

**Women In Government
First Annual Energy Summit
Guiding Principals for a Balanced Energy Approach
September 10-12, 2009
Denver, Colorado**

Saturday, September 12, 2009

10:25am – 11:25am

State Panel – Developing Energy Legislation in Your State

Representative Pricey Harrison

Vice-Chair, Energy and Energy Use Committee

North Carolina State Legislature

Representative Pricey Harrison's Notes on Energy Legislation Activity in North Carolina

To put the situation in context, North Carolina imports \$17.5 billion a year in energy needs. Our population is expected to increase by more than 50% over the next 20 years, from 9 million to more than 14 million. We have traditionally relied on cheap coal for our electricity needs (60% coal, a bit more than 30% nuclear, and the remainder oil, natural gas, hydro, and renewables).

We are also in a climate crisis. While China has recently eclipsed us as the largest global emitter per capita, the United States emits far more greenhouse gas emissions than any other country. North Carolina is a big part of the problem; we are 24th or so in the world in greenhouse gas emissions. When combined with South Carolina and Virginia; we equal South Korea, which is around sixth in global emissions. We are the third most vulnerable state in the United States to rises in sea level, with more than 4,000 miles of shoreline. Our coastline is also vulnerable to the expected increase in frequency and intensity of storms. We can also expect more frequent and prolonged droughts. Our agriculture industry is also vulnerable to climate change, especially our very productive Christmas tree industry.

The good news is that by addressing climate change, we achieve energy security, create green jobs at home, and clean up our environment. The costs of failing to address climate change far exceed the cost of action. We do know that our policies have resulted in the establishment of thousands of green jobs, going from 6,400 in 2008 to 10,250 in 2009 at a time when our unemployment rate doubled from 5% to 10.8%. North Carolina's Secretary of Commerce has indicated that nearly one half of all new business inquiries have been in the area of green jobs. Those are good clean jobs that stay in state.

Background

North Carolina began addressing the climate issue when it passed the strongest clean air requirements in the country in 2002, requiring our coal fired power plants to significantly reduce NOx and SOx emissions, and directing North Carolina's Department of the Environment (DENR) to assess and study carbon emissions. That led to the formation of a planning group called Climate Action Plan Advisory Group (CAPAG) and a climate action plan, as well as the establishment of a Legislative Commission on Global Climate Change, which I co-chair and is composed of a broad membership of stakeholders. Some of our energy policy changes have come as recommendations from Commission and CAPAG.

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North Carolina is the only state in the Southeast with a Renewable Portfolio Standard (SB 3), enacted in 2007. It is fairly modest, with a requirement that our investor owned utilities achieve a minimum of 12.5% of energy needs from energy efficient (maximum of 5%) and renewable sources (defined in the statute) by 2021. The co-ops and munis are also included in the requirement; however, they are under more modest requirements. We included a solar carve out, as well as carve outs for swine waste and poultry litter. Prior to introducing the bill, we spent a year studying energy resources and involved all stakeholders to build support for the bill.

That same year, we also required that all new state government buildings (including the UNC system and community colleges, but not K-12 schools) achieve a certain level of energy and water efficiency based on American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) and other standards (not Leadership in Energy and Environmental Design (LEED), because we do not have Forest Stewardship Council (FSC) certified timber in North Carolina). The bill (SB 668) also required a certain amount of retrofitting of existing buildings, which we put money in the budget for.

We also protected the installation of solar panels from neighborhood restrictions (SB 670 in 2007, clarified in HB 1387 in 2009). These protections are prospective and prohibit homeowners associations' covenants from restricting the use of solar panels (with a few exceptions for public areas and visibility). We also established a biofuels center for research and grantmaking for alternative fuels.

2009 Legislation

This past year we have enacted the following

HB 1079, which requires that the state express a preference for the top 15% in fuel efficient vehicles by purchasing passenger vehicles for use by the state.

HB 512, which extended the sunset provision to 2016 for some of the most generous tax credits in the country for renewable energy devices (solar, wind, geothermal, etc.), both commercial and residential. We had earlier clarified the law to allow for passing along the tax credit to donors to non-profits and local governments.

HB 349/SB 304, which expands the cap on performance contracting from \$100 million to \$500 million for energy and water efficiency retrofits to state government buildings. This uses the utility line item on the budget to pay for the upfits, so the taxpayer is out no additional funds and we reduce our carbon footprint while creating home grown jobs (an estimated 13 jobs for every \$1 million spent).

HB 1389, which is a modified version of the Berkely/Boulder bill, allowing for financing of renewable energy devices. Financing is expected to be provided by grant funds. We did not include bonding authority in this version of the bill because there was some thought it might

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affect the state's bond rating (which is one of the seventh in the United States with the top rating). We expect to address that in the upcoming session.

HB 1481, which moves our State Energy Office to the Department of Commerce to reflect the newly emphasized green jobs aspect of energy policy. We also beefed up our Energy Policy Council, which advises the state on energy policy.

SB 1004, which makes it easier to convert dirty coal fired power plants to cleaner burning natural gas. The bill also contained a provision removing an exemption for the state's Dam Safety Act for coal ash ponds (more on that below).

HB 148, which provides for more opportunities for larger cities that want to provide mass transit by increasing funding options.

Legislation was introduced on the following subjects and is still pending

- Greening up the building code – Buildings consume 70% of electricity and are responsible for 40% of greenhouse gas emissions
- Feed in Tariffs – Very successful in Europe, but have not quite caught traction in the United States, although Vermont passed a bill this session and Congress is considering it.
- Green schools – I had proposed legislation providing a revolving loan fund for green school construction, but we did not have the funds this year.
- Wind permitting – We have the potential of 50,000 megawatts of wind energy off our coast but no permitting structure in place.
- Net metering – rules in North Carolina are inadequate and serve as a disincentive to make large investments in renewable energy devices. We are continuing to look into this.
- Public Benefits Fund/Independent Energy Efficiency Administrator – We continue to explore this.

Additional issues

Two environmental issues which came up this session and will continue to need addition relate to mountain top removal (MTR) and coal ash storage. North Carolina is the number two consumer of mountain top removed coal (after Georgia). This process involves removing entire coal seams from the top of a mountain, hill or ridge by removing the overburden above them, leaving a flat plateau or a gently rolling contour. The waste is then dumped in streams, essentially burying them. There have been water quality issues, poisoned wells, disease clusters, destroyed communities, etc. I introduced legislation to prohibit the use of that coal in North Carolina power plants (we do not have MTR mining in our state) and recruited others to file similar bills in the region.

North Carolina has 12 of the 44 highest hazard coal ash ponds in the United States, more than any other state. These ponds are basically a toxic stew of cadmium, arsenic, lead,

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mercury, selenium, etc. and have been shown to cause nearby contamination of groundwater supplies; they are also associated with increased rates of cancer. This toxic waste is used in road beds, in construction sites, in construction material, and it goes virtually unregulated in North Carolina. We have legislation pending (HB 1354) to provide for safer storage and better regulation of its use, but the bill has not yet been heard.