Newsletter and Legislative Update:

PENC Members:

Items of Interest:

- **The PENC summer conference is June 18-20 at the Marriott Resort and Spa at Grande Dunes in Myrtle Beach.** Please go to www.penc.org to register for the conference. It’s important to reserve your room block through the Marriott ASAP to receive the conference rate (deadline is May 17th).
- There are always multiple opportunities to engage:
  - Much of our outreach to our members is through our meetings, conferences, and seminars. Because of the importance of these activities, PENC will be forming a Conference Committee. Please email Tom Bach with interest at bacht@concordnc.gov.
  - PENC is looking for a member to sit on the Sedimentation Control Commission. Our current representative’s term is expiring in early summer. Please email Neil Deans at neil.deans@kimley-horn.com with interest.
  - There is the potential for an open seat on the NSPE PAC Board of Trustees as the Southeast Region Representative. Please email Neil Deans at neil.deans@kimley-horn.com with interest.

Neil Deans, PE
2014-2015 PENC President

Legislative Update:

The biggest highlight from last week at the General Assembly were continuous, and contentious, negotiations among House legislators and some stakeholders on the Renewable Energy and Energy Efficiency Portfolio Standards (REPS), where changes were ultimately passed in the House Regulatory Reform bill, H760.

A repeal of the REPS was attempted in the House via H681, NC Energy Ratepayers Protection Act, on April 23rd but failed to pass out of the House Public Utilities Committee by a vote of 14-16. The following Monday, April 27th, proponents of the REPS repeal were successful in amending the House Regulatory Reform bill, H760, with the REPS repeal language from H681 during the House Regulatory Reform Committee. After a series of negotiations since this occurred, the House passed an amendment to H760 which would freeze the REPS at 6%, allow energy efficiency to meet 50% of a utility’s REPS requirement.
instead of 25%, and decrease the residential cost cap from $34 to $12 per year.

Further, qualifying facilities over 100kW in size will be ineligible for a standard contract, with the exception of projects generating energy from swine and poultry waste. In December of 2014, the Utilities Commission ordered the 5MW threshold be maintained as it concluded, after a year of study, that the threshold caused no adverse impacts to ratepayers while resulting in great advances in renewable energy development across the state.

Additionally, qualifying facilities will not be paid the utilities’ full avoided costs, as required by federal law, because of the significantly reduced capacity payments in years where the utilities’ long range plans do not call for additional capacity to be built.

Finally, a Joint Select Committee would be formed to study the long-term energy needs of the state. Specifics are not outlined in the bill.

Also included in the 39-page regulatory reform bill are amendments to isolated wetlands law, storm water management law, riparian buffer reform, on-site wastewater amendments and a provision to allow counties to accept and approve, with no further inspection, components or elements of buildings certified by licensed architects or licensed engineers, releasing the county from liability on those components.

With the passage of H760 in the House, it has been sent to the Senate for consideration where its fate is unknown at this time. Upon receipt of H760, the Senate referred the bill to the Senate Agriculture/Environment/Natural Resources committee where it will be heard first. The Senate has its own regulatory reform bills that are quite different from H760. What one could ultimately expect to see are various versions of regulatory reform discussed and ultimately, a conference committee between a small number of appointed House and Senate members who have worked on the various proposals, develop a negotiated regulatory reform bill to be approved by both Chambers. This process may take a week or two or could continue until the end of session.

The Senate was mainly focused on budget work this week like the House but heard measures such as establishing a season for trapping foxes in Wilkes, Cherokee and New Hanover counties, exempting open air camp cabins from certain requirements of the building code, misuse of handicapped parking placards, utility vehicles and move-over changes, and heard a report from the North Carolina Government Efficiency and Reform (NCGEAR) team.

We expect to see S556, Capital Improvement Reform, start moving through the Senate process soon, although nothing has been scheduled for the bill just yet. It is currently referred to the Senate Committee on Appropriations/Base Budget. In its current form it would create the Capital Improvement Planning Fund to fund planning of State agency capital improvement projects exclusively through this Fund and sets out procedures to be followed. A few of interest provisions in this bill are:

- The project is planned using a standard, reusable design set by the Department of Administration, will minimize the inclusion of design elements that are not related to the core function of the project, and will incorporate design elements that have yielded documented cost-savings in similar facilities
- None of the monies allocated from the Capital Improvement Planning Fund are used to seek LEED Certification from the U.S. Green Building Council
- The Joint Legislative Oversight Committee on General Government is given certain powers of oversight of state capital improvements
This Week

This week’s focus for both the House and Senate continues to be preparing budget proposals for both chambers. On Wednesday, May 6th, Governor McCrory announced a $400 million budget surplus while also announcing on Tuesday, May 5th that the state had officially paid off its $2.75 billion unemployment debt to the federal government (read more here). Republican legislators and Governor McCrory ended the week with high-spirits, praising tax reform, good budgeting and sound economic policies put in place over the last few years as reasons for these advances.

With just a slight delay getting revenue numbers, the House is now hoping to release its budget proposal on May 18th (instead of the 15th as I reported last week) with final votes on the bill expected for May 20th and 21st. This could get delayed but is the goal for now.

In addition to budget work, the Senate Committee on Agriculture/Environment/Natural Resources will discuss S513, North Carolina Farm Act of 2015 on Tuesday and the House Transportation Committee will hear a few bills including S301, DOT/Purchase of Contaminated Land which would exempt DOT from the prohibition on purchase of contaminated property by public entities.

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