

- 1 (2) Participating electric utility. – An investor-owned public utility that sells
2 electric power to retail electric power customers in the State.
- 3 (3) Qualifying offshore wind generator. – A wind energy generation facility that
4 meets one of the following criteria:
- 5 a. The facility is located in federal waters, with at least fifty percent
6 (50%) of the facility within the administrative boundaries for the
7 State as defined by the federal Department of Interior's Bureau of
8 Ocean Energy Management.
- 9 b. The facility is located in waters of the State.
- 10 (4) Renewable energy certificate. – Defined in G.S. 62-133.8(a).

11 **SECTION 1.(b)** Requirement. – The Commission, by rule or by order, shall
12 require the State's participating electric utilities to enter into a long-term contract for one or
13 more qualifying offshore wind generators with a total nameplate capacity of 2,500 megawatts
14 to be constructed in yearly increments as specified by the Commission over a period of seven to
15 ten years, with the first facility producing electricity by December 31, 2017, or as close as
16 practically possible to that date. Any electric membership corporation or municipality may
17 decide, in its sole discretion, to be considered a participating electric utility by delivering
18 written notice to the Utilities Commission at least 30 calendar days prior to the date specified in
19 subsection (f) of this section. The Utilities Commission may contract with any consultants,
20 attorneys, or other experts necessary for the Commission to carry out the requirements of this
21 section.

22 **SECTION 1.(c)** RFP. – In order to construct the qualifying offshore wind
23 generators described in subsection (b) of this section, the Commission shall by regulation or by
24 order develop a process for drafting and issuing a request for proposals (RFP) and shall work
25 jointly with the Department of Commerce to determine the number of contracts, the size of
26 each contract in megawatts, and the timing of construction for each contract that is most likely
27 to maximize the net benefit to the State. The RFP shall specify the anticipated number of
28 contracts to be awarded, the size of each contract in megawatts, with a minimum size of 350
29 megawatts per contract, and the timing of construction for each contract and shall require that
30 any proposal include contractual terms specifying the following terms:

- 31 (1) Sale of energy and associated capacity resulting from the nameplate capacity
32 identified in the RFP for a term of not less than 20 years.
- 33 (2) Sale of renewable energy certificates associated with the project.
- 34 (3) Sale of any air emission credits or offsets, or any other tradeable
35 environmental attributes of the project.

36 The Commission shall issue the RFP on or before January 1, 2012, and shall require
37 responses on or before April 30, 2012.

38 **SECTION 1.(d)** Net Economic Benefit Analysis. – The Department of Commerce,
39 in consultation with the Commission when necessary, shall evaluate each proposal meeting all
40 requirements of subsection (c) of this section to determine the long-term net economic cost or
41 benefit of the proposal to the State. In conducting this analysis, the Department may contract
42 with any consultants, attorneys, or other experts necessary for the Department to meet the
43 requirements of this section and may charge a fee to the submitter of a proposal to cover the
44 reasonable costs of the analysis required by this subsection. The Department of Commerce may
45 request assistance from other State agencies, including, but not limited to, the Commission and
46 its public staff, the Department of Revenue, and the Department of Environment and Natural
47 Resources if additional expertise is required to carry out the requirements of this section, and
48 the requested agencies shall, to the extent practicable, provide such assistance. The analysis by
49 the Department of Commerce shall consider statewide costs and benefits over a minimum of 20
50 years and shall include all of the following criteria to the extent deemed practicable by the
51 Department, given available resources:

- 1 (1) The estimated incremental cost or savings to ratepayers.
- 2 (2) The expected number of direct, indirect, and induced jobs created and direct,
3 indirect, and induced economic activity generated.
- 4 (3) The impacts to State and local tax revenue.
- 5 (4) The environmental, climate, and public health impacts.
- 6 (5) The estimated impact on energy security for both the State and the nation.
- 7 (6) The potential impacts, both positive and negative, on system reliability and
8 transmission congestion.
- 9 (7) The impacts from the utilization of locally available energy resources and
10 the concomitant reduction of expenditures on energy resources imported
11 from outside the State.
- 12 (8) Estimates of expected future export of energy, RECs, manufactured goods,
13 and other applicable goods or services.
- 14 (9) Estimated impacts on tourism, recreational fishing, commercial fishing, and
15 other existing industries in North Carolina.
- 16 (10) Any other criteria that are consistent with the intent of this act and deemed
17 appropriate by the Department of Commerce.

