

2007 NORTH CAROLINA SUSTAINABLE ENERGY LEGISLATIVE GUIDE

PRODUCED BY
NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION



NCSEA

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NCSEA MISSION STATEMENT

**“THE NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION
WORKS TO ENSURE A SUSTAINABLE FUTURE BY
PROMOTING RENEWABLE ENERGY AND ENERGY EFFICIENCY
IN NORTH CAROLINA THROUGH PUBLIC POLICY, EDUCATION,
AND ECONOMIC DEVELOPMENT.”**

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INTRODUCTION

NORTH CAROLINA – A SUSTAINABLE ENERGY LEADER?

The North Carolina General Assembly has an unprecedented opportunity in 2007 to establish North Carolina as the Southeast hub of the fastest growing global industry – sustainable energy – by making an aggressive, lasting commitment to renewable energy and energy efficiency. The legislation in this guide will generate thousands of new jobs, healthier communities and improve our energy security.

2007 NC SUSTAINABLE ENERGY LEGISLATIVE GUIDE

The 2007 NC Sustainable Energy Legislative Guide helps you actively support a sustainable energy future by introducing you to 27 pending bills in the General Assembly. **NCSEA considers 10 of these bills to be “Priority Bills.”** This Guide contains key information on each bill with talking points for contacting your legislator. Learn more about an individual bill – and track its progress during the legislative session – by entering the bill number (i.e., S3) at <http://www.ncleg.net/>.

YOUR SUPPORT MATTERS!

Your Senator and Representative will only vote for these bills if they hear from the citizens and businesses that support sustainable energy repeatedly until the end of session in August or later. The ideal way to contact your legislator is by speaking directly with him or her over the phone or in person. The next best way to communicate with your legislator is through a personal letter. If you don't have time to write a letter, please consider sending an email. Always remember to thank your legislators when they sponsor and/or vote for sustainable energy legislation. **With your active support, we can take critical steps towards a sustainable energy future in our state.**

Many of the bills listed in this guide need to pass committee in the next few weeks. **Be sure to let your Senator and Representative know you support these bills by May 14th and then continue to remind them throughout the 2007 legislative session.** You can also get your friends and colleagues involved by sharing this legislative guide and encouraging them to contact their Senators and Representatives. **Over 25,000 of us must contact our legislators this year to pass these bills!**

Find your legislative representatives by entering your zip code + four digits at http://www.ncleg.net/GIS/Representation/Who_Represents_Me/Who_Represents_Me.html

For additional assistance, call the General Assembly at (919) 733-7928

JOIN NCSEA AS A MEMBER!

NCSEA members receive action alerts throughout the legislative session when energy bills need support to move forward and pass into law. In addition, members receive regular NCSEA publications, such as *From the Policy Desk* and the *Carolina Sun*. Your membership is also critical for NCSEA to continue the important work it performs at the General Assembly, the NC Utilities Commission, and in communities across our state. **Please join today using the membership form in the back of this Guide and thank you for your support!**

PRIORITY LEGISLATION

Below are NCSEA's nine priority energy bills that you must show your support for to the General Assembly. Supporting these bills will ensure North Carolina moves toward a sustainable energy future that includes a strong economy, new job growth, development of new industries, a cleaner and healthier environment, and lower-cost electricity for all ratepayers.

Several of our priority bills address issues concerning electricity and renewable energy in North Carolina. **Promote Renewable Energy/Efficiency (S3 and H77)** would make North Carolina a renewable energy leader in the Southeast by requiring a certain percentage of energy produced and generated in North Carolina to be generated from renewable energy or energy efficiency. **Energy Devices That Use Renewable Energy Devices (S670/H1187)** would ensure homeowner's solar access by voiding household association covenants and restrictions banning the installation of renewable energy devices. This bill would go even further by forbidding local ordinances from restricting the installation of renewable energy devices. The General Assembly is also considering exploring more complex energy issues through a bill entitled **Study Electric Power Issues (H1825)**.

State Energy Office Funds (S939/H839), Funds for NC Solar Center (S1222), and University Renewable Energy Funding (H1979) will appropriate funding to these North Carolina energy leaders. Programs administered by these centers have saved the state \$61 million in the past few years. If these programs are not funded in 2007, North Carolina will lose mission critical that have helped thousands of citizens, businesses and state agencies cut utility bills and spend more money on creating jobs.

Three priority bills would promote economic development, energy efficiency, and green building in North Carolina. The **North Carolina GREEN Act (S634/H557)** would establish the NC Green Business Fund to promote small North Carolina businesses involved with bio-fuels, green building, and green entrepreneurship. In addition to providing funding, state government could demonstrate energy efficiency leadership through **Energy Conservation in State Buildings (S668/H557)**. This bill would require new state-owned buildings to meet high performance building standards and reduce water consumption. The state would be required also retrofit existing buildings with low-cost high-return energy efficiency measures. **University/Community College Energy Savings (H1660)** would provide proper financial incentives for retrofits by allowing university and community colleges to retain any savings from energy efficiency to be used to fund other facility upgrades related to reducing energy and water consumption.

PLEASE VISIT, CALL, WRITE, OR EMAIL YOUR SENATOR AND REPRESENTATIVE TO LET THEM KNOW YOU SUPPORT A SUSTAINABLE ENERGY FUTURE IN NORTH CAROLINA!

TALKING POINTS FOR ALL OF THESE BILLS CAN BE FOUND THROUGHOUT THIS GUIDE.

