

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-100, SUB 90

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Investigation of Voluntary Green)
and Public Benefit Fund Check-Off) ORDER APPROVING
Programs) NC GREENPOWER

BY THE COMMISSION: On November 22, 2002, Advanced Energy Corporation (AEC) filed a revised administrative and operational plan to implement, in conjunction with the utilities, a statewide, voluntary green power pricing program in North Carolina – NC GreenPower. Carolina Power and Light Company, Duke Energy Corporation, and Dominion North Carolina Power, in addition to several of the State’s electric membership cooperatives, filed green power pricing tariffs to support the implementation of NC GreenPower.

As indicated by AEC, the revised NC GreenPower proposal now includes two products: (1) a "mass-market" product to be offered primarily to residential customers that is comprised of higher-priced renewable resources, and (2) a "large-volume" product to be offered to large-volume customers that is more price competitive in comparison to out-of-state green tags. The revised proposal also attempts to balance the interests of all stakeholders by narrowing the types of renewable resources included in the mass-market product while incorporating a broader spectrum of resources in the lower-cost large-volume product. AEC further states that although no single interest or representative group may be completely satisfied with the revised plan, it believes that the revised proposal comes much closer than the initial May 31, 2002, filing to gaining the necessary support for the program.

The Commission issued an Order on December 11, 2002, commending AEC, the utilities, and the diverse stakeholders in this proceeding for their work in together developing the NC GreenPower proposal. In that Order, the Commission stated that there appears to be considerable consensus and support for the revised plan and that it, therefore, was inclined to approve the revised NC GreenPower proposal and necessary utility tariffs and to allow the program to move forward to implementation. Lastly, however, noting that at least one issue, that of the use of wood waste in the large-volume product, remained contentious, the Commission allowed interested persons until December 31, 2002, within which to file dissenting comments on any aspect of the revised NC GreenPower proposal and utility tariffs.

Of the five comments received on or about December 31, 2002, three expressed support for the inclusion of biomass and waste wood energy facilities in the NC GreenPower proposal. (Comments of Tennessee Power Company, Craven County Wood Energy, and Green Power Energy Holding, LLC) Mr. Andrew Givens filed comments on January 17, 2003, encouraging the Commission “to act positively and promptly for the approval of the NC GreenPower program.”

Hydromatrix Partnership Limited (Hydromatrix), a hydropower developer, filed dissenting comments with the following suggestions: (1) any consumer should be allowed to buy either product; (2) NC GreenPower should provide long term contracts to suppliers; (3) payments to the different supplier technologies should be controlled by the Commission; (4) small hydroelectric facilities should not be subject to Low Impact Hydro Institute (LIHI) standards in order to participate in NC GreenPower; and (5) capacity for hydroelectric projects should not be limited to 10 MW or less. Lastly, Hydromatrix objects to the large disparity between the amounts proposed to be paid to solar and wind versus other generating technologies.

In its comments, Appalachian Voices supports NC GreenPower and the inclusion of solar, wind and, initially, landfill or animal waste methane projects, but believes that conservation “must be the highest priority in NC GreenPower” and that energy efficiency “must also be an integral part” of the program. Appalachian Voices strongly opposes the development of hydropower and the inclusion of municipal solid waste, animal waste, or biomass incineration projects in NC GreenPower. In summary, Appalachian Voices recommends that the NC GreenPower proposal be amended as follows: (1) include conservation and efficiency measures; (2) maximize solar and wind projects over time; (3) minimize landfill gas, wastewater gas and animal waste gasification; (4) phase-out landfill gas, wastewater gas (if included) and animal gasification over time; (5) exclude all plant based material incineration; (6) require LIHI certification for all hydroelectric projects; (7) require the installation of maximum achievable control technologies; (8) exclude wastewater treatment facilities; (9) exclude animal waste facilities from the small-volume product; (10) allow North Carolina’s environmental community to select its representatives on the Board of Directors; and (11) provide marketing and information materials designed to alert consumers of the environmental impacts of each technology used to produce NC GreenPower and the benefits and costs associated with both the large- and small-volume products.

With regard to many of the concerns raised by Hydromatrix and Appalachian Voices, the Commission notes that NC GreenPower is designed as a market-driven product in response to a perceived consumer demand. This has affected not only the prices set for the mass-market and large-volume products, the premiums expected to be paid to generators using different technologies, and the terms offered to renewable generators, but also other characteristics which distinguish the two products, such as the accreditation of each and the renewable resources included within each. These distinctions between the two products represent a carefully crafted balance among the diverse stakeholder interests participating in the development of the proposal. As noted by

the comments in response to the Commission's request, this has not been an easy process. Moreover, contrary to Hydromatrix's assertions, the Commission understands that NC GreenPower only intends to promote the mass-market product to residential and other low-usage customers in order to avoid public confusion.

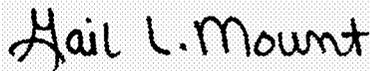
Therefore, after careful consideration, the Commission finds good cause to approve the revised NC GreenPower proposal, to allow the associated utility tariffs to become effective as proposed, and to designate AEC as the program administrator. The Commission respects the considerable consensus achieved through the stakeholder process and will allow the market for NC GreenPower and renewable generation to develop under the proposal as filed. Experience marketing the program and working with both consumers and generators will indicate where changes, if any, should be brought back before the Commission to be incorporated into NC GreenPower.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 28th day of January, 2003.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive style and is positioned above the printed name of the signatory.

Gail L. Mount, Deputy Clerk