

STATE PROFILE

NORTH CAROLINA

State Profile

State	North Carolina
Capitol City	Raleigh
Governor	Beverly Perdue (D)
General Elections	Statewide every four years (2012) House every two years (2012) Senate every two years (2012)
Legislature Convenes	January in odd numbered years

Senate

Republicans	31
Democrats	19
Term	2 years
Presiding Officer	Lt. Gov. Walter Dalton (D)
Majority Leader	Sen. Harry Brown
Minority Leader	Sen. Martin Nesbitt
Major Utility Committee	Commerce Committee

House

Republicans	68
Democrats	52
Term	2 years
Presiding Officer	Speaker Thom Tillis (R)
Majority Leader	Rep. Skip Stam (R)
Minority Leader	Rep. Joe Hackney (D)
Major Utility Committee	Public Utilities Committee

Regulatory Body

Members	NC Utilities Commission 7 – 3 men, 4 women
Method of Appointment/Election	Appointed by the Governor, confirmed by the General Assembly
Current Issues	Energy Efficiency Programs, Fuels Costs, Renewable Energy Portfolio Costs, Pending Duke- Progress Energy Merger, Rate Cases

NORTH CAROLINA LEGISLATIVE REPORT 2012

The NC General Assembly convened their legislative “short session” on May 16th. Republicans control both the House and Senate. In the Senate, where Sen. Phil Berger (R – Rockingham) is President Pro Tem, Republicans have a veto-proof majority with 31 of 50 seats. In the House, Rep. Thom Tillis (R – Mecklenburg) is the Speaker of the House and directs a majority of 68 to the 52 Democrats.

As of the time of writing this report, the General Assembly has approved legislation modifying the second year of the state budget adopted last year. This year’s state spending plan, a negotiated compromise between Senate and House leaders, spends \$251 million more money for K-12 education compared to last year’s plan. It also provides public school teachers and state employees with a 1.2 percent pay increase, their first pay raise in four years. With five House Democrats joining the Republicans, there appear to be enough votes to override a potential gubernatorial veto. Governor Beverly Perdue has ten days to sign the bill, veto the bill, or allow it to become law without her signature. While she is reviewing the budget bill, legislative leaders will continue to wrap up the session and intend to adjourn no later than Monday, July 2nd.

Legislative leaders’ main focus this year was balancing the budget. Most substantive issues that were even somewhat controversial were deferred to next year. There was also an interest in an early adjournment to allow ample time for campaigning in the newly drawn districts. It will be a very busy election season, as there are open seats for Governor, Lieutenant Governor, three of North Carolina’s 13-seat Congressional delegation, 34 districts in the North Carolina House and ten districts in the North Carolina Senate.

I. ENACTED LEGISLATION

A. ENERGY AND UTILITY LEGISLATION

1. House Bill 345 - Move Over Law

Broadens the “Move Over” law to apply to electric utility trucks used for installation and maintenance (in addition to restoration). The bill also removes the requirement that the utility be responding to an unplanned event.

2. House Bill 199 – Metal Theft Prevention Act of 2012

This legislation establishes a permitting requirement for metal scrap yards, requires better recordkeeping by scrap yards to assist in the prosecution on copper theft, bans cash payments for copper, creates a new criminal penalty for copper theft, and includes restitution and civil liability protection for property owners who are the victim of theft.

II. LEGISLATION NOT ENACTED

A. ENERGY AND UTILITY LEGISLATION

1. Senate Bill 141 – Law Enforcement/Various Other Changes

This legislation increases the criminal penalties for trespassing on the critical infrastructure (e.g., generation plants, substations, control centers) of electric utilities. If trespassers create a safety risk or intend to disrupt service, they can be charged with a Class H felony. As of the time of writing this report, it appears that this legislation will be enacted.

2. House Bill 1141 – NCEMPA/Use of Rate Revenue

Places limits on municipalities that provide electric service from using revenue from electric power rates for purposes unrelated to providing electric service.

3. House Bill 1163 – No Merger Without MPA Relief

A bill to prohibit the Duke Energy and Progress Energy merger unless the debt owed by the eastern municipal power agency (a group of 32 municipalities in eastern NC) is retired was introduced. However, the bill was sent to the House Rules Committee and will not be considered.

