



**Rep. John Szoka, NC House**

September 28, 2017

Easter morning 1900: 5<sup>th</sup> Ave, NYC. Spot the automobile.

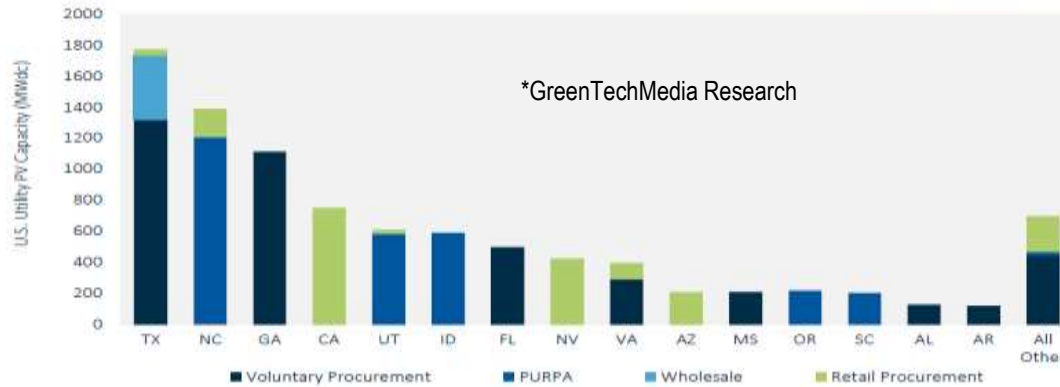


**Easter morning 1913: 5<sup>th</sup> Ave, NYC. Can you spot a horse?**



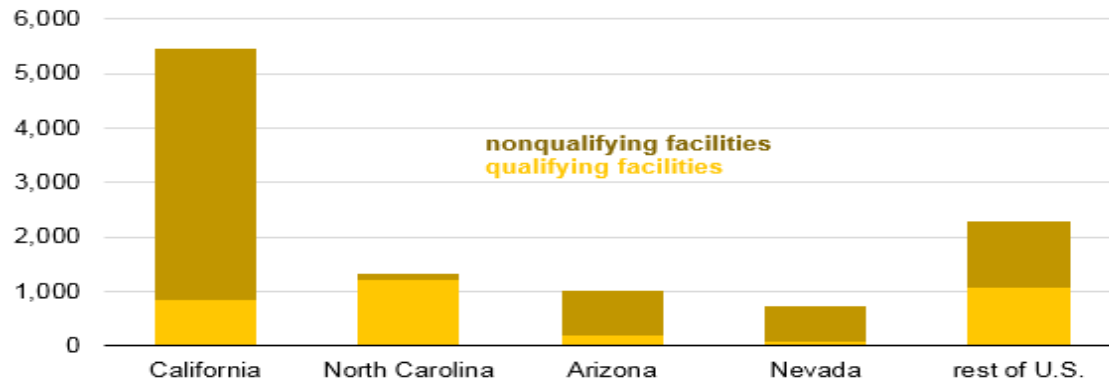
# NC is the Largest “PURPA State” in the US

Top State Markets for Contracted Utility PV Projects Outside of RPS Obligations



60% of U.S. PURPA projects have been built in NC.

