

Last week, North Carolina Governor Roy Cooper [signed](#) an important piece of climate legislation. I [wrote](#) last month about major, bipartisan climate legislation in Illinois. Like the Illinois law, the North Carolina law enjoyed broad bipartisan support. The North Carolina legislature is under firm Republican. Nevertheless, the bill passed the state senate by a 42 to 7 vote and the state house by 90 to 20, before being signed by the Democratic governor.

North Carolina today gets over half of its power from fossil fuels, about 25% from coal and 33% from natural gas. Nuclear accounts for another third, and renewables are only 11% including hydro and biomass. Solar is at 5% and wind is under 11%. Obviously, the state has a long way to go in the energy transition.

The new bill seeks to put North Carolina on the road to carbon neutrality. Here's the key provision of the law:

The Utilities Commission shall take all reasonable steps to achieve a seventy percent (70%) reduction in emissions of carbon dioxide (CO<sub>2</sub>) emitted in the State from electric generating facilities owned or operated by electric public utilities from 2005 levels by the year 2030 and carbon neutrality by the year 2050.

By the end of next year, the commission must to develop a plan for reaching these goals involving the "least cost path."

There are also specific provisions for specific sources of generation. Regarding solar power, at least 55% must come from utility-owned facilities, while up to 45% can be purchased from small third-party generators. The bill provides a financing plan for retiring coal-fired plants through refinancing the remaining value of the facilities through low-interest, ratepayer-backed bills.

Perhaps the most controversial portion of the bill changes the mechanism for setting electricity rates. Instead of an annual regulatory process, the bill establishes a three year cycle and allows the utility to raise rates by up to 4% in the other two years of the cycle. Industry and consumers are worried by rate increases, while others view this as favorable to Duke. It may also help break the link between the utility's revenues and total energy use, thereby giving the utility more of an incentive to promote energy efficiency.

There are obvious concessions to the utility in the bill, but it does represent a major step

forward in a state that has had bitter partisan divisions. My mother was fond of saying that one swallow doth not a summer make. Nor do two. Nevertheless, there's ground for hope in these recent bipartisan moves in North Carolina and Illinois.