

# HB 589: CAPS & CONFUSION IN A TIME OF CLIMATE URGENCY

## 2017 Energy Bill Seems Designed to Limit Renewables

HB 589 (“Competitive Energy Solutions for NC”) became law in July 2017. Portrayed by Duke Energy and most of the media as a step forward for solar energy, its shortcomings are profound and outweigh its benefits. At a time when we should be pulling out all the stops to slow climate change, Duke Energy and the NC General Assembly put the brakes on solar and wind, even though they are cheaper and create more jobs than fossil fuels.

Here are the main provisions of the law, and how they have played out since it passed.

### Solar Rebate: Limited & Delayed

Duke Energy pays a rebate of 50 cents per watt to businesses that install solar electric systems, 60 cents to residences and 75 cents to nonprofits (approximately 20-30% of the price). While this benefits customers who receive it, the program is capped at just 20 megawatts per year for 5 years and all but the nonprofit set-aside sell out within hours or days each year. This creates uncertainty for installers and customers.

### Solar Leasing: Capped & Uncertain

The law allows Duke Energy or third parties to offer solar leasing, which might help customers avoid the upfront cost of solar. The program is capped at around 250 megawatts and expires in 5 years. Only four lessors have been approved and others may be reluctant to apply since – as in South Carolina – the program may not be renewed after reaching the cap.

### Third-Party Sales: Quashed

After a bipartisan legislative effort in 2015 to legalize third-party sales of electricity and NC WARN’s “Solar Freedom” court challenge, HB589 expressly outlawed this arrangement that has been integral to growth of rooftop solar in other states by enabling customers to adopt solar power for no money down.

**WHILE NORTH CAROLINA IS A LEADER IN TOTAL SOLAR, ONLY 3.5 PERCENT OF ITS SOLAR OUTPUT WAS FROM SMALL SYSTEMS [IN 2017], ACCORDING TO THE ENERGY INFORMATION ADMINISTRATION. THIS IS BY FAR THE LOWEST SHARE OF ALL THE STATES IN THE TOP 10 FOR OVERALL SOLAR OUTPUT.**

– Inside Climate News, 5/14/18

### Community Solar: Designed to Fail

Community solar allows customers who cannot put solar panels on their homes (renters, homeowners with shady roofs, etc.) to purchase part of a community array and get credit for the solar production. HB589 requires Duke Energy to offer a mere 40 megawatts of community solar.



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Duke's program as approved by the Utilities Commission is grossly inadequate and seems designed to fail. Designed properly, a community solar program provides a net benefit to customers. A subscription to Duke's program would cost \$500 upfront and the subscriber would receive only \$420 in credits over 20 years.

### **Net Metering: Under Attack**

HB 589 instructs Duke Energy to propose revised net metering rules. Existing net metering customers are grandfathered until January 1, 2027. Duke Energy has yet to file its proposal.

Net metering is a system by which solar customers receive credit at the retail rate for excess solar power that they send to the grid. Attacks on net metering are occurring around the country. Duke Energy supported legislation to cut net metering credits by 65% in Kentucky and to keep a cap on net metering in place in South Carolina.

NC WARN opposes reducing net metering rates or adding fees to solar customers' bills. Duke argues that net metering transfers costs onto non-solar customers, but we argue that all solar added to the grid decreases the need for expensive fracked gas plants, saving all customers money.

### **Large-Scale Solar: Future is Limited & Uncertain**

Formerly, developers of all but the largest solar projects sold power to Duke Energy under a

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DUKE HAS REPEATEDLY FAILED TO COMPLY  
WITH THE LAW AND AGREEMENTS MADE DURING  
NEGOTIATIONS AND CONTINUES TO BLOCK  
GROWTH OPPORTUNITIES FOR INDEPENDENT  
RENEWABLE POWER PRODUCERS.**

– *Charlotte Business Journal*, 4/23/18

standard contract. Now most large projects must be negotiated individually. NC State University professor Harrison Fell says this “*clearly hurts solar developers by reducing ... long-range certainty.*” The law directed Duke to establish competitive bidding for 2660 megawatts of large-scale solar over 45 months. The cap and time limit mean solar development is limited and its future uncertain, with Duke Energy in control of the terms.

### **Green Source Advantage: Customers Say Duke Proposal is Unacceptable**

This program allows large energy users to buy power from renewable energy projects in order to meet their sustainability goals. It is capped at 600 megawatts and expires in 5 years. Duke Energy's program has been criticized by solar developers and potential participants for being too costly and requiring participants to go through Duke even if negotiating a contract with a private solar developer. To date, the very entities the program was designed to serve – universities and military installations – have declined to participate.

### **Wind Power: Delaying Clean Energy**

The law placed a 2-year moratorium on new wind power projects based on the discredited claim that they could interfere with military operations. That moratorium expired in 2019.

### **Energy Storage Study: Will NC Join the Battery Revolution?**

NC State University conducted a study, mandated by HB589, to assess the value of energy storage and policies needed to accommodate it. The study was published in February 2019 and is available at [bit.ly/2XZkJcg](http://bit.ly/2XZkJcg).