

Elements of the Efficient and Affordable Energy Rates Bill

- I. **The North Carolina Utilities Commission shall perform the task of creating and implementing a set of Electric Public Utility rate structures that include the following aspects:**
 - A. All rate structures will be “inverted” for the purpose of promoting energy conservation and investment in energy efficiency. Larger quantities of energy use will bring a higher price per kilowatt/hour. Lower usage will bring a lower price.
 - B. There will be a “tiered block” rate structure. When energy usage within a month exceeds one tiered-rate block, the ratepayer will begin to pay a higher price for energy use within the next, higher tiered-rate block.
 - C. Separate inverted rate structures will be designed for residential, commercial, public and industrial rate-payers.
 - D. The residential rate structure exempts low-income families in rental units from higher tiered rates.
 - E. The residential inverted rate structure will be scaled to achieve a 40-60% statewide reduction in electrical energy consumption from 2018 levels within a 10-year period.
 - F. Energy used during “peak” hours will be charged at a higher tiered rate with the purpose of leveling out peak demand and minimizing the need for excess polluting generating capacity.
 - G. Industrial and commercial rate-structures will be tailored on a case-by-case basis to maximize the financial benefit of investment in efficiency and job creation.
 - H. All rate structures will maintain the guarantee that regulated Public Utility companies receive a reasonable rate of return on all capital expenditures.
 - I. For all rate structures, the number of tiered-rate blocks and the cost thresholds they represent will be determined by the Utilities Commission in the course of achieving the above goals (A-H).
- II. **Creation of an Energy Efficiency Bank (EEB).**

This bank will exist for the sole purpose of issuing low-interest loans for ratepayers to invest in energy efficiency and renewable energy projects that will result in less consumption of electrical energy produced by non-renewable and polluting sources.

 - A. The EEB will be administered by an independent agency that manages the finances on all utility bills.
 - B. Qualifying ratepayers will be issued loans through this agency.
 - C. Loan payments will be integrated within each monthly utility bill, reflecting the money saved as a result of the efficiency investment made by the ratepayer.
 - D. Only projects that can be proven to result in lower monthly utility bills, including loan payments, will qualify for loans through the EEB.
 - E. The EEB will issue grants to qualifying low-income households for efficiency projects, when funds are available.
 - F. Funds for the EEB will be derived from:
 - a. A 5% Avoidable Pollution Fee levied on the purchase of all non-Energy Star household electrical products.
 - b. Interest paid on efficiency loans.
 - c. Excess revenues collected from higher-tiered rates.
 - d. Excess revenues collected after closure of peak power plants and other excess generating sources.
- III. **The State shall establish a 5% Avoidable Pollution Fee levied against the purchase of all household non-Energy Star electrical products. The funds collected from this fee shall be earmarked as seed money for the creation of the Energy Efficiency Bank described in Section II.**

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