Webinar series on the evolving role of local governments in supporting sustainable energy

Encouraging the value of energy efficiency in residential transactions: Strategies for NC cities and counties
   Thursday, May 26       1:30-2:30

Examining energy efficiency opportunities in a small municipal utility: Benson electricity customer sales analysis
   Tuesday, May 31       1:30-2:30

Bringing a sustainable energy utility to a town near you: Innovative local government roles for financing distributed energy efficiency and renewable energy
   Wednesday, June 1     11-noon
About the EFC

Dedicated to enhancing the ability of governments and organizations to provide environmental programs and services in fair, effective and financially sustainable ways.

Serving EPA Region 4 and beyond.
Bringing a sustainable energy utility to a town near you: *Innovative local government roles for financing energy efficiency.*

Jeff Hughes  
Director

Erin Riggs  
Legal Intern
Innovative Local Government Roles for Financing Distributed Energy Efficiency and Renewable Energy Services

1. Highlight the differences in centralized versus decentralized services.

2. Examine current local government roles in providing decentralized renewable energy services in North Carolina.

3. Look at other State models that go somewhat further in the provision of such services.

4. Discuss potential future models for how local governments in North Carolina could go further including possible legislative reform.
Local Government as Provider of Centralized Services


Local Government as Provider of Decentralized Services??


Local Government Roles in Providing Distributed Energy Services in North Carolina

1. Catalyst for Distributed Energy Projects
2. Provider of low income Energy Efficiency Services
3. Provider of Energy Finance Programs
4. Operator of energy system that includes Distributed Energy Services
5. Provider of Distributed Energy Services that provide economic development benefits
1. Catalyst for Distributed Energy Projects

- Providing government funding for distributed projects in the public infrastructure that would provide economic development or other community wide benefits to taxpayers.
- Leasing government property to private companies to provide distributed energy services.
- Participating in State or National programs that provide Distributed Energy services.
Raleigh
Catalyst for Energy Efficiency

LED City Initiative
NC Get Ready
Utility Scale Solar Power


Raleigh Resources

*Convention Center Image, Available at http://wn.com/Raleigh, June 1, 2011.

Energy Programs in Raleigh:
• http://www.raleighnc.gov/environment/content/AdminServSustain/Articles/EnergyConservationRe.html

Sustainable Raleigh:
• http://www.raleighnc.gov/environment/content/AdminServSustain/Articles/WhatRaleighIsDoing.html

Press Release on Raleigh’s Sustainability Activities:
2. Provider of Low Income Housing Energy Efficiency Services

- Providing grants under Housing Authority powers (G.S. 160A-456(b) for cities and G.S. 153A-376(b) for counties) to rehabilitate affordable housing
- Such rehabilitation might include weatherization including insulation or resealing of houses or retrofitting with energy efficient appliances
Weatherization of Chapel Hill Public Housing Facilities

A project between the UNC School of Law Weatherization Working Group and the Town of Chapel Hill to ensure that the public housing facilities are energy efficient to lower resident bills.


3. Provider of Energy Finance Programs

- Providing funds or finances to private individuals or organizations to pay for distributed services
- Current legislation that aids a local government in creating funding mechanisms is HB1829
North Carolina HB 1829 (2009)

- Clarifies the authority of local governments to finance energy programs.
- Allows a county or city to establish a program to finance the purchase and installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently affixed to residential, commercial, or other real property.
- Provides for financing of the energy program by allowing a county or city to establish a revolving loan fund or a loan loss reserve fund with a maximum annual interest of 8% and a maximum term of 20 years.
- Allows for funding “renewable energy sources” or “energy efficiency improvements” on the property of residences, commercial businesses, or other real property.
- Does not give bonding authority to generate start up capitalization funds for the loan programs, and does not allow for a change in taxes, fees, or voluntary rate increases by participants.
Carrboro
Provider of Energy Finance Programs

Carrboro Commercial Energy Efficiency Revolving Loan Fund

Helpful Links:
- Brochure Explaining Carrboro’s Revolving Loan Fund: [http://www.ci.carrboro.nc.us/ECD/PDFs/EERLF/Carrboro%20WISE%20Program%20Brochure_v2.pdf](http://www.ci.carrboro.nc.us/ECD/PDFs/EERLF/Carrboro%20WISE%20Program%20Brochure_v2.pdf)


Provider of Energy Finance Programs

Neighborhood Energy Retrofit Program (NERP)

Helpful Links:

About Durham’s NERP:

Greener Durham:
http://www.ci.durham.nc.us/departments/manager/sustainability/Index.cfm


4. Operator of Energy Utility that includes Distributed Energy Services

- Under G.S. § 160A-312 (a), “A city shall have authority to acquire, construct, establish, enlarge, improve, maintain, own, operate, and contract for the operation of any or all of the public enterprises…”
- “Public Enterprise” includes “Electric power generation, transmission, and distribution systems.”
- A local government could provide distributed energy services as part of its operation of an electric power generation, transmission, and/or distribution systems
NC Public Power Cities