<p>Find your legislative representatives by entering your zip code + four digits at http://www.ncleg.net/GIS/Representation/Who_Represents_Me/Who_Represents_Me.html</p>
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RENEWABLE ENERGY AND ELECTRICITY LEGISLATION

S3 – PROMOTE RENEWABLE ENERGY/ENERGY EFFICIENCY – PRIORITY BILL!!

Senate Sponsors: Sen. Albertson and co-sponsors Sens. Allran, Atwater, Bingham, Boseman, Cowell, Dalton, Jenkins, Kinnaird, Purcell, Queen, Snow, Stevens, Tillman, and Weinstein.

Senate Committees: Referred to Senate Agriculture, Environment, and Natural Resources and, if favorable, to Senate Finance.

Description: This bill requires the implementation of a 10% renewable energy and energy efficiency portfolio standard (REPS) by January 1, 2018. REPS requirements could be met through one or a combination of: (1) generating power at a renewable energy facility; (2) using energy efficiency to reduce consumption; and (3) purchasing power from a new renewable energy facility. Electricity suppliers could meet up to 25% of their REPS requirement through energy efficiency measures.

H77 – PROMOTE RENEWABLE ENERGY/EFFICIENCY-2 – PRIORITY BILL!!

House Sponsors: Reps. Harrison, Harrell, Martin, and Carolyn and co-sponsors Reps. Adams, Alexander, Allen, Bell, Bordsen, Braxton, Brown, Bryant, Carney, Church, Coates, Cole, Coleman, Dickson, England, Farmer-Butterfield, Fisher, Glazier, Goforth, Goodwin, Haire, Hall, Harrell, Holliman, Hurley, Insko, Jeffus, Jones, Love, Luebke, McAllister, McLawhorn, Owens, Parmon, Pierce, Rapp, Ross, Saunders, Spear, Stiller, Thomas, Tolson, Tucker, Underhill, Wainwright, E. Warren, Weiss, Wiley, Wilkins, Williams, Womble, and Wray.

House Committees: Referred to House Energy and Energy Efficiency and, if favorable, to House Public Utilities.

Description: This bill requires the implementation of a 20% renewable energy and energy efficiency portfolio standard (REPS) by January 1, 2022. Total REPS requirement would increase annually by a certain percentage of the total kilowatt hours sold by an electricity supplier. REPS requirements can be met through one or a combination of: (1) generating power at a renewable energy facility; (2) using energy efficiency to reduce consumption; and (3) purchasing power from a new renewable energy facility.

TALKING POINTS FOR S3 AND H77:

- An REPS is the most affordable way for North Carolinian's to reduce our greenhouse gas pollution that is causing global warming **AND eliminates the need for two or more new coal power plants.**
- If we account for actual costs of new coal (\$3.4+ bil., *not* \$2.7 bil.) and nuclear (\$4+ bil. each) power plants, an **REPS will cost us less** than building new power plants.
- An REPS would create **thousands more jobs and income** than relying on coal and nuclear power for over 96% of our electricity and would bring new manufacturing jobs to our State.
- An REPS would establish North Carolina as the Southeast hub for the rapidly growing renewable energy and energy efficiency industries, enabling NC green business to lead the entire region.
- We have the renewable energy resources, energy efficiency potential and technology available today!

S670/H1187-ENERGY DEVICES THAT USE RENEWABLE RESOURCES – PRIORITY BILL!!

Senate Sponsor: Sen. Cowell.

Senate Committee: Referred to Senate Commerce, Small Business and Entrepreneurship.

House Sponsors: Reps. Fisher and Harrison and co-sponsors Reps. Faison, Insko, and Luebke.

House Committees: Referred to House Energy and Energy Efficiency and, if favorable, to House Judiciary I.

Description: This bill forbids cities and counties from enacting ordinances inhibiting the installation of any devices based on the use of renewable resources. The bill also voids any deed restrictions, covenants, or other binding agreements that would prohibit the installation of devices based on the use of renewable resources. This bill does not apply to patio railings in a condo, cooperative, or apartment.

TALKING POINTS FOR S670 AND H1187:

- The bill will make it easier for many homeowners to install renewable energy technologies.
- Homeowners interested in installing renewable technology will not be denied the opportunity because of aesthetic reasons.
- The bill will support a growing renewable energy industry in North Carolina.
- If you have a personal story about challenges you faced when making renewable energy improvements, please share this with your legislator.

H1825 – STUDY ELECTRIC POWER ISSUES – PRIORITY BILL!!

House Sponsors: Reps. Harrison, Fisher, Thomas, and Samuelson and co-sponsors Reps. Faison, Glazier, and Saunders.

House Committees: Referred to House Public Utilities and, if favorable, House Appropriations.

Description: This bill appropriates \$95,000 to the North Carolina Utilities Commission to conduct a study of the least-cost mix of generation and demand for electricity production, including whether utility incentives are properly aligned to provide the least-cost mix and whether additional incentives are needed to promote investment in energy efficiency. The study would also look at incentives for conversion to cleaner animal waste technologies, decentralized energy production, and include a full cost-benefit analysis of renewable energy.

TALKING POINTS FOR H1825:

- Pursuing this study will expand on previous work of the Utilities Commission, thereby allowing legislators to make more informed decisions in the future.
- The study would ensure North Carolina utility companies have proper incentives to assist consumers with energy efficiency, thereby leading to lower electricity rates in North Carolina.
- The study would examine the full costs and benefits of renewable energy in North Carolina. This would include improvements in public health and environment, which are often unaccounted for.
- The study will examine policies in other states and countries, thereby providing successful models for new North Carolina to follow.