18 **SECTION 1.(e)** Review of Proposals. – No later than October 31, 2012, the
19 Commission shall complete its evaluation of all proposals received in response to the RFP and
20 decide which proposals to approve. The evaluation and approval decision shall be based on the
21 following criteria:

- 22 (1) The estimated net economic impact to the State based on the net economic
23 benefit analysis of the project conducted pursuant to subsection (d) of this
24 section.
- 25 (2) Any other criteria that are consistent with the intent of this section and that
26 the Commission deems relevant and appropriate.

27 An approval issued by the Commission pursuant to this subsection shall, with
28 respect to all facilities for generation of electricity included in the proposal, meet the
29 certification requirement of G.S. 62-110.1. Notwithstanding any other requirement of this
30 subsection, if the Department of Commerce determines after reviewing the proposals received
31 under the RFP that none of the proposals results in a net economic benefit to the State, the
32 Commission may choose to approve no proposals. In the event that proposals meeting criteria
33 for approval have, in the aggregate, a nameplate capacity in excess of 2,500 megawatts, the
34 Commission shall approve the projects with the greatest net economic benefit to the State that
35 do not exceed 2,500 megawatts in aggregate nameplate capacity.

36 **SECTION 1.(f)** Contract With Participating Electric Utilities. – For each proposal
37 approved under subsection (e) of this section, the Commission shall require that each
38 participating electric utility in the State enter into and file with the Commission a substantially
39 similar contract with the proposing entity for the Commission's approval, with the only
40 substantial difference among the contracts being the amount of output each participating
41 electric utility is obligated to purchase. Each participating electric utility's share of the output
42 from the proposed contract shall be established at the time of the signing of the contract as the
43 product of the amount of nameplate capacity constructed under the approved proposal,
44 multiplied by a fraction, with the numerator of the fraction being the company's total
45 megawatt-hour load for the preceding year and the denominator of the fraction being the total
46 megawatt-hour load for the preceding year for all of the participating electric utilities in the
47 State. Each participating electric utility shall file the contracts required under this subsection by
48 January 31, 2013. Contracts required under this subsection shall include all of the following:

- 49 (1) Terms and conditions approved by the Commission.

- 1 (2) An option for the participating electric utility to co-invest or purchase an
2 ownership interest no greater than fifty percent (50%) in the qualifying
3 offshore wind generator.

4 **SECTION 1.(g)** Resale by Participating Electric Utilities. – Utilities that enter into
5 a contract under subsection (f) of this section shall maximize benefits under the contract for the
6 participating electric utility's customers in this State by either retaining for the benefit of the
7 participating electric utility's customers in this State, or selling into any available markets, any
8 of the following products purchased under the contract:

- 9 (1) Renewable energy certificates associated with the project.
10 (2) Sale of any air emission credits or offsets, or any other tradeable
11 environmental attributes of the project.

12 Fifty percent (50%) of the proceeds from sales under this subsection, net of taxes,
13 and the reasonable costs of conducting the sale shall be refunded to a participating electric
14 utility's customers in this State.

15 **SECTION 1.(h)** Use of Renewable Energy Certificates. – The renewable energy
16 credits acquired through a contract under subsection (f) of this section shall not be eligible for
17 compliance with any requirement of G.S. 62-133.8.

18 **SECTION 1.(i)** Contract Administrator. – The Commission may designate a
19 contract administrator for the purpose of administering contracts under subsection (f) of this
20 section or sales of products under subsection (g) of this section.

21 **SECTION 1.(j)** Rider. – The Commission shall permit a participating electric
22 utility to charge an increment or decrement as a rider to its rates for changes in costs due to the
23 requirements of this section. The rider shall be based on the cost-per-kilowatt-hour, shall be
24 limited for any customer to the first 300,000 kilowatt-hours of annual retail sales to that
25 customer, and shall ensure that any costs or savings associated with the requirements of this
26 section are shared equitably among all customers of the participating electric utilities. The
27 rider established by the Commission shall allow for the full and timely recovery of all of the
28 participating electric utility's costs arising from the requirements of this section, including any
29 costs, as approved by the Commission, directly incurred by the participating electric utility. The
30 Commission shall establish procedures for submission and review of information and for
31 approval of the rider similar to those set forth in G.S. 62-133.2.

