

# Renewables Committee

PRESENTATION TO EPC, NOVEMBER 29, 2010

11/30/2010

## Changes to proposal from 11/5/2010

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The members of the Energy Policy Council Renewables Subcommittee would like to note that **several recommendations resulting in a fiscal or budgetary impact to the State have been eliminated from this proposal.**

11/30/2010

## Changes to proposal from 11/5/2010

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**However, because the Subcommittee feels strongly that these recommendations are important to the State's pursuit of a green energy economy, and does not want the work expended developing them to be lost; we have included them in an appendix attached to this proposal in the hope that they will be revisited in better economic times.**

11/30/2010

MODIFICATIONS OF  
PROPOSAL FROM  
9/24/2010

9/24/2010

**Update Version**

# Generic Economic Development

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- 1. Restore funding to State Energy Office and University Energy Centers.**

**11/22 MOD: request level funding**

# Generic Economic Development

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**2. Study the formation of a “renewable energy center” combining all of the individual state energy centers, branded for the state as a whole. We have many individual centers now. We have a good history of doing this in other industries.**

**[CONSENSUS to do study, needs funding, approx \$50-100k]**

**11/22 ELIMINATE**

# Offshore Wind

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**Create an incentive to early development of off-shore wind which will attract developers along with supply chain manufacturers.**

**\$25 million pre-development fund**

**Examples are met tower subsidies, project specific environmental study, transmission studies**

**Suggestion to allow developers to apply for grant funds after securing a lease**

**11/22 ELIMINATE**

# Biomass

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**The General Assembly should fund an omnibus study that will identify the amount of biomass resources needed to sustainably meet the state's renewable electricity and biofuels initiatives and the environmental impact of utilizing those resources. [\$100-150k]**

**11/22 ELIMINATE**

11/30/2010

# Senate Bill 3 Refinements

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**Fund the study described in SB960 (S.L. 2009-475) regarding the study and design of an online REC trading platform. [\$50-100k]**

**11/22 ELIMINATE**

# Modifications to proposal from 11/05/2010

PRESENTATION TO EPC, NOVEMBER 5, 2010

11/30/2010

# 1. Economic Development

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## 1. REPS Enhancements

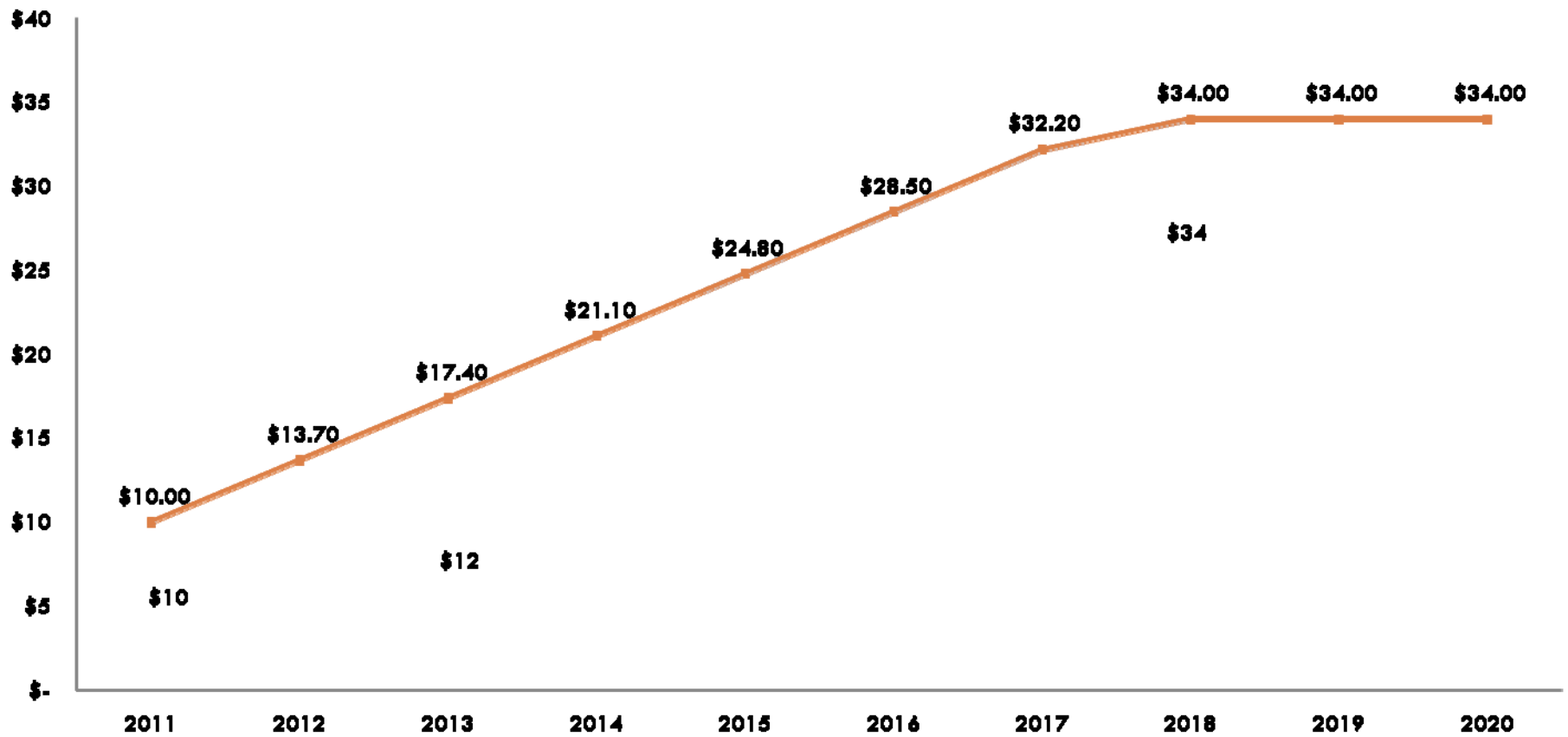
- A. Residential Cost Cap - keep
- B. Solar Set Aside -increase
- C. Poultry Set Aside –potentially modify
- D. Thermal RECs - keep
- E. On-shore Wind Set Aside -tbd

