

Meeting Summary

**Energy Policy Council
NC Wildlife Resources Commission
NCSU Centennial Campus
1751 Varsity Drive, 5th floor
Raleigh, NC 27606
February 11, 2010
1:00-5:00 p.m.**

Energy Policy Council Members Present:

George Baldwin	Steven Burke	Rep. Angela Bryant	George Everett
Kevin Garrison	Rep. Pricey Harrison	Sen. Ellie Kinnaird	Rodney Locks
Henry McKoy	Michael Regan	Jo Anne Sanford	Reginald Speight
Tim Toben	Markus Wilhelm		

Energy Division & Commerce Staff Present:

Seth Efron	Lauren Harris	Ward Lenz	John Morrison
Larry Shirley			

Energy Policy Council Members Absent:

Cy Rich **Sen. Richard Stevens**

Guests:

Evans Taylor	Ivan Urlaub	Kurt Olson	Carley Ruff
John Runkle	John Bonitz	John Monaghan	Sam Watson
Paul Sherman	Kim Garnett	Julie Hunkins	Kristen Coracini
Jane Preyer	Chris Ayers	Gene Rogers	Greg Johnson
Jim Trogdon	Katie Hall	Ashley Jones	Kathy Hawkins
Caroline Choi	Bryant Kinney	Aranzazu Lascurain	Dan Crawford
Molly Diggins	Glenn Mauney	Ulla Reeves	Deatrice Williams
Dianna Downey	Jay Lucas	Sean Flaherty	Ken Dulaney
Dave Park	Bo Somers	Mike Rowand	Bill McAulay
Bryan Beatty	Anne Tazewell		

Tim Toben called to order the fourth meeting of the reformulated Energy Policy Council this 11th day of February 2010 at 1:15 p.m.

Meeting minutes for January 25, 2010, were approved by the Energy Policy Council.

The March 18 and April 23 meetings are scheduled to take place in Raleigh at the Department of Commerce in the New Education Building, 7th Floor Conference Room. EPC members will tour the Shearon Harris Nuclear Power Plant on March 18 at 9:00 a.m. prior to the regular EPC meeting.

Tim Toben discussed the importance of energy efficiency as a means to offset some of the costs that will inevitably come with new energy generation. Whether we build new solar farms, nuclear plants or wind farms, there are going to be new costs. We need to find ways to offset as much of those new costs as possible to keep energy affordable for ratepayers. Energy efficiency is our best tool for doing that.

Overview of EPC Deliverables and RFI Matrix

The submission date for responses for matrices has been moved to February 26. Matrices shall be submitted to committee chairs. The March 18 meeting will have hour-long presentations of recommendations from each committee plus a one-hour presentation from co-chair Pricey Harrison on energy recommendations from the LCGCC. The EPC will not make judgments on the long-term recommendations. Rather, it will present them as representative of the landscape of issues to be incorporated into 2011 legislative recommendations. These will be worked out between May-December 2010. Before the April 23 meeting, the EPC will attempt to bring recommendations together in a unified format. Many of the things we're talking about have long-term implications, but we need to know which ideas (a) you wish to have considered for executive orders and/or submission to the 2010 short session vs. (b) you wish to have included in the comprehensive package of recommendations to the 2011 long session of the NC General Assembly.

Jim Trogon, Chief Operating Officer, NC Department of Transportation: The Future of Transportation in N.C. in a Low Carbon Era

Every day and every year more and more people are moving here. We can better utilize all forms of transportation that are available to us today. We support bicycles and pedestrian movements to reduce congestion and protect the environment, protect air quality and reduce dependence on foreign oil. The most congested areas will receive priority. By reducing the amount of idling, we will reduce traffic flow and improve air quality. We also will implement a Complete Streets Policy. We will address whether there is enough room to build sidewalks to connect pedestrians with shopping opportunities and consider a high-speed rail transportation corridor that would run from Washington, D.C., to Charlotte. Trains will travel up to 110 mph, much faster than current Amtrak Trains. We would make high-speed rail a reality by the end of this decade. This will help us take cars off the road and reduce congestion and pollution. All these steps help us surpass the General Assembly's goal of reducing petroleum use by 20 percent.

We will begin replacing traffic signal lights with LEDs, which last 3-4 years longer. All traffic signals will be converted within the next year or two. We have cut the ribbon for

our first green rest area. It is an educational model for how future buildings can use energy efficiency technology.

Ed Finley, Chairman, NC Utilities Commission: Regulatory Review

The Utilities Commission administers Chapter 62 of the General Statutes. It is a quasi legislative agency that serves like a court in that it resolves cases. Many are rate cases. We set rates for public utilities (deemed a legislative function). When we act as a judicial body in other cases, decisions have the same impact that a court's decision has. We do a lot of rule making, and when we resolve disputes, we have a policy making role.

The state through U.C. establishes prices and ensures that services are fair and reasonable. Permission from the state is required before starting a utility business. In N.C., Progress Energy and Duke Energy are not market driven. The rates in N.C. are comparatively lower than rates in other parts of the country.

One of the main things we do is establish rates. Progress Energy and Duke Energy can't change their rates unless they come to us and we establish an order that permits it. A general rate case is the primary way that rates are adjusted. We look at a one-year period and that serves as a proxy of what costs will be in the future. Next, we look at the investment of the utility (rate base), which is how much they've used to run the plant. Utilities are entitled to earn a return based on rate base. This is the prototypical way we set rates; we look at a snapshot in time of what those rates are and base rates on that.

There's not much doubt that the price for electricity is going to continue to increase. Progress Energy is converting from coal power plants to natural gas power plants. When we implement Senate Bill 3, we establish rules and resolve disputes.

Although rates for electricity will go up, customers can reduce bills by conserving electricity (called demand side management), which means fewer additional power plants will need to be built.

Presentations (see www.energync.net)

Greg Johnson, Gene Rogers, Piedmont Natural Gas – *Natural Gas for Transportation*

Mike Rowand, Duke Energy – *Vehicle Electrification*

Steven Burke, Biofuels Center of North Carolina, and Jane Preyer, Environmental Defense Fund – *Biofuels and Biomass*

Anne Tazewell, NC Solar Center at NC State University – *Alternative Fuels Policy*

Questions and Answers

Meeting adjourned at 5:00 p.m.