Why the Efficient and Affordable Energy Rates Bill is Good for Industry in North Carolina

> "Those who are concerned about the *cost* of energy efficiency are making the same mistake as the scientists who designed the Hubble space telescope when they produced the first faulty lens. They are confusing the plus(+) and minus (-) signs."
>
> *Amory Lovins*

Inverted, tiered-block rates target the elimination of wasted energy. This system does not penalize industries for using as much energy as needed for their efficient operations.

Under the terms outlined in the NC Efficient and Affordable Energy Rates Bill (NCEAER), there will be separate inverted rate structure programs for residential, commercial and industrial ratepayers.

Upper tiered rates for industry will *not* be determined by comparison to residential or commercial ratepayer energy usage.

No industry will have to pay higher rates merely because it uses more energy than residential, commercial or other industrial ratepayers.

Clearly, each industry has different energy needs for its operations. Therefore, the NCEAER Bill mandates that industrial rates be determined on a case by case basis to establish lower and upper tiered rates for that specific industrial facility, based on its energy needs.

How can the Utilities Commission design an inverted, tiered-block rate structure to ensure that an industry already operating efficiently will *not* be subjected to higher-tiered rates? By putting these rate-determining rules in place:

If an energy audit reveals that an industry is operating at full efficiency it will benefit from lower-tiered utility rates, regardless of its quantity of energy use compared to other industries and ratepayers.

If an energy audit reveals that an industry can make considerable improvements in energy efficiency and that it would be profitable, on a monthly basis, to secure a low-interest loan to make those improvements, then the industry will benefit from lower-tiered utility rates if it makes that investment. This means the industry will profit every month from energy savings that exceed the monthly payments on the loan.

If it cannot be demonstrated that a loan for an efficiency improvement will be profitable on a monthly basis, then the industry will not qualify for the loan and is not required to make the investment to qualify for lower-tiered electrical rates. The industry still qualifies for lower-tiered rates.

The only circumstance in which an industry is subjected to upper-tiered electrical rates is when an energy audit reveals a considerable waste of energy, the industry qualifies for a profitable low-interest efficiency improvement loan, but fails to take advantage of the investment. In other words, if an industry insists on wasting energy, despite its unnecessary cost, it will pay a penalty premium, or higher-tiered rates.

Pass the NCEAER Bill for a healthier economy in North Carolina and to address the urgent issue of climate change by reducing energy consumption and the use of fossil fuels.

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