## 2. Actions for the NC Department of Commerce

11/30/2010

# 1. Economic Development

### Residential Cost Cap

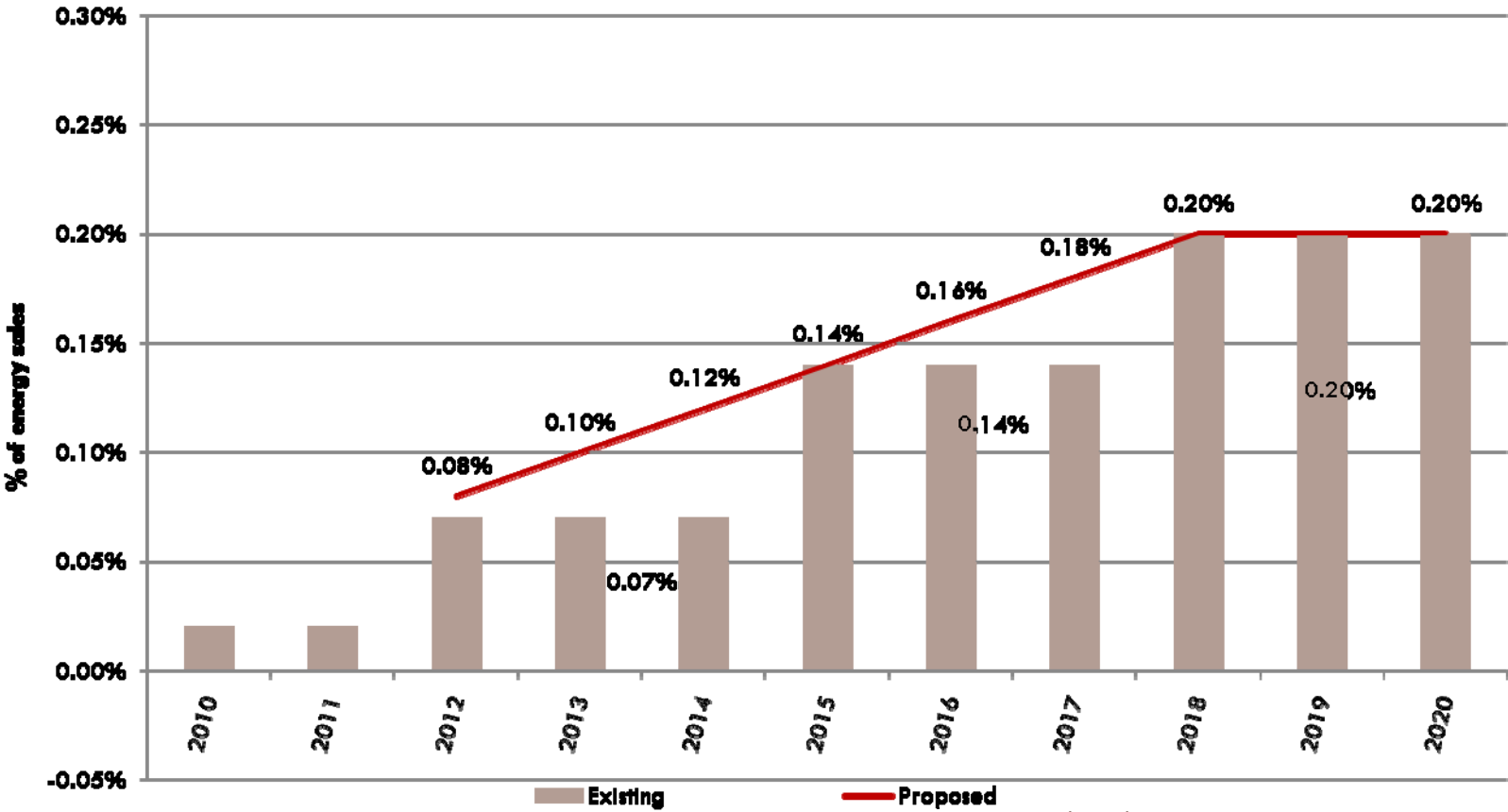


Current Residential Cap — Proposed

11/30/2010

# 1. Economic Development

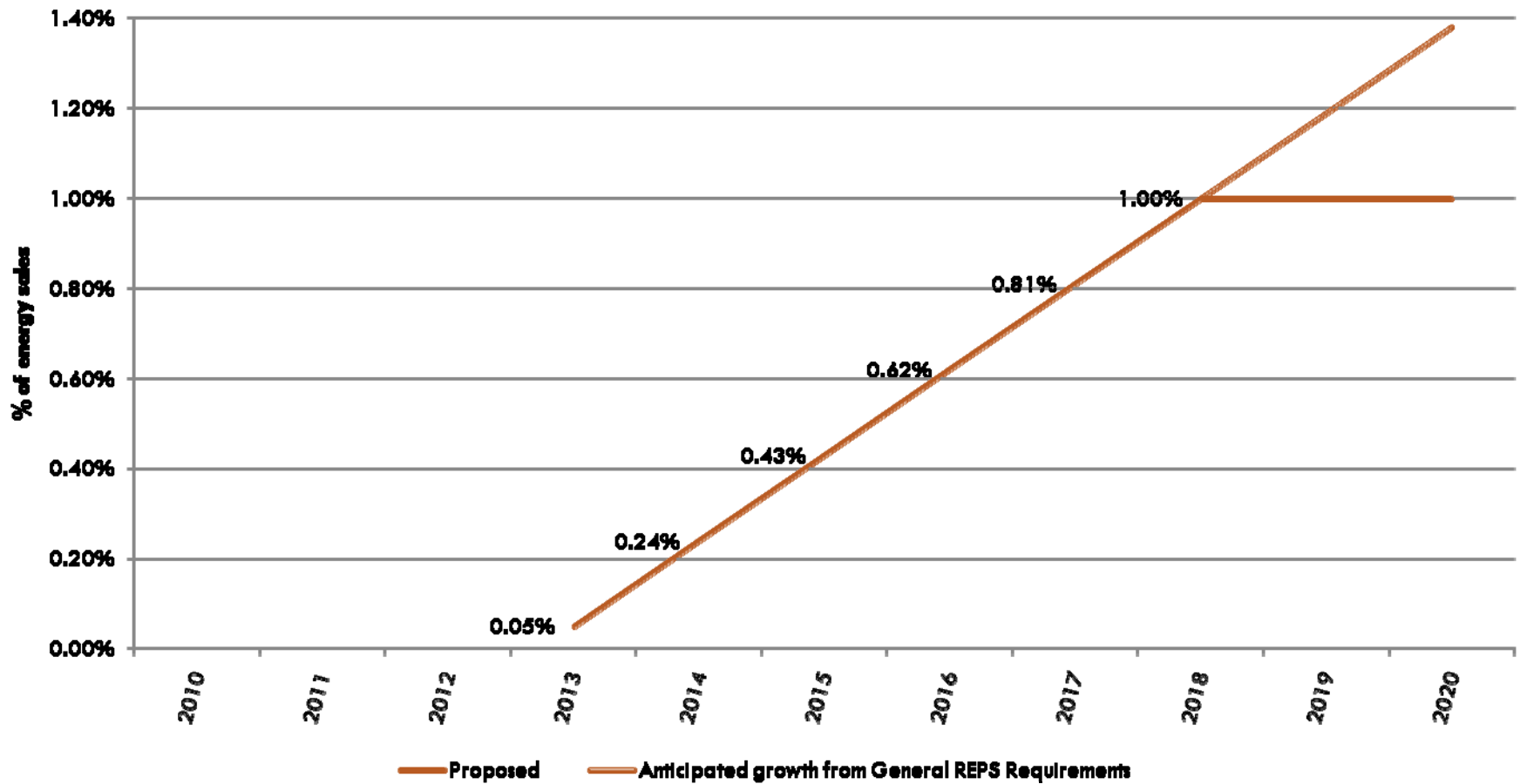
### Solar Set-aside



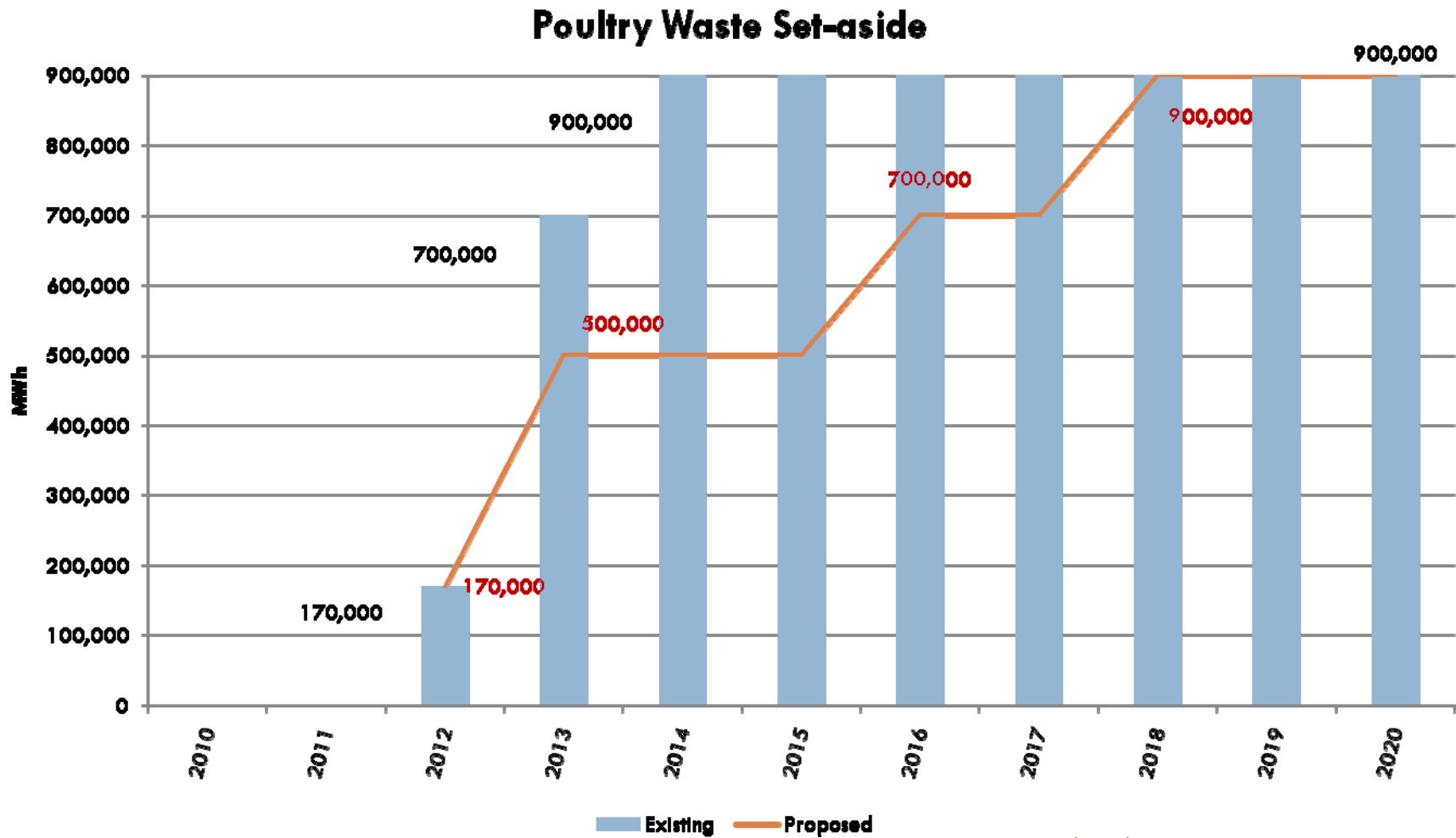
11/30/2010

# 1. Economic Development

### On-Shore Wind Set-aside



# 1. Economic Development



# Changes to previous proposal

## **Poultry, Solar and Land-Based Wind Set Asides:**

The Committee's objective was to recommend adjustments to Senate Bill 3 to further its policy goals but to do so within the cost caps. To achieve this objective, these three set asides – two existing and a proposed land-based wind set aside – must be balanced. All of the options outlined below are attainable within the cost cap. The Committee offers three options for consideration with respect to these set-asides. The Committee was unable to achieve consensus on one of these options over the other.