S1140/H1074 – RENEWABLE ENERGY CREDIT – 501(C)(3)

Senate Sponsor: Sen. Clodfelter.

Senate Committee: Referred to Senate Finance.

House Sponsors: Reps. Harrison, Insko, Alexander, and Samuelson and co-sponsors Reps. Allred, Avila, Barnhart, Blackwood, Boylan, Braxton, Bryant, Carney, Cotham, Current, Faison, Farmer-Butterfield, Glazier, T. Harrell, Hurley, Justice, Killian, Langdon, Lewis, Luebke, McElraft, McGee, Neumann, Pierce, Stiller, Thomas, Tillis, Wainwright, Walend, Wiley, Womble, and Wray.

House Committees: Referred to House Energy and Energy Efficiency and, if favorable, to House Finance.

Description: This bill provides a tax credit for contributions to nonprofit organizations investing in renewable energy property. The amount of the credit allowed is equal to a portion of the total credit that the nonprofit organization would be allowed if the organization was subject to tax. The contribution must be designated by the taxpayer for and actually used by the organization for investing in renewable energy property.

H1115 – SWINE FARM ENVIRONMENTAL PERFORMANCE STANDARDS/FUNDS

House Sponsors: Reps. Justice, Lucas, McComas, and Carney and co-sponsors Reps. Alexander, Bordsen, Bryant, Coates, Cole, Coleman, Cunningham, Current, Farmer-Butterfield, Fisher, Glazier, Goforth, Grady, Haire, Harrison, Howard, Insko, Jeffus, Luebke, Martin, McGee, Rapp, Ross, Samuelson, Steen, Stiller, Tarleton, Underhill, Weiss, and Womble;.

House Committees: Referred to House Environment and Natural Resources and, if favorable, to House Appropriations.

Description: This bill permanently bans new hog lagoons and sprayfields and authorizes grants to assist farmers with the cost of installing innovative swine waste management systems. The bill also creates the Bernard Allen Clean Well Water Fund to provide alternative, clean water supplies for residents whose wells have experienced groundwater contamination.

A GROWING MARKET FOR RENEWABLE ENERGY

THE GLOBAL **WIND POWER** INDUSTRY IS EXPECTED TO GROW FROM \$17.9 BILLION IN 2006 TO \$60.8 BILLION IN 2016.

THE GLOBAL **SOLAR PHOTOVOLTAICS** INDUSTRY IS EXPECTED TO GROW FROM \$15.6 BILLION IN 2006 TO \$69.3 BILLION IN 2016.

IN 2004, THE UNION OF CONCERNED SCIENTISTS FOUND INCREASING THE SHARE OF **RENEWABLE ENERGY** IN THE US ELECTRICITY SYSTEM TO **20 PERCENT** WOULD CREATE MORE THAN **355,000 NEW JOBS**.

Sources: *Clean Energy Trends 2007*, Clean Edge, March 2007 and *Renewing America's Economy*, Union of Concerned Scientists, 2004

APPROPRIATIONS LEGISLATION

S939/H839 – STATE ENERGY OFFICE FUNDS – PRIORITY BILL!!

Senate Sponsors: Sen. Dorsett and co-sponsors Sens. Albertson, Cowell, Dannelly, Malone, and Purcell.

Senate Committee: Referred to Senate Appropriations/Base Budget.

House Sponsors: Reps. Harrison, Alexander, Tarleton and Jeffus and co-sponsors Reps. Allen, Bell, Bryant, Carney, Church, Cole, Coleman, Earle, Faison, Farmer-Butterfield, Fisher, Glazier, Goforth, Goodwin, Haire, Hall, T. Harrellk, Hill, Insko, Jones, Lucas, Luebke, Martin, McLawhorn, Mobley, Parmon, Ross, Thomas, Tolson, Weiss, and Wilkins.

House Committee: Referred to House Appropriations.

Description: This bill appropriates \$7.5 million for the 2007-2008 fiscal year and \$7.5 million for the 2008-2009 fiscal year for the State Energy Office to be used for energy-related programs and purposes.

S1222 – FUNDS FOR NC SOLAR CENTER – PRIORITY BILL!!

Senate Sponsors: Sen. Cowell and co-sponsor Sen. Atwater.

Senate Committee: Referred to Senate Appropriations/Base Budget.

Description: This bill appropriates \$2.4 million in recurring funds for the 2007-2008 fiscal year for the North Carolina Solar Center at North Carolina State University. These additional funds shall be used for the operating expenses of the Center.

H1979 – UNIVERSITY RENEWABLE ENERGY FUNDING – PRIORITY BILL!!

House Sponsors: Reps. Harrison, Tolson, Glazier, and Jeffus and Reps. Bryant, Coleman, Current, England, Farmer-Butterfield, Fisher, T. Harrell, J. Harrell, Luebke, Martin, McAllister, McLawhorn, Pierce, Samuelson, Tarleton, Thomas, Tucker, and Womble.

House Committee: Bill has not yet been referred to a committee.

Description: This bill appropriates \$3.55 million in the 2008-2009 fiscal year to fund the NC Solar Center (\$2.65 mil), Appalachian State University Energy Center (\$500,000), and the NC A&T Center for Energy Research & Technology (\$400,000).

