



# North Carolina's Renewable Energy and Energy Efficiency Portfolio Standard (REPS) – Executive Summary

---

- On August 20, 2007, with the Governor's signing of Session Law 2007-397 (Senate Bill 3), North Carolina became the first state in the Southeast to adopt a Renewable Energy and Energy Efficiency Portfolio Standard (REPS).
- Under this law investor-owned utilities (IOUs) in North Carolina will be required on a stepped-up basis to meet up to 12.5% of their energy needs through renewable energy resources or energy efficiency measures by 2021. Rural electric cooperatives and municipal electric suppliers are subject to a 10% REPS requirement.

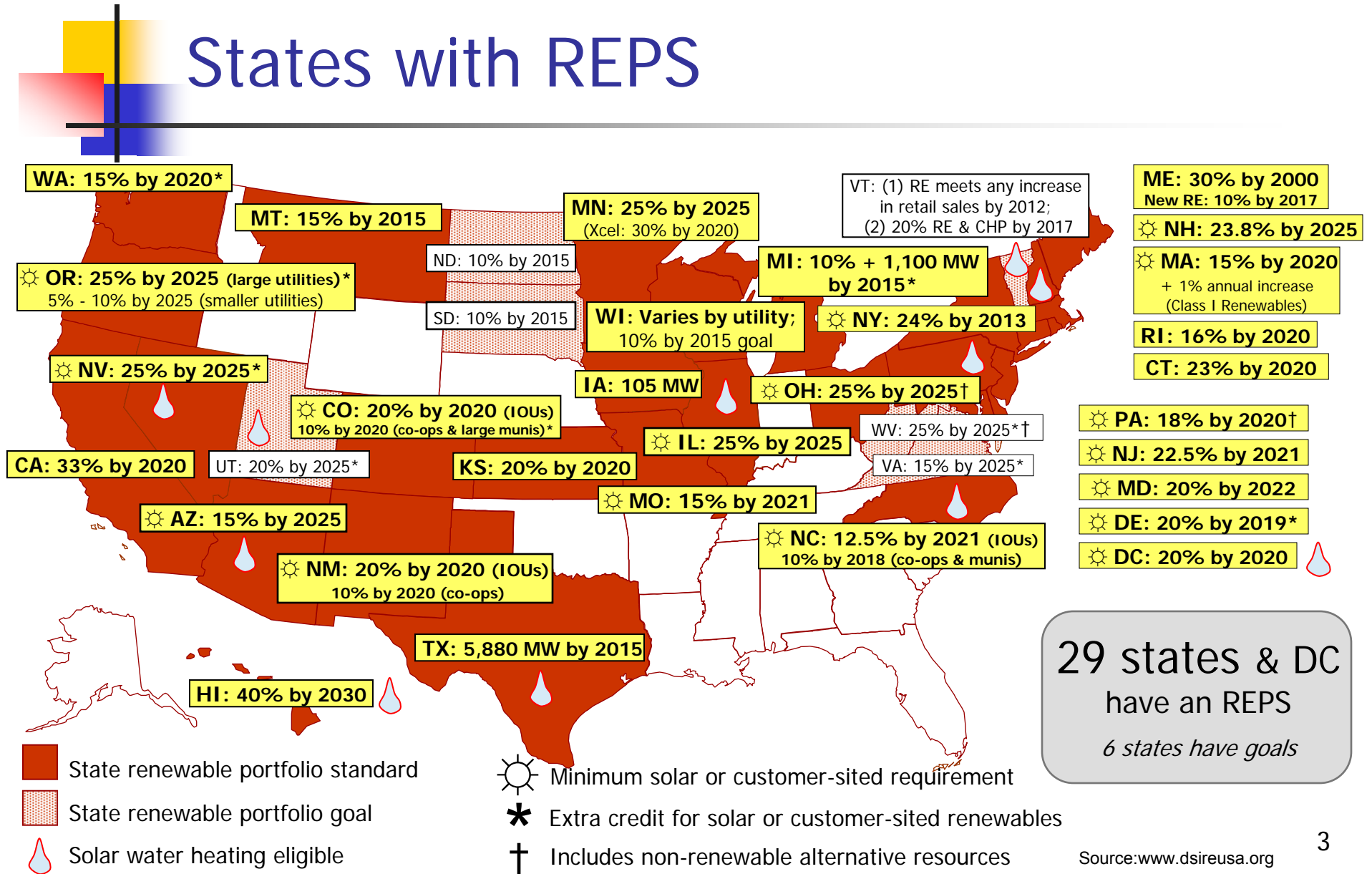


## Executive Summary - continued

---

- On August 23, 2007, the North Carolina Utilities Commission (Commission) issued an Order initiating a rulemaking proceeding to adopt rules to implement Senate Bill 3.
- On February 29, 2008, the Commission issued an Order addressing 105 issues (identified in the comments received from 24 entities) and adopting final rules.
- Subsequently, the Commission has issued numerous additional orders resolving questions of statutory interpretation.