32 **SECTION 2.** The General Assembly declares that the State has the goal of
33 developing 2,500 megawatts of qualifying offshore wind generators by the year 2030 in
34 addition to the requirements of Section 1 of this act, which will result in a total installed
35 capacity of 5,000 megawatts by the year 2030. The Utilities Commission and Department of
36 Commerce shall jointly study the desirability and feasibility of encouraging the development of
37 the goal described in this section and shall submit a final report that includes findings and any
38 recommendations to the General Assembly no later than December 1, 2013.

39 **SECTION 3.(a)** G.S. 105-164.14B(a) is amended by adding a new subdivision to
40 read:

- 41 " ...
42 (21) Wind energy property manufacturing. – The development, production, or
43 assembly of one or more of the following:
44 a. Equipment required to capture and convert wind energy into
45 electricity or mechanical power.
46 b. Related devices for converting, conditioning, and storing the
47 electricity produced or relaying the electricity by cable from the
48 turbine motor to the power grid.

49 " ..."

50 **SECTION 3.(b)** G.S. 105-164.14B(b)(1) is amended by adding a new
51 sub-subdivision to read:

1 "(i) Wind energy property manufacturing."

2 **SECTION 3.(c)** G.S. 105-164.14B(b)(2) reads as rewritten:

3 "...

4 (2) Minimum investment requirement. – The Secretary of Commerce has
5 certified that the owner of the facility will invest at least the required amount
6 of private funds to construct the facility in this State. For the purpose of this
7 subsection, costs of construction may include costs of acquiring and
8 improving land for the facility and costs of equipment for the facility. If the
9 facility is located in a development tier one area, the required amount is fifty
10 million dollars (\$50,000,000). For all other facilities, the required amount is
11 one hundred million dollars (\$100,000,000). In the case of a wind energy
12 property manufacturing facility, the required amount is ten million dollars
13 (\$10,000,000) for a facility in a development tier one area and fifty million
14 dollars (\$50,000,000) for all other facilities. In the case of a computer
15 manufacturing facility, the owner may invest these funds either directly or
16 indirectly through a related entity or strategic partner.

17 "...."

18 **SECTION 3.(d)** G.S. 105-164.14B(f) reads as rewritten:

19 "(f) Sunset. – ~~This section is Sub-subdivisions (b)(1)a. through (b)(1)h. are repealed for~~
20 ~~sales made on or after January 1, 2013.~~ Sub-subdivision (b)(1)(i) is repealed for sales made on
21 or after January 1, 2022."

22 **SECTION 4.(a)** G.S. 105-129.16I reads as rewritten:

23 "**§ 105-129.16I. Credit for a renewable-wind energy property facility.**"

24 (a) Credit. – A taxpayer that places in service in this State a commercial facility for the
25 manufacture of renewable-wind energy property ~~or a major component subassembly for a solar~~
26 ~~array~~ or a wind turbine is allowed a credit. A taxpayer places a facility in service if it constructs
27 the facility or converts its existing manufacturing facility to change the product it manufactures.
28 For a taxpayer that constructs a facility, the credit is twenty-five percent (25%) of the taxpayer's
29 cost to construct and equip the facility. For a taxpayer that converts a facility, the credit is
30 twenty-five percent (25%) of the taxpayer's cost to convert and equip the existing facility. A
31 taxpayer that claims any other credit allowed under this Chapter with respect to the facility may
32 not take the credit allowed in this section with respect to that facility. As used in this section,
33 "wind energy property" means equipment required to capture and convert wind energy into
34 electricity or mechanical power, and related devices for converting, conditioning, and storing
35 the electricity produced or relaying the electricity by cable from the turbine motor to the power
36 grid.

37 (b) Installments. – The entire credit may not be taken for the taxable year in which the
38 facility is placed in service but must be taken in five equal annual installments beginning with
39 the taxable year in which the facility is placed in service. If, in one of the years in which the
40 installment of a credit accrues, the facility with respect to which the credit was claimed is
41 disposed of or taken out of service, the credit expires and the taxpayer may not take any
42 remaining installment of the credit. The taxpayer may, however, take the portion of an
43 installment that accrued in a previous year and was carried forward to the extent permitted
44 under G.S. 105-129.17.

45 (c) Sunset. – This section is repealed effective for a ~~renewable-wind energy property~~
46 ~~facility placed in service on or after January 1, 2014~~ 2020."

47 **SECTION 5.** Section 4 of this act takes effect on January 1, 2014. The remainder
48 of this act is effective when it becomes law.