



2025 Climate Strategy Report

Department of Commerce

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Introduction

About the Department of Commerce

The mission of the North Carolina Department of Commerce (Department or NCDOC) is to improve the economic well-being and quality of life for all North Carolinians. To do that, the Department works closely with local, regional, national, and international organizations to propel economic, community and workforce development for the state.

The Department connects businesses with the site locations, workforce, and infrastructure they need to succeed in one of the nation's top states for business. We also connect local communities with the grants and funding they need to attract, start, and grow new business and ensure future prosperity.

Additionally, our executive branch agency administers the state's economic incentives program and publishes data, statistics, information, and reports for those interested in our state's economy. The Department's Division of Employment Security administers the state's unemployment insurance program, including Disaster Unemployment Assistance which may be made available in the aftermath of declared federal emergencies, many of which may be more severe due to climate change. Following Hurricane Helene, Governor Josh Stein established the Department's new Division of Community Revitalization (DCR) through Executive Order No. 3, to support long-term housing recovery and economic revitalization in western North Carolina. Supported by Community Development Block Grant–Disaster Recovery (CDBG-DR) funds awarded by the U.S. Department of Housing and Urban Development, DCR works with local partners to help communities rebuild stronger, safer, and more resilient homes and economies.

The Department's procurement procedures have changed because of adjustments to statewide administrative rules. This has allowed for the implementation of a strong Department-wide plan to support Historically Underutilized Businesses (HUBs) in the procurement process by requiring participation from staff at all levels. The plan, along with management attention to deficient areas, helps ensure that HUB spending continues to grow. NCDOC spending with HUBs has grown steadily. In FY25, the Department exceeded \$3.5 million in HUB spending and attained the highest HUB percentage since 2018. Commerce achieved 14.52% HUB spending in FY25, with many divisions and commissions doubling the 10% goal.

Marketing North Carolina as a business and visitor destination is another function of the Department, and to handle this work we contract services from the Economic Development Partnership of North Carolina (EDPNC), a public-private organization established by the North Carolina General Assembly in 2014.

Department of Commerce's Vulnerabilities to Climate Change

NCDOC recognizes the importance of resiliency; a resilient state economy can “bounce back” more quickly from hazards and therefore have less business interruption.

Climate change poses significant risks to the Department's mission: to improve the economic well-being and quality of life for all North Carolinians. Businesses choose to relocate and expand in North Carolina thanks to our world-class workforce, top tier education system, and high quality of life. In recent years, firms in North Carolina have seen significant impacts from natural disasters that have direct effects on their ability to operate, and those risks will increase in the coming years.

These climate risks, in turn, pose risks to the Department's programs: increasing the likelihood that grant recipients may not be able to realize their capital investment and job commitments; increasing the instances federally declared disasters which would trigger of Disaster Unemployment Assistance (DUA) administered by the Division of Employment Security; and stressing the workforce delivery system to prepare dislocated workers for new employment opportunities. Climate stressors, such as hurricanes, floods, high winds, and winter storms affect NCDOC offices across the state.

These stressors and hazards impede human resources and services provided to constituents and general business operations. Heat waves are anticipated to become more common, which may also cause power outages and infrastructure impacts, as well as health concerns for employees and residents. The agency assets that are most important and most at risk are our employees. The risk stems from their locations and ability to travel to an office, along with the confidential information and equipment located in offices. Any weather event has the potential to affect any Commerce office and staff. As such, each weather event is evaluated on an event-by-event basis to determine potential impacts.

The Department's resiliency initiatives will educate stakeholders about climate mitigation strategies, promote resilience, advance climate justice, and provide community assistance. The Department will continue and expand these activities in subsequent years. The Department is also increasingly focused on job development and creation to improve North Carolina's workforce and businesses specifically in emerging climate mitigation and resiliency fields.

Department of Commerce's Approach to Fulfilling the Strategies in the Climate Risk Assessment and Resilience Plan

NCDOC continues to support the resiliency of the state and its citizens through strong partnerships with national, regional and local organizations. Due to the structure of NCDOC and our presence across the state, the department can interact with North Carolinians at both the local and regional level with timely and appropriate information.

NCDOC has also worked diligently to address the needs of citizens and businesses. With grant programs, the department works with local leaders to address business needs as well as the resiliency of those businesses and projects. Applications of the Rural Grants program and the Industrial Development Fund Utilities require all applicants to follow local, state and federal regulations as part of grant agreements.

Our Division of Workforce Solutions leads a statewide team of diverse workforce partners who are developing strategies to fulfill employer demands for talent in the clean energy and electric vehicle (EV) space. Our Energy and Infrastructure Office provides expert guidance to communities, businesses, and policymakers on the complex issues they face in today's dynamic energy economy.