Appliance Rebates

Helpful Links:

City of Statesville Electric Utility:

NC Public Power:
http://www.ncpublicpower.com/


5. Provider of Distributed Energy Services that Create Economic Development Benefits

- Providing small businesses with loans to accomplish energy efficiency goals which in turn provide economic development benefits either through the creation of jobs or the services that the business provides to the community.
- Authority for such small business loans would likely fall under the Economic Development statutes.
# Summary

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<td>Provider of Distributed Energy Services that create Economic Development Benefits</td>
<td>Economic Development Statutes</td>
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Other Models for Distributed Services outside of NC

- Sonoma County Energy Independence Program (SCEIP)  
  http://www.sonomacountyenergy.org/

- Boulder County “Partners for a Clean Environment”  
  http://www.pacepartners.com/

- Cleveland Renewable Energy Special Improvement District  

- D.C. Sustainable Energy Utility  
  http://dcseu.com
Delaware Sustainable Energy Utility

HOME LIGHTING DISCOUNT PROGRAM

HOME PERFORMANCE WITH ENERGY STAR PROGRAM

GREEN FOR GREEN

EFFICIENCY PLUS BUSINESS PROGRAM

PERFORMANCE CONTRACTING PROGRAM
Legal Authority

“An Act to Amend Title 29 of the Delaware Code to Create a Sustainable Energy Utility in the State of Delaware” (2007 Act)
Funding Mechanisms

Shared Savings Agreements with customers

Partial proceeds from sale of Renewable Energy Credits

Green Energy Fund monies
How do we get to that level?

What appears to be missing is the ability of a local government to provide utility scale distributed energy services to everyone in its jurisdiction unless the local government is a public power utility.
Potential Models for the Future

1. Creation of a Sustainable Energy Business Improvement District (BID)

2. Creation of a Stand Alone Local North Carolina Sustainable Energy Utility
Creation of a Sustainable Energy Business Improvement District

- Authority for this would come from G.S. § 160A-536, which allows for a city council to create a special district for “downtown revitalization projects”
- Services provided to the downtown district could potentially include installation of solar panels, upgrades to water heaters or a.c. units, or other green services such as a green street lighting program or extensive recycling services
- To finance the district, a municipality can use General Fund Dollars, Special Assessments, Public Enterprise money, BID Tax revenue, or several bonding options (General obligation bonds or Special Obligation bonds, etc.)
- This is an innovation, because it doesn’t appear that any city in NC has done this yet
Stand Alone NC Sustainable Energy Utility

- It seems clear that local governments can already link renewable energy services to their current provision of power.
- The question is whether an interested local government can provide the distributed energy efficiency and/or renewable energy services without being a full-fledged public power authority.
- Changes in current Public Enterprise legislation could certainly help in making this more plausible.

Public Enterprise Statutes

• The statutory energy system definition of a “Public Enterprise” includes “Electric power generation, transmission, and distribution systems.”

• For a local government in NC to utilize the public enterprise funds to provide and finance distributed renewable energy services, a broadening of the language would likely be necessary.

• This broadening of language has been done twice before in the case of stormwater and wastewater, and an adjustment in the energy system definition could potentially allow a local government to more easily use public enterprise funds to engage in distributed services to limit energy consumption.
Public Purpose Constitutional Clause

“The power of Taxation shall be exercised in a just and equitable manner, for public purposes only, and shall never be surrendered, suspended, or contracted away.”

*Although the language specifically says “taxation,” the NC Supreme Court has interpreted this language to require that all public funds be used for the public generally and not used exclusively for the benefit of particular persons, interests, or estates.
Conclusion

With the current legislation that has been established in recent years, potential legislative changes that could be made to broaden the use of Public Enterprise funds, and the open possibility for interpretation by the courts of what more might be done under the laws as they are and will be, North Carolina communities can lead the nation in moving toward providing distributed sustainability services to their residents.

Give us a call if you want to try this…
Resources

- Sustainable Raleigh:  
  http://www.raleighnc.gov/environment/content/AdminServSustain/Articles/WhatRaleighIsDoing.html
- Chapel Hill Sustainability:  
- Carrboro Energy Efficiency RLF:  
  http://www.ci.carrboro.nc.us/ECD/PDFs/EERLF/Carrboro%20WISE%20Program%20Brochure_v2.pdf
- Durham Neighborhood Energy Retrofit Program:  
- Statesville Electric Utility:  
- Delaware Sustainable Energy Utility:  
  http://www.energizedelaware.org/
- NC Public Power:  
  http://www.ncpublicpower.com
QUESTIONS??