

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1136

Short Title: Freedom to Choose Clean Energy.

(Public)

Sponsors: Representatives Culp, Hackney; Allred, Brown, Carpenter, Dockham, Earle, Gibson, Insko, Jarrell, Jeffus, Luebke, McCombs, Miner, Morris, Mosley, Russell, Sexton, Starnes, Teague, Tolson, and G. Wilson.

Referred to: Public Utilities.

April 15, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO ENHANCE AIR AND WATER QUALITY AND PROTECT THE
3 ENVIRONMENT BY ALLOWING ELECTRIC CUSTOMERS TO PROVIDE
4 FINANCIAL SUPPORT TO PRODUCERS OF RENEWABLE RESOURCE
5 ENERGY.

6 The General Assembly of North Carolina enacts:

7 Section 1. Article 7 of Chapter 62 of the General Statutes is amended by
8 adding a new section to read:

9 "**§ 62-155.1. Renewable resource energy; funding participation by electric**
10 **customers.**

11 (a) As used in this section:

12 (1) "Contributor" means a customer of an electric utility who voluntarily
13 chooses to support renewable energy generation and use by regularly
14 contributing an additional amount of one dollar (\$1.00) or more, along
15 with payment of the customer's residential electric bill payment.

16 (2) "Eligible renewable generator" means an electric power production
17 facility, not owned by a utility, having an installed hydroelectric
18 capacity of five megawatts or less located at an existing dam, and

1 relying on one or more of the following alternate eligible renewable
2 resources for increased power production during on-peak hours, not to
3 exceed the maximum installed hydroelectric capacity: (i) fuel cells; (ii)
4 solar arrays and installations; (iii) biomass generators; or (iv) waste,
5 landfill gas, or gas from livestock waste.

6 (3) "Interconnection" means the connection between an electric utility and
7 an eligible renewable generator that permits the flow of electrical
8 energy to and from the eligible renewable generator facility, including
9 the provisions for switching, metering, transmission, distribution,
10 equipment, and safe operation.

11 (4) "Subscriber" means a residential customer of an electric utility who
12 voluntarily chooses to support renewable energy generation and use by
13 having a portion of the customer's residential electric bill payment used
14 to pay for energy provided by eligible renewable generators.

15 (b) The General Assembly finds that it is ecologically responsible and in the public
16 interest to enhance the feasibility of the production of renewable energy by eligible
17 renewable generators, which reduces the need for facilities operating on fossil fuels.

18 (c) The Commission shall require each electric utility to allow its customers to
19 support the use of energy produced by eligible renewable generators through an election
20 made on the customer's monthly bill or by otherwise notifying the utility. Any electric
21 utility customer may elect to become a contributor. Residential customers may elect to
22 become subscribers or contributors, or both, and the utility shall notify all of its
23 customers at least twice yearly of the option to do so. The Commission or the Public
24 Staff shall determine the wording of the notification. A customer may terminate an
25 election to become a subscriber or contributor by notifying the utility. No fee may be
26 charged for an election to subscribe or contribute or to terminate those elections.

27 (d) The Commission shall require each electric utility to effect interconnection
28 with eligible renewable generators in order to effect the provisions of this section. Each
29 eligible renewable generator shall reimburse the utility for the costs of interconnection
30 and metering equipment and the installation of that equipment to the point of connection
31 to the utility's system at the eligible renewable generator's site, to the extent that such
32 reimbursement has not previously been made. Eligible renewable generators shall pay
33 the utility for any energy produced by the utility and used by the eligible renewable
34 generator at a rate approved by the Commission.

35 (e) Except as otherwise provided in subsection (f) of this section for energy
36 supplied during on-peak hours, the rate remitted by each electric utility to eligible
37 renewable generators shall be determined by deducting from the Commission-
38 approved residential retail rate charged on a per kilowatt-hour basis to the majority of residential
39 customers of that electric utility:

40 (1) Expenses approved by the Commission and retained by the utility for
41 billing, distribution, handling, and other services and profit, totalling up
42 to twenty percent (20%) of that retail rate; and

1 (2) An amount equal to two percent (2%) of that retail rate, one percent
2 (1%) of which the utility shall remit to the Wildlife Resources Fund
3 established in G.S. 143-250 and one percent (1%) of which the utility
4 shall remit to the Clean Water Management Trust Fund established in
5 Article 13A of Chapter 113 of the General Statutes.

6 This rate shall be remitted by the electric utility to eligible renewable generators first
7 from amounts collected from contributors and, to the extent that those funds are not
8 sufficient, from amounts collected from the utility's subscribers.

9 (f) For energy supplied to an electric utility during on-peak hours, a rate equal to the
10 rate provided for in subsection (e) of this section multiplied by one and forty-three
11 hundredths (1.43) shall be remitted by the electric utility to eligible renewable generators.
12 This higher rate is intended to encourage on-peak production in order to reduce air
13 pollutants, to offset demand for higher-priced energy during on-peak hours, and to
14 compensate eligible renewable generators for higher costs during on-peak hours.

15 (g) If subscription demand exceeds energy available from eligible renewable
16 generators, each utility shall provide its subscribers with the deficit energy at the
17 applicable residential rate and apportion the amount of subscribers' electric bills payable
18 to eligible renewable generators on the basis of kilowatt-hours supplied by eligible
19 renewable generators during the billing period.

20 (h) If amounts collected from both subscribers and contributors are insufficient to
21 pay for all energy supplied by eligible renewable generators, the available funds shall be
22 apportioned to them on the basis of kilowatt-hours supplied by each generator.

23 (i) Contracts providing for interconnection and services under this section shall be
24 for a period of 15 years unless by mutual agreement the utility and an eligible renewable
25 generator negotiate a shorter term. The Commission shall prescribe standard terms and
26 conditions for those contracts and shall permit cancellation of a contract if an eligible
27 renewable generator fails to deliver power within 30 months after a contract is entered
28 into or fails to deliver power for 360 consecutive days after the date that power is first
29 delivered under the contract.

30 (j) On or before April 15 of each year, each electric utility shall submit to the
31 Commission a report covering the preceding calendar year certifying the number of
32 subscribers and contributors electing to support eligible renewable energy generators, the
33 kilowatt-hour and dollar amount of the subscribers served, the dollar amount collected
34 from contributors, and the surplus funds, if any, remaining from amounts collected from
35 contributors.

36 (k) The Commission shall require each electric utility to create an escrow account for
37 any surplus amounts collected from contributors. The fund shall be used for years in
38 which insufficient funds are collected to remit to eligible renewable generators at the rate
39 provided for in subsection (e) of this section. Any surplus in excess of two years'
40 anticipated funding shall be disbursed annually by the utility to the Clean Water
41 Management Trust Fund established in Article 13A of Chapter 113 of the General
42 Statutes."

1 Section 2. This act is effective when it becomes law and applies to the
2 provision of electric power supplied by eligible renewable generators, as defined in G.S.
3 62-155.1(a)(2), on or after that date.