

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 3

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

Sponsors: Senators Albertson; Allran, Atwater, Bingham, Boseman, Cowell, Dalton, Jenkins, Kinnaird, Purcell, Queen, Snow, Stevens, Tillman, and Weinstein.

Referred to: Agriculture/Environment/Natural Resources.

February 12, 2007

A BILL TO BE ENTITLED

AN ACT TO PROMOTE THE DEVELOPMENT OF RENEWABLE ENERGY AND ENERGY EFFICIENCY IN THE STATE THROUGH IMPLEMENTATION OF A TEN 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 security through the use of indigenous
4 energy resources available within the State.
- 5 c. Encourage private investment in renewable energy and energy
6 efficiency.
- 7 d. Provide improved air quality and other benefits to energy
8 consumers and citizens of the State."

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

11 **"§ 62-133.7. Renewable Energy and Energy Efficiency Portfolio Standard (REPS).**

12 (a) As used in this section:

- 13 (1) 'Electric power supplier' means a public utility, an electric membership
14 corporation, or a municipality that sells electric power to retail electric
15 power customers in the State.
- 16 (2) 'Energy efficiency measure' means a physical change to a building or
17 equipment implemented on or after 1 January 2007 that results in a
18 permanent reduction in overall demand for electric power while
19 maintaining the same or improved level of energy service.
- 20 (3) 'New renewable energy facility' means a facility that generates electric
21 power that is placed into service on or after 1 January 2007 and that
22 delivers electric power generated by the use of a renewable energy
23 resource to an electric power supplier.
- 24 (4) 'Renewable energy resource' means a solar, wind, hydropower,
25 geothermal, ocean current or wave energy resource; a biomass
26 resource, including agricultural waste, animal waste, wood waste,
27 energy crop, or landfill methane; or hydrogen derived from a
28 renewable energy resource. 'Renewable energy resource' does not
29 include a fossil fuel or nuclear energy resource.

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

32 (c) For calendar year 2009, an amount equal to at least one percent (1%) of the
33 total electric power in kilowatt hours sold by an electric power supplier to its retail
34 electric power customers in the State during the previous calendar year shall be supplied
35 by new renewable energy facilities or saved due to the implementation of energy
36 efficiency measures. The percentage shall increase on an annual basis so that by
37 calendar year 2018 and for each calendar year thereafter, an amount equal to at least ten
38 percent (10%) of the total electric power in kilowatt hours sold by an electric power
39 supplier to its retail electric power customers in the State during the previous calendar
40 year shall be supplied by new renewable energy facilities or saved due to the
41 implementation of energy efficiency measures.

42 (d) An electric power supplier may meet the requirements of this section by:

- 43 (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 (e) Electric power supplied by a new renewable energy facility or saved due to
6 the implementation of an energy efficiency measure may be used to meet the
7 requirements of this section. Any electric power that is supplied by a new renewable
8 energy facility or saved due to the implementation of an energy efficiency measure that
9 exceeds the requirements of this section for any calendar year may be credited towards
10 the requirements of this section in the following calendar year.

11 (f) The Commission shall adopt rules to implement the provisions of this section.
12 In developing the rules, the Commission shall:

13 (1) Allow an electric power supplier to meet up to twenty-five percent
14 (25%) of its REPS requirements through savings due to the
15 implementation of energy efficiency measures.

16 (2) Provide for the monitoring of compliance with and enforcement of the
17 REPS requirements.

18 (3) Consider the use of credit multipliers to promote certain preferred
19 renewable energy resources.

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

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

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

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