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House Bill 681 Hurts Ratepayers by Halting NC’s Growing Clean Energy Industry
Misleading Ratepayer Protection Act Would Stall Industry, Depriving Ratepayers of Estimated $651 Million in Cost Savings from Clean Energy Policies by 2029

RALEIGH, N.C., APRIL 14, 2015 – Monday night, NC House of Representatives members filed a bill to undo comprehensive, compromise energy legislation that passed in 2007 with overwhelming bipartisan support. The NC Sustainable Energy Association (NCSEA), a leading 501(c)(3) nonprofit organization dedicated to shaping the state’s clean and efficient energy future, today joins a host of clean energy business leaders in strongly opposing House Bill 681, which would cripple a job-creating, cost-saving economic driver for our state.

The inaptly titled Ratepayer Protection Act, sponsored by NC Representatives Chris Millis, Jeff Collins, Mike Hager and Harry Warren, would curtail the Renewable Energy and Energy Efficiency Portfolio Standard, ending all requirements for renewable energy and energy efficiency after 2018.

The legislation is a deadly blow to North Carolina’s $4.8 billion clean energy economy, which in just under eight years has generated an estimated $280.7 million in positive state and local government fiscal impacts, all while creating jobs and expanding local tax bases across the state. This retroactive move from the NC House of Representatives effectively halts North Carolina’s ability to introduce advanced energy strategies into our heavily monopolized electric utility sector.

“North Carolina has a highly-regulated electricity market where only utilities can sell power directly to consumers,” said Betsy McCorkle, Director of Government Affairs for the NC Sustainable Energy Association.

“This monopoly control of our utilities limits innovation and market competition; however, the Renewable Energy and Energy Efficiency Portfolio Standard (REPS), the portion of Senate Bill 3 that House Bill 681 attempts to change, was the first real opportunity for clean energy companies to compete with the utilities and offer consumers a choice. All of this while creating thousands of jobs and expanding business opportunities, pumping billions of dollars into our economy, and driving down the cost of clean energy resources. This policy has been extremely successful and legislators should oppose House Bill 681, signaling to the investment and business communities that North Carolina will continue to lead the nation as an energy innovator, welcoming entrepreneurs and investors to this state.”

Successful passage of this rollback would deter current and potential clean energy developers from continuing to do business in North Carolina, a state which has attracted billions in outside investment since 2007. But the most severe effects will be felt by North Carolina electric ratepayers, who are set up to save $651 million in electricity costs by having clean energy in North Carolina’s electric mix, as the current REPS law requires. By eliminating the REPS in its current form, House Bill 681 also eliminates the ratepayer savings it accounts for.
The bill also changes complicated policies related to small power producers which impact solar and other renewable energy project developers and were amended and reaffirmed by the NC Utilities Commission last December after nearly a year of extensive review and analysis, in an order where the Commission wrote that that there has been widespread clean energy development “under the existing framework without adverse impacts to utility ratepayers.” By making this finding, the Commission itself recognized that North Carolina is better off with clean energy, its citizens and its economy being the real winners under existing clean energy policies. The bill also impacts a proceeding currently before the Commission to calculate the rates paid to small power producers by changing the formula while the proceeding is ongoing.

Potential Impact on Jobs, Local and Statewide Economy

The real impact of House Bill 681 would be the loss of jobs, businesses, and investment opportunities. The positive effects of the REPS and other clean energy policies are being felt throughout the state, especially in rural communities as more developers, manufacturers, and investors look to North Carolina because of its competitive policies.

"Over the past few years, Cleveland County has benefited greatly from the NC Renewable Energy and Efficiency Portfolio Standard," said Kristen Fletcher, Vice President of the Cleveland County Economic Development Partnership. "Since 2006, CCEDP has announced projects totaling in excess of $45 million in initial local capital investment and over 300 new full-time jobs related to the renewable energy sector. We remain very optimistic about additional renewable energy related investment and job creation in Cleveland County and North Carolina.”

Cleveland County is not alone in realizing these jobs. According to a recent study released by RTI International and ScottMadden, North Carolina’s clean energy industry has generated $6.3 billion in economic impact since 2007. Since then over $2.6 billion has been directly invested in renewable energy projects and nearly 75% (over $1.9 billion) of that investment has occurred in Tier 1 and Tier 2 Counties. As previously noted, the study also found that by 2029, clean energy policies will have saved ratepayers $651 million when compared to a conventional energy portfolio. Links to the full study and summary findings are available here and here.

“Due to the leadership of our utilities, our state is ahead of schedule in complying with the REPS in most areas, while staying well below the ‘cost cap’ that was put in place as protection for consumers,” continued McCorkle. “Significantly changing the REPS as this legislation seeks to do would be needlessly destructive to a job-creating industry and would result in government interference into a well-functioning market that continues to grow and attract investment.”

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About Senate Bill 3
Passed in August of 2007, Senate Bill 3 (S.L. 2007-397) was the result of more than two years of in-depth discussions, analysis and compromise among legislators, NC Utilities Commission staff and regulators, utilities, consumer advocates, and over 90 stakeholder groups, including NCSEA. The comprehensive energy legislation received overwhelming bipartisan support in the NC General Assembly. The final (third reading) votes were: 47 to 1 in the NC Senate and 107 to 9 in the NC House.

Senate Bill 3 is a comprehensive energy policy that includes provisions related to coal, nuclear, natural gas, renewable energy resources, and energy efficiency, as well as several energy related tax and regulatory fee changes. Two of the larger provisions included: (1) Construction Work in Progress (CWIP) financing for new coal power plants, which was used to build a new unit at Duke Energy’s Cliffside coal plant at the Cleveland-Rutherford county border in recent years. The 825-megawatt unit started producing commercial power on December 30, 2012; it cost about $2.2 billion to build, including financing costs. (2) The implementation of a Renewable Energy and Energy Efficiency Portfolio Standard (REPS), which requires 12.5% of NC’s electricity to come from clean energy resources by 2021 by the investor-owned utilities. Rural electric cooperatives and municipal electric suppliers are subject to a 10% REPS requirement. NC became the 25th state in the nation—and the first in the Southeast—to adopt such a policy; 29 states now have such a policy in place.

About NCSEA
The NC Sustainable Energy Association is a 501(c)(3) nonprofit membership organization of individuals, businesses, government and nonprofits interested in North Carolina’s sustainable energy future. NCSEA is the leading North Carolina nonprofit devoted to leading public policy change and driving market development in ways that will create clean energy jobs and lower electric rates in the long-term. Founded in 1978, NCSEA works every day to support and attract clean energy jobs, economic opportunities and affordable energy to benefit North Carolina. Today, our Raleigh-based team of clean energy advisors, analysts and advocates works closely with policymakers, consumers and industry leaders to research, inspire and affect clean energy progress statewide.