

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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SENATE BILL 362

Short Title: Study Energy Efficiency Incentives. (Public)

Sponsors: Senators Kinnaird (Primary Sponsor); Parmon and Woodard.

Referred to: Rules and Operations of the Senate.

March 20, 2013

A BILL TO BE ENTITLED

1 AN ACT TO DIRECT THE ENERGY POLICY COUNCIL TO STUDY (1) THE
2 ESTABLISHMENT OF TIERED ELECTRICITY RATES FOR RESIDENTIAL,
3 COMMERCIAL, PUBLIC, AND INDUSTRIAL CUSTOMERS TO ENCOURAGE
4 ENERGY CONSERVATION AND ENERGY EFFICIENCY; (2) AN ENERGY
5 EFFICIENCY PUBLIC BENEFIT LOAN FUND TO BE USED FOR LOANS TO
6 CUSTOMERS FOR THE COSTS OF CERTAIN ENERGY EFFICIENCY OR
7 RENEWABLE ENERGY PROJECTS; AND (3) POSSIBLE INCENTIVES FOR
8 CONSUMERS TO PURCHASE ENERGY STAR QUALIFIED HOUSEHOLD
9 PRODUCTS.
10

11 The General Assembly of North Carolina enacts:

12 **SECTION 1.** The Energy Policy Council shall identify, study, and recommend
13 policies to significantly increase energy efficiency and conservation and promote the sale and
14 installation of energy efficiency or renewable energy products and home improvements. The
15 Council shall specifically consider:

- 16 (1) The extent to which the establishment of tiered electricity rates for
17 residential, commercial, public, or industrial customers would provide
18 incentives for energy conservation and energy efficiency, and the
19 advisability of, and legal or regulatory obstacles to such rates. For purposes
20 of this subdivision, a system of tiered electricity rates shall have the
21 following characteristics:
- 22 a. The rate structure is inverted. Under the inverted rate structure, the
23 use of larger quantities of electricity results in a higher price per
24 kilowatt hour for the customer; lower usage results in a lower price.
 - 25 b. The rate structure is in the form of tiered blocks. The inverted tiered
26 block rate structure allows that, when energy usage within a month or
27 other billing period exceeds one tiered block, the customer begins to
28 pay a higher rate for energy use in the next higher tiered block.
29 Electricity used during peak demand periods is charged at a higher
30 tiered rate for the purpose of leveling out peak demand and
31 minimizing the need for excess polluting generating capacity.
 - 32 c. Separate inverted tiered block rate structures are developed for
33 residential, commercial, public, and industrial customers.
 - 34 d. The number of inverted tiered blocks for residential, commercial,
35 public, and industrial customers and the cost thresholds the tiered
36 blocks represent are developed for the purpose of achieving the goals



- 1 of promoting energy conservation and energy efficiency as provided
2 in this section.
- 3 e. The inverted tiered block rate structure for residential customers is
4 designed to avoid a negative economic impact on low-income
5 families and rental units.
- 6 f. The inverted tiered block rate structure for residential customers is
7 scaled to achieve a forty percent (40%) to sixty percent (60%)
8 statewide reduction in electricity consumption from 2010 levels
9 within 10 years.
- 10 g. The inverted tiered block rate structure for industrial and commercial
11 customers is tailored on a case-by-case basis to maximize the
12 financial benefit of investing in energy efficiency and job creation.
- 13 h. The inverted tiered block rate structure is designed to guarantee
14 electric public utilities regulated by the provisions of this Chapter a
15 reasonable rate of return on their capital expenditures.
- 16 (2) The potential benefits of a public benefit fund or independent administrator
17 for energy efficiency activities, and possible sources of revenue for the fund.
- 18 (3) Incentives to encourage the use of more energy efficient appliances,
19 including an avoidable pollution tax on certain appliances and products not
20 meeting Energy Star.

21 **SECTION 2.** The Energy Policy Council may submit an interim report of its
22 findings and recommendations to the Environmental Review Commission, the Revenue Laws
23 Study Committee, and the Joint Legislative Utility Review Committee no later than February 1,
24 2014, and shall submit a final report of its findings and recommendations to the Environmental
25 Review Commission, the Revenue Laws Study Committee, and the Joint Legislative Utility
26 Review Committee no later than May 1, 2014.

27 **SECTION 3.** This act is effective when it becomes law.