Department of Commerce's Progress Toward Reducing Emissions

The Department does not own any buildings or offices, nor does it have a designated energy manager.

Goals, Strategies, and Actions

1. Reduce greenhouse gas emissions

- 1.1 Reduce energy consumption per square foot in state-owned buildings by at least 40% from fiscal year 2002-2003 levels

This section is not applicable to the mission of the North Carolina Department of Commerce.

1.2 Support the use and expansion of energy efficient and clean energy resources

1.2.1 Development of solar, wind, battery storage, and other innovative low-and zero carbon energy technologies in public and private sectors.

Status: Underway

Expected Completion Date: Ongoing

The Assistant Secretary for Energy & Infrastructure and the Executive Director of the Office of Science, Technology & Innovation continue to regularly meet and talk with companies, both inside and outside North Carolina, who are interested in developing low- and zero carbon energy technologies in the state. When appropriate, these companies are referred to the Economic Development Partnership of North Carolina (EDPNC) for more detailed discussions and assistance regarding their technology development needs.

Additionally, the Assistant Secretary for Energy & Infrastructure and the Executive Director of the Office of Science, Technology & Innovation serve on the Governance Board of Carolinas Engine for Grid Modernization, a National Science Foundation (NSF) funded team led by the University of North Carolina at Charlotte focused on establishing the Carolinas (North Carolina and South Carolina) as a hub for meeting the nation's need for modernized, reliable and secure grid transmission, distribution, and energy generation, accelerating use-inspired research, and advancing groundbreaking technologies. The NSF support provides the crucial seed funding to lay the groundwork for this ambitious initiative. Through a blend of research and development, investment, education, and multi-stakeholder collaboration, Carolinas Engine aims to catalyze an innovation ecosystem in grid modernization, thereby fostering innovation, driving economic growth, and enhancing the region's competitiveness.

Because of these activities and others, companies' interest in the development of low- and zero carbon energy resources in North Carolina continues to grow. As a result, the Department will continue to enhance its procedures and information related low- and zero carbon energy technologies, so that it can respond more effectively and efficiently to meet the increasing demand.

1.3 Increase the number of registered Zero Emission Vehicles to at least 1,250,000 by 2030 so that 50% of in-state sales of new vehicles are zero-emission by 2030

This section is not applicable to the mission of the North Carolina Department of Commerce.

1.4 Prioritize Zero Emission Vehicles (ZEVs) in the purchase or lease of new vehicles and for agency business travel

1.4.1 Follow through with Motor Fleet ZEV Plan

Status: Underway

Expected Completion Date: N/A

The Department uses vehicles provided by Motor Fleet Management and none of our current vehicles from MFM are either low- or zero-emissions vehicles.

1.5 Initiate other initiatives to decarbonize the transportation sector

1.5.1 Reduce vehicle miles traveled

Status: Ongoing

Expected Completion Date: Ongoing

As the pandemic restrictions were lifted, hybridized methods of online and in person delivery of training, meetings, and workshops for staff and the public were created. Continued use of MS Teams and other online platforms has made this possible. This has increased the range of services offered to a wider audience as well as reduced staff mileage. Our NCWorks.gov system allows users to work with staff online in their job searches and preparation. While there is online fatigue, this method of communication is effective in reducing the miles driven to provide services. In addition, staff are encouraged to carpool using state vehicles for official state activities.

As stated previously, members of the department's executive leadership team (ELT) serve in an advisory role in NCDOT's work to implement its Clean Transportation Plan. In addition, NCDOT staff explored opportunities to apply for Volkswagen Settlement funding to install public electric vehicle charging stations at locations around the state. This effort was limited by the ownership/long-term lease requirement. NCDOT will continue to pursue opportunities that support the transition to clean transportation.

1.6 Initiate other projects aimed at reducing statewide greenhouse gas emissions

1.6.1 Conduct Workforce Planning Analysis for NCDEQ's Comprehensive Climate Action Plan.

Status: Complete

Expected Completion Date: June 2025

The Energy and Infrastructure Office (EIO) prepared the required Workforce Planning Analysis as a part of the NC Department of Environmental Quality's *Comprehensive Climate Action Plan (CCAP)*. The goal of the CCAP is to identify a set of greenhouse gas (GHGs) reduction measures that the state may pursue across key economic sectors, with a focus on strategies that are currently supported by existing funding sources or programs. Measures included in this plan reflect known initiatives and investments that are underway or under development. While this plan outlines measurable outcomes and associated benefits, inclusion of a measure does not imply a legal or policy commitment to complete implementation unless funding has been secured for the entire project or program.

EIO prepared this analysis which includes valuable insights into the current state of North Carolina's climate-related workforce and highlights opportunities for future growth across key sectors. The analysis supports long-term planning, identifies workforce gaps, and informs future implementation efforts tied to GHG reduction strategies. In addition, this analysis outlines the expected changes to the state's workforce, identifies potential job shortages, and highlights the training needs required to support the CCAP, that will reduce statewide GHGs.