# Changes to previous proposal

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**1a. Increase the energy efficiency mandate for electric public utilities to 6% from 5%; double the solar set aside from .2% in 2018 to .4%; reduce the poultry set aside to 700 Mwh by 2014 from 900 Mwh; and add a 1% wind set aside.**

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# Changes to previous proposal

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- 2. Increase the solar set aside to .35% from .2%; reduce the poultry set aside to 700 Mwh by 2014 from 900 Mwh and add a 0.5% wind set aside.**
- 3. Double the solar set aside from .2% in 2018 to .4%; reduce the poultry set aside to 700 Mwh by 2014 from 900 Mwh.**

# 1. Economic Development

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## Thermal RECs

**Allow thermal energy from poultry waste or swine waste combined heat and power systems to qualifying for these two set aside requirements.**

# 1. NC Tax Credit Changes

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- **Recommendation A: Allow for special allocation of the state credit, thereby enabling greater flexibility in having separate state and federal investors and lowering average system costs.**
- **Recommendation B: Mirror the historic and mill credit which allow greater reductions in tax liability.**
  - **Eliminate this recommendation from report and move to appendix as a deferred recommendation**

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# 1. NC Tax Credit Changes

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## Keep:

- **Recommendation C: Direct the North Carolina Department of Revenue to issue general directives rather than project specific private letters of ruling on the most common questions regarding the State Energy Credit**
  - or allocate funds to Revenue to facilitate faster response times on private letter rulings
- **Recommendation D: Clarifying that equipment which qualifies for the federal renewable energy credit also qualifies for the State Energy Credit.**
- **Recommendation E. Clarify that the residential cap applies to individuals and the commercial cap applies to business entities and sole proprietorships.**

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# 1. Net Metering

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## **Direct NC Utilities Commission to investigate:**

- **The costs and benefits that flow in both directions when a customer-generator net meters a system, to determine if net metering results in a cross-subsidy and which direction the cross-subsidy(ies) flow.**
- **How Community Net Metering would function under current North Carolina law and regulatory rules, and associated costs and benefits to the use of Community Net Metering.**

# Offshore Wind Economic Development

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1. **The Secretary of Commerce should immediately form an Offshore Wind Economic Development (OWED) Task Force to design an offshore wind (OSW) policy program, balancing demand creation with near-term cost impact.**

**Goal is to create policy that maximizes long-term net economic benefit to the state.**

2. **Recognize that in order to attract supply chain and economic development from offshore wind, somewhere between 300 MW and 800 MW of development demand per year for around 10 years is expected to be required.**

# Offshore Wind Economic Development

- 3. Ensure the 2010 LaCapra study quantifies the job and economic development benefits of a range of offshore wind development scenarios.**

This information is critical for an informed cost vs. benefit discussion

- 4. Create an Offshore Wind Manufacturing Tax Credit that is approved through 2020.**

Or revise and extend existing RE manufacturing tax credit specifically for OSW. **Eliminate this recommendation and move to appendix as a deferred recommendation.**

- 5. Commerce should pursue multiple recruitment, outreach, and education efforts and assign a dedicated Offshore Wind Economic Development staff person to coordinate and lead those efforts. (see full report for list)**

This is a huge undertaking that requires focused and dedicated leadership.

- 6. Engage in discussions with neighboring states to promote regional collaboration**

# Offshore Wind Economic Development

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## **7. Create a state loan guarantee or bond program for offshore wind projects.**

DOE: reducing cost of capital from 16% to 8% → energy cost from \$0.23 to \$0.16/kWh. **Eliminate and move to appendix as a deferred recommendation.**

## **8. Encourage utility development and ownership of offshore transmission and substations.**

Could lower overall cost and position NC very attractively in the industry.

## **9. Require OSW transmission upgrade estimates to also quantify system benefits.**

Only knowing cost does not allow for informed policy decision making.

## **10. Petition federal government to extend the revenue sharing threshold further out to sea.**

Proceeds could be used to offset the cost of other offshore wind programs.

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