TALKING POINTS FOR APPROPRIATIONS LEGISLATION:

- The State Energy Office (SEO) and university energy center programs have saved taxpayers over \$61 million in the past few years.
- If your legislators do not fund the SEO, they will also be eliminating much of the Industrial Extension Service, NC Solar Center, Clean Cities Program, Appalachian State University Energy Center programs, NC A&T energy center, NC Healthy Built Homes, NC Energy Star and more!
- They have helped thousands of citizens, businesses and state agencies to cut their utility bills and spend more money on creating jobs.
- If the SEO and university energy centers are not funded, NC will directly lose about 100 jobs and we will miss out on the opportunity to create 1,000's more sustainable energy jobs in the near future.
- If you have a personal story about these institutions, please share them with your legislators.

ENERGY EFFICIENCY AND GREEN BUILDING LEGISLATION

S668/H1075 – ENERGY CONSERVATION IN STATE BUILDINGS – PRIORITY BILL!!

Senate Sponsors: Sen. Cowell and co-sponsors Sens. Albertson, Atwater, Berger, Brock, Dalton, Foriest, Garrou, Goss, Graham, Hartsell, Jones, Kinnaird, Malone, Nesbitt, Pittenger, Purcell, Queen, Snow, Stevens, and Swindell.

Senate Committee: Referred to Senate Commerce, Small Business and Entrepreneurship.

House Sponsors: Reps. Harrison, Carney, Underhill and Thomas and co-sponsors Reps. Alexander, Allen, Blue, Bordsen, Braxton, Brown, Coates, Cotham, Dickson, Faison, Farmer-Butterfield, Fisher, Glazier, Goodwin, Haire, Hall, T. Harrell, Holliman, Insko, Jones, Justice, Luebke, Martin, McGee, Mobley, Parmon, Pierce, Ross, Samuelson, Tarleton, Wainwright, Weiss, Womble, and Wray.

House Committees: Referred to House Ways and Means and, if favorable, to House Energy and Energy Efficiency

Description: This bill requires new state-owned buildings (including university and community colleges) to be constructed to meet high performance building standards and reduce water consumption. Also requires the state to retrofit existing buildings with low-cost high-return energy efficiency measures by July 2009 and establishes a \$3 million reserve fund for this. Appropriates \$5 million for a reserve fund to pay for more extensive retrofit buildings. Requires the state to conduct energy audits every 3 years and update plans annually and appropriates \$267,000 for 3 positions. Requires life-cycle cost analysis of construction projects and fund a position at \$100,000.

TALKING POINTS FOR S668 AND H1075:

- Provides millions of dollars in energy savings to consumers and state and municipal government.
- Reduces energy and water use in government facilities through self-funded energy projects.
- Reduces our dependence on out-of-state energy imports, which cost NC over \$12 billion per year.
- NC ranks 45th in the US on expenditures on energy efficiency as a percent of utility revenues, we can do much better!

H1660 – UNIVERSITY/COMMUNITY COLLEGE ENERGY SAVINGS – PRIORITY BILL!!

House Sponsors: Reps. Fisher, Goforth, and Thomas and co-sponsors Reps. Faison, Harrison, Insko, and Wray.

House Committees: Referred to House Energy and Energy Efficiency and, if favorable, to House Appropriations.

Description: This bill allows universities and community colleges to retain any savings from energy efficiency to be used to fund other facility upgrades related to reducing energy and water consumption.

TALKING POINTS FOR H1660:

- Allowing university and community colleges to keep these energy savings would provide financial incentives to undertake energy efficiency projects.
- These projects will put hundreds of millions of dollars of taxpayer money into actual education – not heating and cooling buildings - by reducing energy consumption in state educational facilities.

S505/H526 – INCOME TAX CREDIT – ENERGY EFFICIENT HOMES

- Senate Sponsors:** Sen. Swindell and co-sponsors Sens. Albertson, Apodaca, Atwater, Brock, Brown, Garrou, Goodall, Jones, Preston, Rand, and Shaw.
- Senate Committee:** Referred to Senate Finance.
- House Sponsors:** Rep. Tolson and co-sponsors Reps. Alexander, Faison, Fisher, Harrison, Howard, Jones, McLawhorn, Parmon, Pate, Pierce, Samuelson, Spear, Tillis, Underhill, Wainwright, E. Warren, and Wray.
- House Committees:** Received a favorable report in House Energy and Energy Efficiency and referred to House Finance.

Description: This bill provides income tax credits for taxpayers that build or manufacture energy-efficient homes. The amount of the credit is \$1,000 for a qualified Energy Star home or \$2,000 for a qualified NC Healthy Built Home, but not both.

S695/H586 – ADOPT INTERNATIONAL BUILDING CODE

- Senate Sponsors:** Sen. Clodfelter and co-sponsors Sens. Hoyle and Kinnaird.
- Senate Committee:** Referred to Senate Commerce, Small Business and Entrepreneurship.
- House Sponsors:** Rep. Goforth and co-sponsor Rep. Hilton.
- House Committees:** Referred to House Commerce, Small Business and Entrepreneurship and, if favorable, to House Judiciary II.

Description: This bill requires North Carolina to adopt the International Building Code as the state building code, including the International Energy Conservation Code.

S927/H1073 – GREEN SCHOOL CONSTRUCTION LOAN FUND/PROGRAM

- Senate Sponsor:** Sen. Garrou.
- Senate Committees:** Referred to Senate Finance and, if favorable, to Senate Appropriations/Base Budget.
- House Sponsors:** Reps. Harrison, Insko, Thomas, and Fisher and co-sponsors Reps. Allen, Blue, Brown, Bryant, Carney, Coates, Cotham, Faison, Farmer-Butterfield, Glazier, Goodwin, Hall, T. Harrell, Holliman, Jones, Luebke, Martin, Mobley, Pierce, Tarleton, Wainwright, Weiss, and Womble.
- House Committees:** Referred to House Finance and, if favorable, to House Appropriations.