1.6.2 Grantee for SMARTER NC Program

Status: Underway

Expected Completion Date: NC Fiscal Year 2027

Commerce's Office of Science, Technology, and Innovation is the prime recipient of a \$2.5M U.S. Department of Energy grant that, through NC State University's Industry Expansion Solutions program as subgrantee, is providing financial and technical assistance to small-and medium-sized manufacturers to offset some of the expenses of non-equipment costs to adopt and integrate relevant SMART technologies. The SMARTER NC grant (Smart Manufacturing Adopt to Realize Transformative Energy Reductions in NC) uses technology to enhance operational efficiency, including improving efficiency of energy systems, which can result in reduced GHG emissions in the long run. and make businesses more profitable.

Hundreds of companies have submitted applications to participate in the program to-date and IES have begun providing technical assistance to qualifying manufacturers.

2. Increase statewide resilience to the impacts of climate change

2.1 Evaluate the impacts of climate change on the Department of Commerce's programs and operations

2.1.1 Commerce Disaster Recovery Programs

Status: Ongoing

Expected Completion Date: Ongoing

NCDOC's Rural Economic Development Division (REDD) has several disaster recovery programs. While primarily active when hurricanes strike, the pandemic caused REDD to provide additional programs.

Currently, the Division of Workforce Solutions (DWS) is coordinating the Dislocated Worker Grants for Hurricane Helene awarded by the US Department of Labor. In October 2025, DWS was awarded \$10 million to support temporary work placements and training for workers impacted by Hurricane Helene. DWS is working with 5 Workforce Development Board that serve 26 counties and to date has served over 270 individuals. This grant is scheduled to end in October 2026. DWS can also apply for National Dislocated Worker Grants to assist jobseekers impacted by future natural disasters.

2.2 Integrate climate change adaptation practices and resiliency planning into Department of Commerce's policies and operations

This section is not applicable to the mission of the North Carolina Department of Commerce.

2.3 Assist the communities served by Department of Commerce to implement climate change adaptation practices and resiliency planning

2.3.1 Support communities and sectors of the economy vulnerable to climate change and protect human life and health, natural and built property, natural and built infrastructure, public and private assets.

Status: Underway, Ongoing, Planned, or Proposed

Expected Completion Date: December 2026

The Rural Economic Development Division is coordinating American Rescue Plan Act (ARPA) Funds as the Rural Transformation Grant Fund (RTGF). These funds assist communities to improve economic vitality and overcome the unique challenges many rural communities face. Categories are:

- Downtown Revitalization – help local governments grow and leverage their Main Street and downtown districts as assets for economic growth, economic development, and prosperity.
- Resilient Neighborhoods – create resilient neighborhoods through community development, neighborhood revitalization, economic investments, and quality of life improvements.
- Community Enhancements for Economic Growth – support acquisition of land and buildings, the preparation/development of neighborhood properties and business sites, and the removal of structural and physical barriers for the purpose of enhancing community growth and economic development opportunities.

The third round of funding closed in May 2023, and 29 local governments from around the state were awarded funds. All funds must be spent by 2026.

2.3.2 Community Development Block Grant Disaster Recovery – Federal

Status: Ongoing

Expected Completion Date: 2031

The Division of Community Resilience intends to initiate projects across western North Carolina that add to the general community resilience by bringing infrastructure and housing damaged by Hurricane Helene up to a modern standard and code. Projects are currently underway for single family housing and planned to begin throughout the year in 2026. The division intends projects to finish on a rolling basis dependent on individual design and general complexity though an overall expenditure deadline attached to the federal funding ends in 2031. Since the last update, the division has been created within Commerce and an action plan outlining the planned expenditure of HUD funds has been approved by HUD.

2.4 Help complete initiatives in the Natural and Working Lands Action Plan and Executive Order 305, An Order to Protect and Restore North Carolina's Critical Natural and Working Lands

This section is not applicable to the mission of the North Carolina Department of Commerce.

2.5 Initiate other projects aimed at increasing statewide resilience to the impacts of climate change

This section is not applicable to the mission of the North Carolina Department of Commerce.

3. Address the public health impacts of climate change

3.1 Increase understanding and awareness of the health impacts of climate change

This section is not applicable to the mission of the North Carolina Department of Commerce.

3.2 Initiate other projects aimed at addressing the public health impacts of climate change

This section is not applicable to the mission of the North Carolina Department of Commerce.

