EXECUTIVE SUMMARY

Climate change is an increasing threat to the health, safety and prosperity of North Carolinians. At the same time, the clean energy economy is creating opportunities to create jobs and propel North Carolina to be globally competitive. On October 29, 2018, Governor Roy Cooper signed an executive order calling for a 40 percent reduction in statewide greenhouse gas emissions by 2025. The order tasked the Department of Environmental Quality with developing a clean energy plan for North Carolina.

After an extensive stakeholder engagement process, including meetings and public comment periods, the plan was presented to Governor Cooper on September 27, 2019. Over the last 10 months, utilities, policymakers, regulators, universities, non-profits, the public, and industry experts have offered their expertise to help craft the plan, which is a holistic vision for the clean energy future of our state. More than 160 stakeholder groups helped develop this shared vision for North Carolina's energy future.

- Multiple sessions were held over a period of six months in geographically diverse venues across the state.
- Feedback was collected through facilitated workshops, regional listening sessions, at energy related events and through online/direct input – culminating in a draft report that was released for public comment.

Building on Existing Accomplishments

North Carolina has built an impressive record on clean energy, but to continue that leadership the strategies laid out in this plan must inform the legislative and policy changes the state adopts.

The rapid pace of economic, environmental, and technological change has created an opportunity for North Carolina to pursue a modern, 21st century electricity system. By leveraging the State's existing energy resources, innovative public and private sector partners and a competitive workforce, North Carolina is positioned to help drive a larger transition to a clean energy economy. The Clean Energy Plan is presented as a framework to accelerate that process.

Drivers of Transformation

The declining costs and large-scale deployment of renewable energy systems and the rapid advancement of information management, communications, and consumer product devices are transforming both the electricity supply and public demand for our electrical grid. These forces are driving decarbonization of the electric power sector while creating economic development opportunities in both urban and rural areas of the state.

North Carolina will need to design policies that provide certainty in the marketplace with enough flexibility to support innovation and creativity to adapt to the rapidly changing demands for electricity. New technologies can drive cost savings for customers, notably incentives and rate structures must modernize to achieve the values and goals prioritized in this document.

Clean Energy Plan Goals

- Reduce electric power sector greenhouse gas emissions by 70% below 2005 levels by 2030 and attain carbon neutrality by 2050.
- Foster long-term energy affordability and price stability for North Carolina's residents and businesses by modernizing regulatory and planning processes.
- Accelerate clean energy innovation, development, and deployment to create economic opportunities for both rural and urban areas of the state.

Key Recommendations

The Clean Energy Plan (CEP) is designed to be a living document that can be modified as needed. While it lays out a vision through 2030, the intention is for revisions to be made every 3-5 years.

Recommendations in this document are divided into action items intended to fall into one of three categories: short-term (1 year), medium-term (1-3 years), and long-term (3-5 years). Many of these recommendations and action items are interconnected, but not interdependent.

To successfully transition to a clean energy future, North Carolina must establish a 21st century regulatory model that incentivizes business decisions that benefit both the utilities and the public in creating an energy system that is clean, affordable, reliable, and equitable. The following overarching recommendations are critical to the transition and will drive the priorities identified by the stakeholders:

- Develop carbon reduction policy designs for accelerated retirement of uneconomic coal assets and other market-based and clean energy policy options.

- Develop and implement policies and tools such as performance-based mechanisms, multi-year rate planning, and revenue decoupling, that better align utility incentives with public interest, grid needs, and state policy.

- Modernize the grid to support clean energy resource adoption, resilience, and other public interest outcomes.

Next Steps

This plan is intended to guide the direction North Carolina takes in adapting to a changing economy, climate, and market and help shape what change looks like, the timeframe in which change happens, and how changes impact ratepayers.