Description: This bill authorizes the creation of the Green School Construction Loan Fund to provide no-interest loans to school boards to assist with the incremental cost of designing and constructing new facilities or renovating existing facilities to use less energy and water. The bill appropriates \$1 million in the 2007-2008 fiscal year and \$1 million in the 2008-2009 fiscal year to the Fund and encourages voluntary documentation and reporting of operational benefits and savings through the voluntary Green School Construction Program.

H177 – COMMUNITY COLLEGE/PARTICIPATE IN ENERGY LOAN PROGRAM

House Sponsors: Rep. Tolson and co-sponsors Reps. Alexander, Cole, Coleman, Faison, Frye, Glazier, Harrison, Insko, Jeffus, McGee, Pate, Thomas, Wainwright, R. Warren, and Wray.

House Committees: The bill passed the House after receiving favorable reports in House Energy and Energy Efficiency; House Education; and House Finance. The bill has been received by the Senate and referred to Senate Finance.

Description: This bill clarifies the authority of Community College Trustees to enter into loan agreements under the Energy Improvement Loan Program.

S539/H1097 – CHAPEL HILL ENERGY EFFICIENCY INCENTIVES

Senate Sponsor: Sen. Kinnaird.

Senate Committee: Referred to Senate Finance.

House Sponsors: Rep. Insko and co-sponsor Rep. Harrison.

House Committees: This bill passed the House after receiving House Local Government II and House Energy and Energy Efficiency. The bill has been received by the Senate and referred to Senate Finance.

Description: This bill amends the charter of the town of Chapel Hill to allow the town to provide development incentives, such as higher density development or other incentives, in exchange for significant energy conservation measures.

H666 – MECKLENBURG AND ASHEVILLE BUILDING PERMIT REBATES

House Sponsors: Reps. Killian, Carney, and Samuelson and co-sponsors Reps. Alexander, Cunningham, Earle, Gulley, Saunders, and Tillis.

House Committees: Received favorable vote in House Energy and Energy Efficiency and referred to House Finance.

Description: This bill allows Mecklenburg County and the city of Asheville to provide green building permit fee rebates for buildings that are constructed or renovated using sustainable design principles.

H1702 – CONSERVE ENERGY/INSULATE HOT WATER PLUMBING

House Sponsors: Reps. Faison and Allen.

House Committees: Received favorable vote in House Energy and Energy Efficiency. The bill will now be scheduled for the full House chamber.

Description: This bill amends the building code to require hot water heater pipes over one quarter inch to be insulated.

ECONOMIC DEVELOPMENT LEGISLATION

S634/H557 – NORTH CAROLINA GREEN ACT – PRIORITY BILL!!

Senate Sponsors: Sen. Albertson and co-sponsors Sens. Allran, Boseman, Clodfelter, Dannelly, Hoyle, Malone, Queen, Soles, Swindell, and Weinstein.

Senate Committees: Referred to Senate Agriculture, Environment, and Natural Resources and, if favorable, to Senate Appropriations/Base Budget.

House Sponsors: Rep. Tolson and co-sponsors Reps. Alexander, Carney, Faison, Fisher, Howard, Jones, McLawhorn, Underhill, Wainwright, and E. Warren.

House Committees: Referred to House Energy and Energy Efficiency and, if favorable, to House Appropriations.

Description: This bill establishes the NC Green Business Fund to be administered by the State Energy Office and appropriates \$15 million for each year of the 2007-2009 fiscal biennium. Funds will be distributed to private business with less than 100 employees, nonprofit organizations, local governments, and State agencies to encourage the expansion of small- to medium-size businesses. Grants will be made to support bio-fuels (minimum of 40% of annual funds), green building (minimum of 40% of annual funds), and green entrepreneurship.

TALKING POINTS FOR S634 AND H557:

- Provides support for emerging renewable energy and energy efficiency industries in North Carolina.
- Government and financial backing would provide needed support to allow these emerging industries to mature in North Carolina.
- Establishes North Carolina as an attractive location to establish a new “green” business.
- Would likely create hundreds of new jobs across the state – especially in rural areas where most of our renewable resources are located.
- Develops a NC workforce with renewable energy and energy efficiency technical expertise.
- Promoting these industries will reduce our need for conventional fuels imported from out-of-state and improve our environment, air quality and public health.

H1821 – DENR PERMITS FOR SITING WIND ENERGY SYSTEMS

House Sponsors: Reps. Thomas, Harrison, and Allen and co-sponsors Reps. Carney, Coates, Faison, Fisher, Glazier, and Tarleton.

House Committees: Referred to House Public Utilities and, if favorable, to House Energy and Energy Efficiency.

Description: This bill directs Department of Environment and Natural Resources (DENR) to establish a permit process to govern the siting of large wind farms. The process would include siting standards, environmental review and public involvement, and a technical advisory committee would be established to advise DENR in establishing the rules.

S1451 – ESTABLISH A BIODIESEL INCENTIVE FUND

Senate Sponsors: Sen. Snow and co-sponsors Sens. Allran and Atwater.

Senate Committees: Referred to Senate Commerce, Small Business and Entrepreneurship and, if favorable, to Senate Appropriations/Base Budget.