# States with REPS



**29 states & DC**  
have an REPS  
*6 states have goals*



## REPS Schedule

---

Calendar Year

REPS Requirement (MWhs)

2012

3% of 2011 NC retail sales

2015

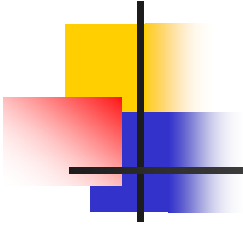
6% of 2014 NC retail sales

2018

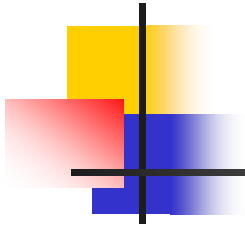
10% of 2017 NC retail sales

2021 and thereafter

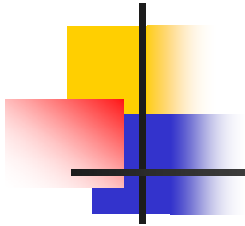
12.5% of 2020 NC retail sales



- Woman without her man is a savage.



- Woman, without her man, is a savage.



- Woman, without her, man is a savage.



## REPS Schedule

---

Calendar Year

REPS Requirement (MWhs)

2012

3% of 2011 NC retail sales

2015

6% of 2014 NC retail sales

2018

10% of 2017 NC retail sales

2021 and thereafter

12.5% of 2020 NC retail sales



## REPS Compliance - Definitions

---

- “Renewable energy resource”: Solar; Wind; Hydropower; Geothermal; Ocean Current or Wave Energy; and Biomass (i.e. Agricultural waste, Animal waste, Wood, Landfill Methane)
- “Renewable energy facility”: a facility that generates electric power by the use of a renewable energy resource
- “New renewable energy facility”: a renewable energy facility that (a) is placed into service on or after 1 January 2007, or (b) is a hydroelectric power facility with a generation capacity of 10 MWs or less that delivers electric power to an electric power supplier (i.e. small, non-utility owned hydros)



## REPS Compliance - Definitions

---

- “Energy efficiency measure”: equipment, physical or program change implemented after 1 January 2007 that results in less energy used to perform the same function
- “Renewable energy certificate” (REC): a tradable instrument that is equal to one MWh of electricity supplied by a renewable energy facility, new renewable energy facility, or reduced by implementation of an energy efficiency measure.



## REPS Compliance

### How to Meet REPS Requirements

---

- Generate electric power at a new renewable facility
- Use a renewable energy resource to generate electric power at a generating facility
- Reduce energy consumption through implementation of an energy efficiency measure (25% limitation. Beginning 2021 limitation increases to 40% of REPS requirements)
- Purchase electric power from a new renewable energy facility (bundled with RECs)
- Purchase unbundled RECs derived from in-State or out-of-state new renewable energy facilities (25% limitation on out-of-state RECs)



# REPS Set-Asides

---

- Solar Resources

<u>Calendar Year</u>	<u>Requirement</u>
2010	0.02%
2012	0.07%
2015	0.14%
2018	0.20%

- Swine Waste Resources

<u>Calendar Year</u>	<u>Aggregate Requirement</u>
2012	0.07%
2015	0.14%
2018	0.20%



# REPS Set-Asides

---

- Poultry Waste Resources

<u>Calendar Year</u>	<u>Aggregate Requirement</u>
2012	170,000 MWhs
2013	700,000 MWhs
2014	900,000 MWhs



# REPS Cost Recovery

---

- Electric Power Suppliers are allowed to recover their incremental costs to comply with their REPS requirements through an annual rider not to exceed the following per-account annual charges:

<u>Customer Class</u>	<u>2008-2011</u>	<u>2012-2014</u>	<u>2015 and thereafter</u>
Residential per account	\$ 10.00	\$ 12.00	\$ 34.00
Commercial per account	\$ 50.00	\$ 150.00	\$ 150.00
Industrial per account	\$500.00	\$1,000.00	\$1,000.00

- “Incremental costs” – reasonable and prudent costs incurred that are in excess of the electric power supplier’s avoided costs
- Energy efficiency costs are recovered under a separate annual rider