

**Meeting Summary**

**Energy Policy Council  
NC Department of Commerce  
301 N. Wilmington Street, Board Room 4<sup>th</sup> Floor  
Raleigh, NC 27601  
December 18, 2009  
1:00-5:00 p.m.**

**Energy Policy Council Members Present:**

<b>George Everett</b>	<b>Steven Burke</b>	<b>Michael Regan</b>	<b>Marcus Wilhelm</b>
<b>Cy Rich</b>	<b>Henry McKoy</b>	<b>Kevin Garrison</b>	<b>Jo Anne Sanford</b>
<b>George Baldwin</b>	<b>Sen. Ellie Kinnaird</b>	<b>Rep. Angela Bryant</b>	<b>Rep. Pricey Harrison</b>
<b>Tim Toben</b>			

**Energy Division Staff Present:**

<b>John Morrison</b>	<b>Peggy Walker</b>	<b>Ward Lenz</b>	<b>Larry Shirley</b>
<b>Lauren Harris</b>	<b>Seth Efron</b>		

**Guests:**

<b>Dan Conrad</b>	<b>Steve Wall</b>	<b>Kris Coracini</b>	<b>Mary Tiger</b>
<b>Chris Matthis</b>	<b>Holly Roberson</b>	<b>Michael Candwell</b>	<b>John Monaghan</b>
<b>Ken Valentine</b>	<b>Ellen Petrill</b>	<b>Caroline Choi</b>	<b>Kathy Hawkins</b>
<b>Bill McAuley</b>	<b>Michael Thompson</b>	<b>Daniel Amburn</b>	<b>Nelle Hotchkiss</b>
<b>Chris Ayers</b>	<b>Ashley Jones</b>	<b>Egle Thomas</b>	<b>Julie Hunkins</b>
<b>Drew Ball</b>	<b>Joseph Conaty</b>	<b>Dan Crawford</b>	<b>Tom Bean</b>
<b>Libby Smith</b>	<b>Michael Haley</b>	<b>Sam Watson</b>	<b>Bo Somers</b>
<b>Andrew Meehan</b>			

**Energy Policy Council Members Absent:**

<b>Rodney Locks</b>	<b>Reginald Speight</b>
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**Conference Call Attendance:**

**Sen. Richard Stevens**

Tim Toben called to order the second meeting of the reformulated EPC this 18<sup>th</sup> day of December 2009. Energy Policy Council meeting to order at 1:00 p.m.

Thanks to speakers for flying in today with full knowledge of the risk of inclement weather, guest and members of service for travel today.

Tim announced future Energy Policy Council meetings dates and topics:

January 25, 2010 – Energy Efficiency

February 11, 2010 – Low Carbon Transportation

March 18, 2010 – Disseminate Subcommittee Findings

April (TBD) - Stimulus ideas to present to governor and General Assembly

### **Subcommittee Deliverables Dates:**

#### **January, 2010:**

1. EPC vs. NCUC Roles/Responsibilities Document
2. Executive Order Recommendations to the Governor from EPC – can happen any time.  
--- Bring to committees, if recommended, then Sub Chair will bring to EPC for vote

#### **April 2010 – Prior to short session**

Energy Resource Workplan (Framework of issues and policies to be addressed in comprehensive plan). Referred to as the Five P's

1. Potential: What is the magnitude (MWs) of the potential for the resource and its utility for peak or baseload supply/offset?
2. Policies: Current barriers to realization of #1 and models/opportunities from other states/nations to optimize potential.
3. Price: Installed cost/Kwh, including cost of carbon, assuming ramp up to \$23/ton (IOUs working estimate).
4. Pollutants: Magnitude of GHG emissions, other waste
  1. People: How many jobs will this create?

#### **May - December:**

1. Comprehensive Plan Development/Negotiation (policy recommendations and process to streamline/substitute for "605 process" from 2007 S3)

## **January 2011:**

1. Comprehensive Plan with Detailed Policy Recommendations and/or draft comprehensive bill to be considered by the NCGA.

## **Developments:**

According to an article "*Progress Energy Announces to Retire 11 Old Coal Plants*" by Lloyd Yates this week, Progress Energy Carolinas' announced a plan to retire about 30 percent of the company's coal-fired power plant fleet in North Carolina. These plants have been a vital part of keeping the lights on for more than 50 years, and the decision to retire them was made after months of evaluation.

As environmental regulations continue to change, and as even more significant environmental rule changes appear likely in the near future, the cost of retrofitting and operating these plants will increase dramatically. We believe that this is the right decision for our customers, our state and our company.

This is a powerful environmental story. But it's not the entire story.