Description: This bill establishes the Biodiesel Incentive Fund in the Department of Agriculture and Consumer Services to allocate biodiesel producers to encourage the development of biodiesel from the state's feedstock sources. In addition, the bill establishes the Division of Biofuels Production and Development to consolidate the resources needed for biofuel producers to start and continue operations. The bill appropriates (1) \$1 million in the 2007-2008 fiscal year and \$2 million in the 2008-2009 fiscal year for the Biodiesel Incentive Fund and (2) \$10 million for each year of the 2007-2009 biennium for the Division of Biofuels Production and Development.

NORTH CAROLINA ENERGY INCENTIVES

Tax Credits – North Carolina provides a tax credit of 35 percent of the cost of renewable energy property constructed, purchased or leased by a taxpayer and placed into service during the taxable year. The following credit limits apply:

- A maximum of \$3,500 for residential active space heating, combined active space and domestic water-heating systems, and passive space heating;
- A maximum of \$1,400 for residential solar water-heating systems, including solar pool-heating systems;
- A maximum of \$10,500 for photovoltaic (solar electric), wind, or other renewable-energy systems for residential use;
- A maximum of \$25 million for all solar, wind, hydro and biomass applications on commercial and industrial facilities.

Interconnection Standards – Permits renewable-energy systems and other forms of distributed generation up to 20 kilowatts (kW) in capacity for residential systems, and up to 100 kW in capacity for non-residential systems to connect with the electric grid.

Net Metering – Allows interconnected renewable system owners to receive an annual credit for excess electricity they produce and contribute to the electric grid.

TRANSPORTATION RELATED LEGISLATION

S1307/H1179 – LOW EMISSION VEHICLES PROGRAM/FUNDS

Senate Sponsor: Sen. Clodfelter.

Senate Committee: Referred to Senate Commerce, Small Business and Entrepreneurship.

House Sponsors: Reps. Harrison, Alexander, Martin, and Carney and co-sponsors Reps. Allen, Cotham, Faison, Farmer-Butterfield, Fisher, Goodwin, Hall, T. Harrell, Holliman, Jones, Luebke, Parmon, Rapp, Tarleton, Weiss, and Womble.

House Committees: Referred to House Environment and Natural Resources and, if favorable, to House Appropriations.

Description: This bill requires the NC Environmental Management Commission to adopt rules requiring all cars and light trucks beginning in 2009 to meet low emissions standards equivalent to California's standards. The bill appropriates (1) \$10,000 in the 2007-2008 fiscal year for the Department of Environment and Natural Resources to implement the adoption of the rules and (2) \$10,000 in the 2007-2008 fiscal year for the Department of Transportation to implement the additional requirement that state agencies review and revise bid procedures to comply with low-emission requirements.

H1576 – COORDINATED TRAFFIC SIGNALS/REDUCE ENERGY USE

House Sponsors: Rep. Allred and co-sponsors Reps. Blackwood, Blust, Coates, Folwell, Glazier, Harrison, Moore, and Walend.

House Committees: Referred to House Transportation and, if favorable, to House Energy and Energy Efficiency.

Description: This bill requires municipalities and the department of transportation to coordinate traffic signal patterns to reduce the consumption of energy.

S1149 – USE BIODIESEL ON SCHOOL BUSES

Senate Sponsor: Sen. Hoyle.

Senate Committee: Referred to Senate Appropriations/Base Budget.

Description: This bill appropriates \$5 million for the 2007-2008 fiscal year for the State Board of Education to make grants of up to \$1 million each to local school administrative units for the production of biodiesel for school buses.

S1452 – DIESEL SCHOOL BUSES TO USE MINIMUM B-20 FUEL

Senate Sponsors: Sen. Snow and co-sponsor Sen. Allran.

Senate Committee: Referred to Senate Commerce, Small Business and Entrepreneurship.

Description: This bill requires public school buses and other student transport vehicles capable of operating on diesel fuel, to be capable of operating on diesel fuel with a minimum biodiesel concentration of B-20.

S1273 – EXCISE TAX REDUCTION FOR BIODIESEL

Senate Sponsor: Sen. Snow.

Senate Committee: Referred to Senate Finance.

Description: This bill sets the biodiesel excise tax at a flat rate of 13.5 cents per gallon plus the variable wholesale component.

CLIMATE CHANGE LEGISLATION

H962 – LRC STUDY GHG CREDITS FOR FARMING

House Sponsors: Reps. Faison and Hill and co-sponsor Rep. Langdon.

House Committees: Received favorable report from House Agriculture and referred to House Rules, Calendar, and Operations.

Description: This bill authorizes the Legislative Research Commission to study the feasibility and advisability of extending credits to the business of farming in any “cap-and-trade” program for greenhouse gas emissions the state may adopt.

H1826 – CLIMATE CHANGE/STATE AGENCY REPORTS

House Sponsors: Reps. Harrison and Underhill and co-sponsors Reps. Faison and Glazier.

House Committees: Referred to House Energy and Energy Efficiency and, if favorable, to House Environment and Natural Resources.

Description: This bill directs 10 state agencies to report their research and other activities related to climate change and greenhouse gas emissions annually. It also directs the State Energy Office to report on the state’s preparedness for climate change annually.

IN IT’S THIRD YEAR – NCSEA LEGISLATIVE GUIDE IS MAKING A DIFFERENCE!

