Rep. John Szoka, NC House
September 28, 2017
Easter morning 1900: 5th Ave, NYC. Spot the automobile.
Easter morning 1913: 5th Ave, NYC. Can you spot a horse?
NC is the Largest “PURPA State” in the US

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

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

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

- **Capacity Connected Annually (KW)**
- **Total Capacity Connected (KW)**

- **Under Construction**
- **Installed Capacity**

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: Alip Artates
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 2,660 MW of solar in 45 months)
III. Renewable Energy Procurement for Major Military Installations, Public Universities and Other Large Customers (600 MW 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, 3rd 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