- 4. Senate 820 – Clean Energy and Economic Security Act**
This legislation directs state agencies to establish a regulatory program for hydraulic fracturing and horizontal drilling. Both of these practices are currently prohibited under state law. This measure is in response to interest in tapping into shale gas deposits in the central region of the state. The drilling regulations are to be in place by October 2014, but no drilling permits may be issued until further action by the legislature. Bill proponents touted the legislation’s consumer and environmental protections, while those opposed raised concerns about groundwater contamination and the impact on rural communities. As of the time of writing this report, the bill is on the Governor’s desk.
- 5. Senate Bill 747 - Offshore Wind Jobs and Economic Development**
Mandates 2,500 MW of offshore wind purchases by utilities over and above current renewable energy portfolio requirements.
- 6. House Bill 495 and Senate Bill 473 - The Solar Jobs Bill**
At the request of the solar industry, legislation was introduced in the House and Senate that would double the solar set aside included in the renewable energy portfolio standards. The set aside would be increased from .2% to .4% in 2018. The bill also adds set aside increases between now and 2018. To favor North Carolina companies, the legislation also lowers the amount of renewable energy certificates that utilities can purchase from out-of-state solar facilities to comply with the solar set aside.
- 7. House Bill 789 and Senate Bill 695 – Energy Efficiency Required for REPS**
Would require, rather than merely allow, utilities to meet 25 percent of the state-mandated renewable energy portfolio standard by 2021 through energy efficiency measures and 40 percent of the renewable energy portfolio standard through energy efficiency measures thereafter.
- 8. House Bill 431 – Repeal Senate Bill 3 of the 2007 Session**
Repeals state-mandated renewable energy portfolio standards.
- 9. Senate Bill 694 –Energy Independence and Job Creation in NC -**
Exempts third party sales of solar from utility regulation.

- 10. House Bill 135 and Senate Bill 367 - Efficient and Affordable Energy Rates Bill**
Directs the NC Utilities Commission to develop an inverted rate structure for residential, commercial, public and industrial customers. The bill would require the rate structure for residential customers to achieve a forty to sixty percent reduction in electricity consumption from 2010 levels by 2022. Industrial and commercial rates would be “tailored on a cases-by-case basis”. Part of the revenue generated from the highest tiered rates would be deposited into an “Energy Efficiency Public Benefit Fund” that would be used to provide loans and grants for energy efficiency measures.
- 11. House Bill 874 – Independent Energy Efficiency Administrator**
Would create an independent energy efficiency administrator funded by a public benefit fee on electric and natural gas ratepayers.

B. ENVIRONMENTAL LEGISLATION

- 1. Senate Bill 810 – Regulatory Reform Act of 2012**
Senate Bill 810 makes clarifying changes to the process used by state agencies to adopt new regulations, requires agencies to provide private businesses advance notice of audits and clarifies that state water quality regulations don’t apply to air emissions.
- 2. House Bill 952 – State Air Toxics Program Reforms**
This legislation exempts any source regulated under the federal air toxic emissions program from regulation under the corresponding state program. As of the time of writing this report, it appears that this legislation will be enacted.
- 3. Senate Bill 308 – State Regulation of Greenhouse Gas Emissions**
Prohibits state rules on greenhouse gas emissions from being more stringent than federal standards and eliminates a state air pollutant program that is duplicative of a federal program.
- 4. House Bill 722 – Omnibus Act Regarding Coal-Based Energy**
Bans utilities from purchasing coal mined by so-called “mountaintop removal”, more stringently regulates the disposal of coal ash and prohibits the construction of new coal-powered generating facilities that are not carbon neutral.
- 5. House Bill 724 – Omnibus Energy Bill**
Amends the state-mandated renewable energy portfolio standard to delete the poultry waste-to-energy set aside and amends the definition of “renewable energy resource” to include energy derived from plantation-grown wood and not whole trees from natural forests.

III. OTHER ISSUES OF INTEREST TO UTILITIES

Underground Utilities – There is interest among some groups to examine the state’s underground “dig” laws. The issue may be discussed during the interim prior to next year’s session.