Utility-scale solar photovoltaic capacity (2015) megawatts



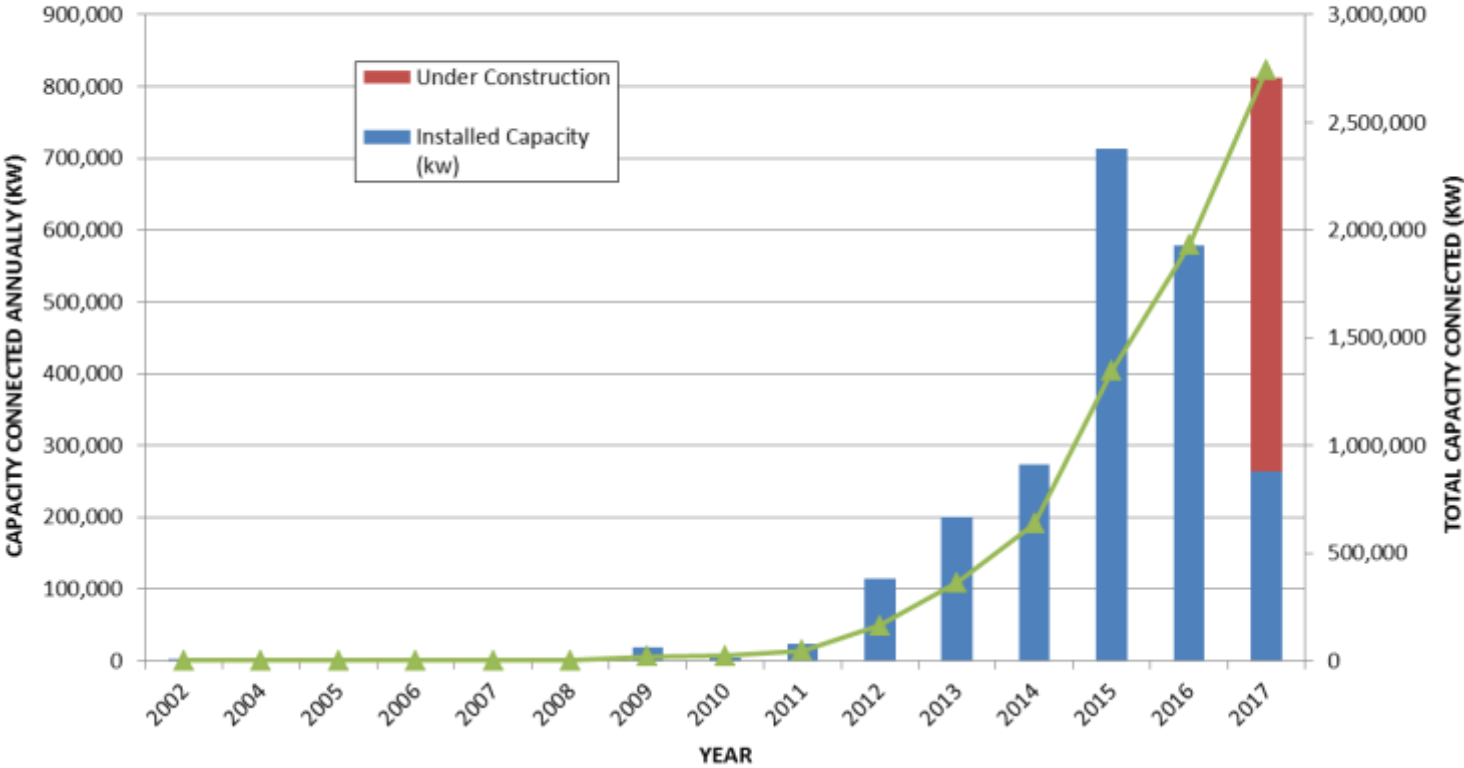
Note: after H589, solar capacity in NC is projected to increase to 6,800mw.

# PURPA Comparison in Southeastern States (prior to HB589)

	State	Pay Rate	Maximum Contract Term	Fixed or Variable Rates	Size Limits
1	North Carolina	DEC = \$56.20 per MWh DEP = \$55.30 per MWh	15 year	Fixed	5MW
2	Indiana	\$32.34 per MWh	1 year	Variable	20 MW
3	Kentucky	<=100 kw = \$30.78 per MWh >100 kw = PJM LMP.	No Standard Term	Variable	20 MW
4	Ohio	PJM LMP	No Standard Term	Variable	20 MW
5	South Carolina	DEC = \$51.20 per MWh DEP = \$45.96 per MWh	10 year	Fixed	2 MW
6	Florida	Actual Avoided Cost Ex-Post 2015 average was ~\$26/MWh	Annual Renewal	Variable	80 MW
7	Mississippi	Highest On Peak Rate = \$36.20 July - October	5 year	Fixed	100 KW
8	Georgia	Solar Avoided Rate = \$40.10	5 year	Fixed	100 KW
9	Alabama	All schedule rates < \$40 per MWh	> =1 Year	Variable Updated Annually	100 KW
10	West Virginia	Peak = \$34.30 per MWh Off Peak = \$22.20 per MWh	> =1 Year	Variable Subject to revisions	100 KW
11	Virginia	Fx of PJM LMP	> =1 Year	Variable	20 MW
12	Tennessee	All schedule rates < \$30 per MWh	> =1 Year	Variable Updated Annually	100 MW
13	Maryland	PJM LMP	No Standard Term	Variable	100 KW
14	Louisiana	Fx of MISO LMP	Negotiated Term	Variable	20 MW
15	Arkansas	Fx of MISO LMP	>100 KW min 5 yr Term	Variable	20 MW

**NC had the highest size limits (5MW) and the longest fixed rate term (15 Yr) for utility scale solar of state in the Southeast.**