The switch from coal to natural gas will help us meet the expected near-term carbon-reduction targets sought in federal climate legislation. But both the House and Senate versions of climate legislation call for reductions of 80 percent or more by 2050 (based on 2005 emission levels). So, even if we retired all of our coal-fired plants in the Carolinas and switched to natural gas, we would not meet the CO2 emission reductions targeted for 2050.

In many industries, 2050 might seem light years away. But for electric utilities responsible for implementing public policy by investing in infrastructure needed to generate and distribute electricity to millions of people it's much, much closer.

Low-carbon resources, such as natural gas, are an excellent bridge for the next two decades. But getting to the proposed 2050 targets requires proven carbon-free resources. The only technology capable of providing that no-carbon power generation, on a scale capable of meeting the needs of millions of North Carolinians, is nuclear power.

## ***EPA Endangerment Finding 12/17/09:***

EPA "endangerment finding" establishes that greenhouse gas emissions endanger the health and environment of future generations -- and must be legally addressed

U.S. Environmental Protection Agency Administrator Lisa Jackson today formally determined that greenhouse gas pollution imperils the health and well-being of present

and future generations, setting the stage for U.S. action as officials from across the world gather in Copenhagen to forge an international solution to global warming.

EPA Determination on Greenhouse Gases Sets Stage for U.S. Action on Climate Change, Clean Energy Economy

Congress is set to finish its work on U.S. legislation to cap and reduce the 19 million tons of heat-trapping pollution we emit every day.

The endangerment finding covers six greenhouse gases that drive climate change: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

EPA recently took action to shield small sources from liability, proposing a 25,000 ton annual carbon dioxide threshold for regulation. The 25,000 ton threshold is the amount of pollution emitted from the annual energy use of about 2,200 homes, approximately 58,000 barrels of oil consumed, or 130 railcars of coal.

### ***COP15 Update:***

Some poorer nations have taken the position that because the industrialized world is responsible for most of the greenhouse gas emissions already in the atmosphere -- in effect exhausting the environment's capacity to cope with carbon -- rich nations must pay "damages" or "reparations." These payments presumably would be used by emerging economies to cope with the climate changes that already are devastating some of them, and to increase their standards of living while minimizing their emissions.

But the United States' chief negotiator, Todd Stern rejects that argument. Speaking at COP-15, he repeated President Barack Obama's recent promise that the United States will pay a "fair share" of financial assistance to emerging economies. But, he said: "We absolutely recognize our historic role in putting emissions in the atmosphere, up there, but the sense of guilt or culpability or reparations, I just categorically reject that."

### **Ethics and Open Meetings Requirements**

Karen West, General Counsel for the NC Department of Commerce, discussed ethics and open meetings requirements, which provided clarification on who is covered and what the law covers (official meetings, types of meetings and notice requirements, closed sessions at official meetings and records of meetings).

Kendra Hill, Governor's Office provided an overview of State of North Carolina Executive Orders:

(34) Ethics and Attendance Standards for Gubernatorial Appointees to Boards:

- Requires recusal of EPC member from vote that would impact appointee's \*"financial interest"
- Forbids acceptance of gifts from vendors who serve the Council
- Attendance requirement of 75% (Start date? January)

(35) Ethics Standards for Certain Boards

- Puts advisory councils, like the EPC, under explicit disclosure and conflict restriction
- Specifically stops short of making the State Government Ethics Act provisions applicable to EPC members. As far as we can tell, we are not "covered persons" in terms of the Ethics Act.
- Defines "financial benefit", in terms of a nexus between voting on a matter before the EPC and appointee's ownership, income or commissions, or acquisition of a property interest

(36) Designation of Certain State Employees and Appointees as Covered Public Servants under the State Government Ethics Act.

- Does not impact the EPC

Develop and recommend to the governor a comprehensive long-range State Energy Policy to achieve maximum effective management and use of present and future sources of energy, such policy to include but not be limited to efficiency, renewable and alternative sources of energy, R&D into alternative energy technologies, and improvements to the state's energy infrastructure and energy economy.

To recommend to the Governor and General Assembly needed energy legislation and to recommend for implementation such modifications of energy policy, plans and programs as the Council considers necessary and desirable.

**EPC Subcommittee Reports:**

Jo Anne Sanford reported on the Low Carbon Energy Supply subcommittee meeting 12/18/09; Cy Rich reported on the Energy Efficiency subcommittee meeting 12/18/09; and Steven Burke reported the Low Carbon Transportation meeting 12/8/09.

**Presentations:**

Ellen Petrill, EPRI – *Electric Power Research Institute PRISM and MERGE Analysis*

George Everett, Duke Energy – *North Carolina Utilities Perspective on a Low Carbon Electricity Sector*

Ken Valentine, Vice President, Business Development & Carbon Management Strategies,  
Piedmont Natural Gas – *Low Carbon Energy Supply for North Carolina*

Meeting adjourned at 4:00 p.m.