IN 2005 AND 2006, OVER 20,000 NORTH CAROLINIANS USED THE NCSEA LEGISLATIVE GUIDE TO PASS AN UNPRECEDENTED **10 SUSTAINABLE ENERGY BILLS INTO LAW**. SOME HIGHLIGHTS INCLUDE:

*Extended our **nation’s best** Renewable Energy Tax Credits to 2011 and raised the commercial tax credit from \$250,000 per installation up to \$2.5 million!*

*Creation of the **Global Climate Change Commission** – NCSEA is a Commissioner*

*Allocation of all remaining Federal funds to the **State Energy Office** in 2006 – Now funding is gone and we are fighting for \$7.5 million for SEO in the state budget!*

*Energy Assistance **Act for Low-Income Persons** in 2006*

NORTH CAROLINA GENERAL ASSEMBLY

History and Description

The legislative branch of the North Carolina state government, the General Assembly, is located in downtown Raleigh. The General Assembly was established in 1776 by the NC state constitution.¹ The legislative branch is given the authority to make or enact laws; to establish rules and regulations governing the conduct of the people, their rights, duties and procedures; and prescribe the consequences of certain activities. The General Assembly has the power to make new laws and amend or repeal existing laws, on the State level and for local communities.

The General Assembly is composed of the Senate and the House of Representatives, similar to the United States Congress. There are 50 members of the Senate and 120 members of the House. The members are elected from designated districts, and must live in the district they wish to represent for at least one year to qualify for election. The individual must be registered to vote in North Carolina, and must meet age requirements of 25 years of age for the Senate and 21 years of age for the House. Elections are every two years in November of even numbered years, and members take office the following January 1. The General Assembly meets in regular session each odd-numbered year, and returns the following even-numbered year for a shorter session.

How a Bill Becomes a Law

To become law, a proposed bill must receive a favorable vote in both houses of the General Assembly, which are the House of Representatives and the Senate. A bill can start in either house. Often, identical versions of a bill are proposed in both houses, referred to as “twin bills.” In this Guide, you will see both a Senate and a House of Representatives bill number next to the same bill title. These are “twin bills.”

1. **Drafting of bills** – To propose a law, a legislator puts in a request to either the Legislative Service Commission’s Bill Drafting Division or the Office of the Attorney General to draft a bill.
2. **Introduction of bills** – To present a bill to the General Assembly, the legislator wishing to sponsor a bill must introduce it during the daily session of the House or Senate.
3. **Reference to Committee** – After a bill is introduced in the House or Senate, it is referred to one or more Committees for “careful study and recommendation.” Before deciding on a bill, a Committee can hear comments from the public on the bill. If the Committee approves the bill by vote, it is reported back for either the full House or Senate to vote on.
4. **Consideration by the First House** – After a bill is reported out of Committee and back to the full house (the House of Representatives or Senate), the full house meets to consider the bill. The bill’s sponsor, who originally introduced the bill, explains the bill. Legislators then debate and vote on the bill twice, called the second reading and third reading. If the bill passes both the second and

¹ Information in this appendix is adapted from the NC General Assembly websites:
<http://www.ncleg.net/homepage.pl> and <http://www.ncleg.net/NCGAInfo/Bill-Law/bill-law.html>.

third reading, it is referred to the second house (the House of Representatives or Senate). This year, May 17 is the “Crossover” deadline, or the day by which a non-revenue and non-appropriations bill must pass the first house (the House of Representatives or Senate). Otherwise, the bill is ineligible for consideration during the remainder of the legislative term.

5. **Consideration by the Second House** – After passing through the first house, a bill is referred to the second house and the approval process is repeated. If a bill passes the House of Representatives it is sent to the Senate, where it is referred to a Senate committee for recommendation, and vice-versa.
6. **Concurrence in Amendments** – if the bill is changed by the second house, a Conference Committee is appointed by the legislative leadership to reconcile the differences between the two approved versions of the bill. If the Conference Committee reaches agreement on a final bill, and it is approved by both houses, the bill is enrolled.
7. **Enrollment, Ratification and Publication** – the presiding officer of each house ratify the bill by signing the final bill version, including amendments. The day after ratification, the bill is sent to the Governor of North Carolina for signature. The bill becomes law if the Governor signs the bill or takes no action within ten days. The Governor can veto a bill up to 30 days after the General Assembly adjourns for the year. For a bill to become law after being vetoed by the Governor, 60% of the legislators in both houses must vote to override the Governor’s veto. If they do, the bill becomes law without the Governor’s approval. The bill is then referred to as a law and is published in the “Session Laws of North Carolina.”

Regulations and Rule-Making

After a bill becomes a law through the General Assembly, it is typically the responsibility of a state agency to develop regulations that will put the new law into effect. For instance, developing North Carolina environmental regulations would often be the responsibility of the Department of Environment and Natural Resources. Laws pertaining to renewable energy or energy efficiency often become the responsibility of the North Carolina Utilities Commission. The rule-making process for many of these processes is conducted through public hearings described in greater detail in the next section.

JOIN NCSEA TODAY AND GET INVOLVED!

USE THE MEMBERSHIP FORM IN THE BACK OF THIS GUIDE.

YOUR MEMBERSHIP MAKES OUR WORK POSSIBLE AND GIVES US THE CHANCE TO WORK WITH YOU FOR A SUSTAINABLE ENERGY FUTURE.

NORTH CAROLINA UTILITIES COMMISSION

NCSEA is the leading sustainable energy advocate participating in decisions made by the North Carolina Utilities Commission (Commission). The Commission is the state agency authorized to regulate the rates and services of all public utilities in North Carolina, including the electric and natural gas industries.² To a limited degree, the Commission regulates electric membership corporations, small power producers, and electric merchant plants.