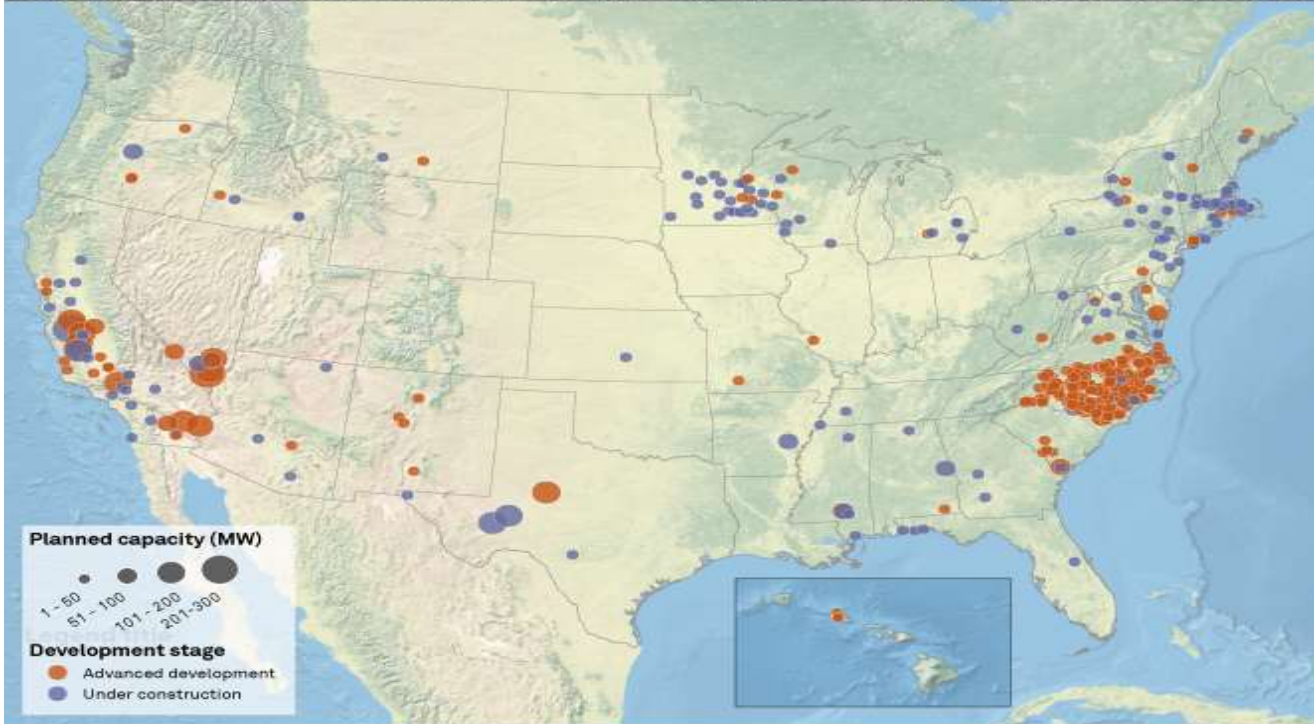
# Solar Capacity Growth in North Carolina





# NC Ranked #2 in the Nation for Connected Solar

US planned utility-scale solar projects in advanced development or under construction



As of May 17, 2017.  
Source: S&P Global Market Intelligence  
Map credit: Alp Artates

**S&P Global**  
Market Intelligence

## Pressures to Change Energy Policy in North Carolina

- Interconnection process improvement (Utility & Developers)
- Remove subsidies for solar. Elimination of State tax credit in 2015. (Legislators)
- Looking for market based solutions to see renewable energy continue to be successful in North Carolina. (Legislators)
- Need to balance reliability and rate impacts to customers while supporting a fair return for investment in new renewable energy projects. (Utility, Developers & Legislators)
- Ratepayer equity; meaning no cross-subsidization of solar (Legislators)
- Competitive Procurement for market forces, cost of solar at or below avoided cost. (Utility & Legislators)
- Third party leasing/sales to assist military in energy security on bases. (Developers & Legislators)



## HB589 Overview

- I. Standard Contracts for Small Power Producers (PURPA Reform)**
- II. Competitive Procurement of Renewable Energy (RFPs 2,660MW of solar in 45 months)**
- III. Renewable Energy Procurement for Major Military Installations, Public Universities and Other Large Customers (600MW set aside for Green Source Rider)**
- IV. Cost-Recovery for Certain Small Power Producer Purchases (Timely & Fair Cost Recovery)**
- V. Amend Cost Caps for REPS Compliance (Reduces cost cap for residential customers)**
- VI. Distributed Resources Access Act (Rooftop solar, 3<sup>rd</sup> party leasing, net metering, community solar)**
- VII. Expedited Review of Interconnection of Swine and Poultry Waste**
- VIII. Solar Rebate Program (up to 25% rebate from Utility for residential rooftop solar)**
- IX. Demand-Side Management for State-Owned Facilities Pilot Project**
- X. Update Utilities Commission Charges and Fees**
- XI. Utilities Commission/Public Staff Positions (adds 2 receipts funded positions)**
- XII. Moratorium on Issuance of Permits for Wind Energy Facilities (added in Conference)**

## Lessons Learned - Process

- There has to be “pain” before stakeholders will sit down
- Stakeholder process is essential – invite everyone who thinks they are a stakeholder
- Make non-partisan Legislative staff available, responsive and lead sessions
- Whole group - sub-group –whole group
  - Sub-optimization does not lead to success
- Let stakeholders process work until it doesn't – THEN get Legislators involved

## Lessons Learned - Legislators

- Let process work
- Protect the stakeholder process
  - Get commitments – no one walks out
- When Legislators (Primary sponsors) get involved
  - Have a set of guiding principles
  - Know which issues have been resolved and which haven't
  - Negotiate, but show leadership and make the tough decisions
- All participants “sell” the final bill
  - “I support the bill, but have concerns about...”
- **H589 estimated to save ratepayers \$850M in next 10 years**



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