, and South Carolina.

"SECTION 2.(b) No later than three months after the effective date of this act, and at least every three months thereafter, the Governor shall report to the General Assembly on the progress of the Governor and others in complying with the requirements under this section, to include providing copies of correspondence and other relevant materials to or from the Office of the Governor when the correspondence or materials pertain to the subject under this section or to any requirement under this section. The Governor shall report ~~her~~ the Governor's final recommendations for the three-state energy compact regional energy strategy to the Joint Regulatory Reform Committee no later than May 1, 2012. President Pro Tempore of the Senate and the Speaker of the House of Representatives no later than December 31, 2012.

"SECTION 2.(c) In addition to the provisions in Sections 2(a) and 2(b) of this act, the Governor is strongly encouraged to join the Governors of Alaska, Texas, Louisiana, Mississippi, and Virginia and any others who may sign on to the Outer Continental Shelf Governors Coalition announced on May 3, 2011, to promote a constructive dialogue among the coastal state governors and the federal government on offshore energy issues important to the future of North Carolina and the United States."

SECTION 4.(b) If Senate Bill 709 of the 2011 Regular Session becomes law, Sections 3(a) and 3(b) of Senate Bill 709 are repealed.

SECTION 4.(c) If Senate Bill 709 of the 2011 Regular Session becomes law, G.S. 113B-3, as amended by Senate Bill 709, reads as rewritten:

"§ 113B-3. Composition of Council; appointments; terms of members; qualifications.

(a) The Energy Jobs Council shall consist of 12 members to be appointed as follows:

(1) Repealed.

(2) Repealed.

(2a) The Secretary of Commerce.

(3) Eleven public members who are citizens of the State of North Carolina and who are appointed in accordance with subsection (c) of this section.

(b) Appointments to the Energy Jobs Council shall be made by ~~October 1, 2011~~ September 1, 2012, and the appointed members shall serve four-year terms.

Appointments made by the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall be allowed when the General Assembly is not in session.

(c) The public members of the Energy Jobs Council shall have the qualifications and shall be appointed as follows:

- (1) One member shall be a representative of an investor-owned electric public utility, to be appointed by the Governor.
- (2) One member shall be a geologist experienced in ~~offshore~~ natural gas and associated hydrocarbon exploration, development, and production, to be appointed by the Governor.
- (3) One member shall be a representative of an investor-owned natural gas public utility, to be appointed by the President Pro Tempore of the Senate.
- (4) One member shall be an energy economist or a person with experience in the financing or business development or an energy-related business, to be appointed by the President Pro Tempore of the Senate.
- (5) One member shall be a geologist with experience in hydrocarbon resource evaluation and geophysical data acquisition, to be appointed by the President Pro Tempore of the Senate.
- (6) One member shall be an industrial energy consumer, to be appointed by the Speaker of the House of Representatives.
- (7) One member shall be knowledgeable of alternative and renewable sources of energy, other than wind energy, to be appointed by the Speaker of the House of Representatives.
- (8) One member who has experience in trucking, rail, or shipping transportation, to be appointed by the Speaker of the House of Representatives.
- (9) Repealed by Session Laws 2009-446, s. 4, effective August 7, 2009.
- (10) One member shall be a representative with experience in wind energy, to be appointed by the Governor.
- (11) One member shall be a representative with experience in environmental management, appointed by the Speaker of the House of Representatives.
- (12) One member shall be ~~involved with the biofuels industry,~~ experienced in energy policy, to be appointed by the President Pro Tempore of the Senate."

PART V. EFFECTIVE DATE

SECTION 5. This act is effective when it becomes law.