4. Invest in communities to achieve climate and resilience goals

4.1 Increase energy affordability

4.1.1 Community Development Block Grant Neighborhood Revitalization – Federal

Status: Ongoing

Expected Completion Date: Ongoing

Approximately \$12 million was made available for the 2025 Community Development Block Grant (CDBG) Neighborhood Revitalization Program. CDBG-NR will support equitable, affordable housing and benefit low/moderate income level people. Projects must incorporate at least one of the following three livability principles that help guide sustainability and resiliency throughout areas that receive funding: (1) promote equitable affordable housing; (2) support existing communities; or (3) value communities and neighborhoods.

4.2 Create clean energy and resilience related jobs and economic growth

4.2.1 Energy-Related Investments & Jobs

Status: Ongoing

Expected Completion Date: Ongoing

North Carolina recruited new and expanded business in the energy sector representing more than \$7 billion in investments and creating more than 17,000 jobs.

4.2.2 NCDOC Office of Science Technology Innovation (OSTI) Job Creation

Status: Ongoing

Expected Completion Date: Ongoing

The OSTI develops and administers policies and programs that accelerate both the development of next-generation technology companies and the adoption of technologies across existing industries. The OSTI released its biennial innovation index report, Tracking Innovation, in July 2024. Widely recognized as the state's barometer on the innovation economy, this report assesses North Carolina's innovation landscape across 42 different macroeconomic measures. The volume informs Board of Science, Technology & Innovation (BSTI) programs, as well as policy makers and state leaders, in advancing targeted policies to aid in early stage, small businesses development, technological development and adoption, and inclusive growth (particularly in rural areas) across all industries, including energy innovation sectors.

The OSTI continued their advancement of reaching technological companies for a fifth year in a row in rural parts of the state. the latest cohort of the One North Carolina Small Business Program (managed by OSTI), made 102 grant awards to 90 companies in 21 counties, of which 25 percent were economically distressed.

4.2.3 Sub-awardee for National Science Foundation Type I Innovation Engine Grant

Status: Underway

Expected Completion Date: February 2026

As discussed in section 1.2.1 above, NCDOC, in partnership with entities across North and South Carolina, was notified in May 2023 that it was a recipient as a sub-awardee on an application for a National Science Foundation Type I Innovation Engine grant to seed grid modernization innovations in a region of service spanning 36 counties across both states. The work to implement this Award will build upon the efforts of STEPs4GROWTH and lay a pathway for grid modernization innovation leadership in the Southeast through focus on technology acceleration, R&D on disruptive technologies, and workforce development.

In September 2025, the team led by UNC-C learned that it was named one of 15 finalists from more than 300 initial applicants in the U.S. National Science Foundation's (NSF) Regional Innovation Engines competition, and anticipates a full site visit in Q1 2026. As a finalist, the Carolinas Engine for Grid Modernization is eligible for up to \$160 million to fund its vision to address technologies that will shape the future of power transmission, distribution and generation, including nuclear energy. Its region of service spans 36 counties in North and South Carolina and engages partner institutions dedicated to creating an energy-focused innovation ecosystem.

4.3 Alert residents and businesses *[particularly those in underserved communities]* of state and federal grant opportunities that advance climate and resilience goals

4.3.1 NCDOC Broadcast of Opportunities

Status: Ongoing

Expected Completion Date: Ongoing

NCDOC maintains a strong, multi-channel communications and outreach system to notify stakeholders, including citizens, businesses and communities, about available grant opportunities. This system includes newsletters, press releases, social media updates, email distribution lists, and regular updates to the NCDOC website.

NCDOC will continue working to broaden its reach, particularly in rural areas, economically distressed regions, and other communities that may have limited access to timely information on available programs and opportunities. Continued and expanded outreach efforts, including participation in local and regional events, direct engagement with community organizations, and improved information-sharing tools, will help ensure that communities are aware of and able to pursue relevant opportunities that strengthen local resilience and support long-term economic growth.

4.3.2 Information Sharing; DCR, Renew NC programs

Status: Underway for the Renew NC Single-Family Housing Program; Upcoming for Other Renew NC Programs

Expected Completion Date: Single-Family Housing Program Completion Date of December 31, 2025; Upcoming for Other Renew NC Programs

DCR communicates Renew NC programmatic information through social media channels, press releases, DCR and Renew NC websites, distribution lists, weekly stakeholder engagement meetings, and presentations and meetings in western NC. Through the implementation vendor for the Single-Family Housing Program, outreach is conducted through robust phone call and door-knocking campaigns, as well as billboards, newspaper and radio advertisements.

The application period for the Single-Family Housing Program closes December 31, 2025. Other DCR programs under the Renew NC branding plan to be launched in the coming months, which will utilize the same DCR channels for outreach and communication. DCR continues to develop existing relationships with internal and external partners and will expand strategies for outreach and awareness as opportunities arise.

4.4 Initiate other projects aimed at investing in communities to achieve climate and resilience goals

This section is not applicable to the mission of the North Carolina Department of Commerce.