The Commission has seven members who serve eight-year terms. Appointments are made by the Governor and are subject to confirmation by the General Assembly by joint resolution. The Governor also designates a Chairman to serve a four-year term. The Public Staff of the Commission represents the interests of the using and “consuming public” (individuals, businesses, and government) in matters pending before the Commission. The Public Staff is an independent agency which is not subject to the supervision, direction, or control of the Commission. The Executive Director of the Public Staff is appointed by the Governor and subject to confirmation by the General Assembly, by joint resolution, for a term of six years.

The Commission’s authority to regulate public utilities throughout the state is set forth in Chapter 62 of the North Carolina General Statutes, called the Public Utilities Act. This Act sets out in law the jurisdiction of the Commission over the public utilities and the procedures the Commission must follow in regulating these utilities with respect to rates and services. The purpose of regulation is to protect the interest of the public to the end that adequate service may be provided at reasonable rates. In fixing such rates, the Commission must be fair and reasonable to both public utilities and their customers.

With respect to the fixing of rates for public utilities, the Commission is required by law to conduct hearings in general rate cases and other rate making proceedings which, in the case of the larger utilities such as the electric and natural gas companies, may be lengthy and complex and take up to several weeks to complete. Participation in these hearings includes the utility, the Public Staff, and the Attorney General, as well as other parties, such as NCSEA, who have an interest in being assured that the rates and charges of the utility are just and reasonable. For example, NCSA raised concerns in public hearings in 2006 over the lack of energy efficiency and renewable energy in the long-term plans of our electric utilities. General rate cases may be heard by the full Commission of seven members or by a panel of three Commissioners. The hearings are held in Raleigh and are also held throughout the state in the service areas of the utilities to give the customers an opportunity to testify.

The Commission publishes weekly and monthly calendars of its proceedings designed to provide public notice of all hearings and public meetings being conducted. For more information, see the NC Utilities Commission website at <http://www.ncuc.commerce.state.nc.us>.

² Information in this appendix is adapted from the NC Utilities Commission’s website: <http://www.ncuc.commerce.state.nc.us/overview/ucdesc.htm>

GLOSSARY

B-20 – A biodiesel fuel containing 20% biodiesel and 80% diesel fuel.

Biodiesel Fuel – A fuel produced for diesel engines using organically-derived oils and fats. Biodiesel may be used either as a component of or replacement for diesel fuel.

Energy Efficiency – Using less energy or electricity to perform the same function.

Energy Star Home – Energy Star qualified homes meet strict guidelines for energy efficiency set by the U.S. Environmental Protection Agency. These homes are built to be at least 15 percent more energy efficient than the 2004 International Residential Code (IRC).

Kilowatt Hours – The most commonly used unit of measure indicating the amount of electricity consumed over time. A kilowatt hour means one kilowatt of electricity supplied for one hour.

NC Healthy Built Home – This program – administered by the NC Solar Center – certifies homes built by residential builders that meet green building guidelines. Building materials and processes are selected to reduce pollution and the waste of natural resources during the manufacturing and construction phases and throughout the life of the home.

Renewable Energy – Energy derived from resources that constantly renew themselves or that are practically inexhaustible. Renewable resources include solar, wind, hydro, landfill gas, animal waste, and other biomass.

Renewable Energy and Efficiency Portfolio Standard (REPS) – An REPS would require a certain percentage of energy consumed and produced in North Carolina to originate from renewable energy or energy efficiency.

NCSEA BOARD OF DIRECTORS AND STAFF

The North Carolina Sustainable Energy Association (NCSEA) is a 501(c)3 non-profit working to ensure a sustainable future for North Carolina by promoting renewable energy and energy efficiency through education, public policy and economic development. NCSEA's individual and business membership levels are the highest in our 29 year history and growing! Together, our shared expertise and concern for a sustainable energy future is making a difference for North Carolina.

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North Carolina Sustainable Energy Association

Education - Public Policy - Economic Development

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(919) 832-7601

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NCSEA

Membership Form

Please complete and return with a check payable to NCSEA or credit card information to the above address.

Name(s): _____

Address: _____

Home Phone: () _____

Email Address(es): _____

Please choose from the following contribution/membership options (each for individual or family):

- \$2000 – Sustainer’s Circle (Lifetime Membership)
- \$1000 – Guardian
- \$500 – Benefactor
- \$250 – Patron
- \$100 – Friend
- \$50 – Affiliate
- \$25 – Regular
- \$5 – Student

Please let us know if you would like to volunteer in any of the following areas:

- I can help in NCSEA's Raleigh office.
- I will make phone calls from home to let other members know about NCSEA functions.
- I can help with the upcoming statewide Green Building and Solar Tour.
- I can help NCSEA at the Southern Homes Show on February 28-March 4 in Charlotte.
- I can help find new members.

Members of NCSEA have the benefit of joining the American Solar Energy Society (ASES)**, our parent organization, or receiving their publication, at a reduced rate. If you are interested, please check the appropriate box below and add the pertaining amount to your total below.

- \$34 – ASES Basic membership
- \$79 – ASES Professional membership
- \$29 – Solar Today (Free for ASES members) – Bi-monthly magazine of ASES

For more information regarding ASES, including other membership levels, go to www.ases.org

Additional Donation: \$ _____

Total Payment: \$ _____

Enclosed is my check made payable to NCSEA.

Please charge the total above amount to my Mastercard/Visa.

Please charge \$ _____ to my Mastercard/Visa each month. (**new feature**)

Card # _____ Exp. Date _____

Address (if different from above) _____

Print Name _____ Signature _____

*All contributions beyond the Regular membership fee (\$25) are tax-deductible to the fullest extent of the law.