

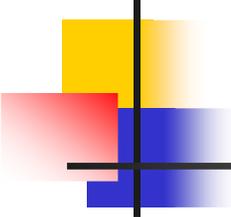
North Carolina EMCs' "Life" After SB 3

Robert Schwentker

General Counsel & COO, N.C. Association of Electric Cooperatives

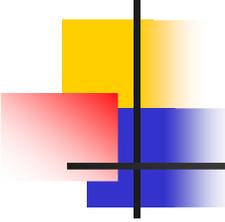
N.C. Department of Commerce, Economic Development Board

September 19, 2007



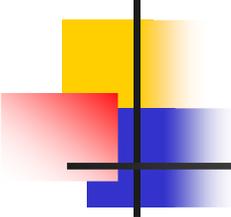
ABCs of NC EMCs

- 27 local distribution electric cooperatives
 - Serve 2.5 million consumers
 - 99% residential & small commercial
 - Serve in 93 of the 100 NC counties
 - Average 8 consumers/mile of line
 - Duke - 24
 - Progress- 35
 - Cities- 42
- NCEMC — A power supply “cooperative of cooperatives”
- NCAEC — Trade association
- TEMA — Materials & Supply co-op (\$133 M/yr)



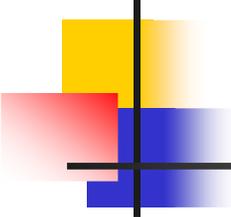
Future Power Needs

- **Generation Needs: US**
 - **2007: 955 GW**
 - **2027: 1,281 GW = 34% increase**
 - **326 GW additional = 400 new base load plants**
- **Generation Needs: Southeast**
 - **2007: 222 GW**
 - **2027: 275 GW = 24% increase**
 - **53 GW additional = 66 new base load plants**
- **NC Electric Cooperative Needs**
 - **2007 = 2,715 MW**
 - **2027 = 4,381 MW**
 - **1,666 MW additional = 61% increase**



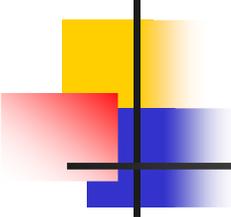
SB 3 and the EMCs

- Very collaborative and inclusive process
- Cooperatives' main principle
 - Reliable, low cost power for consumers
 - With higher distribution costs (low density), therefore final delivered cost higher for EMC consumers
- Various proposals advanced during the process



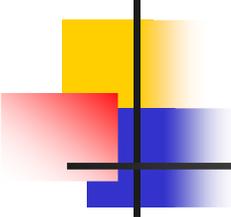
Cooperative Provisions

- Schedule of RPS standards EMCs (and Cities)
 - 2012 – **3%** of 2011 NC retail sales
 - 2015 – **6%** of 2014
 - 2018 – **10%** of 2017
- To meet the standards
 - Generation of new renewable facility
 - Reduce consumption, i.e. energy efficiency
 - Can use hydro power (SEPA, but 30% limitation)



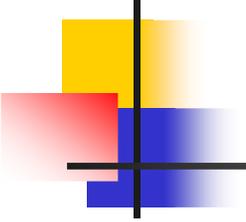
Cooperative Provisions (cont'd.)

- Can purchase RECs from inside and outside NC renewable facilities
 - (Limitation of 25% out of state)
- Acquire all or part at wholesale from supplier who meets supply and demand options of REPS



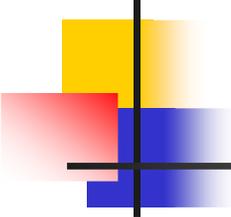
Cooperative Provisions (cont'd.)

- Have caps for consumer “cost of compliance”
 - Again, consumer – focus
 - Residential (99% of EMC customers)
 - 2008-11: \$10.00 max
 - 2012-24: \$12.00 max
 - 2015 forward: \$34.00 max



Energy Efficiency and Conservation

- NC EMCs looking for innovations in every efficiency
- Current heat wave
 - Our Raleigh offices “walked the talk”
 - Higher office temps
 - Reduced lighting
 - Ran emergency generator for headquarters office building at peak times
- Conserving is not the total answer
- The state will need to build more power plants



The Future

- SB 3 and federal activities
 - Will bring many expensive changes
 - Understand the need to expand resources
- But need to do in a consumer cost-effective manner
- EMCs: Consumers are our focus
- Will remain active in the implementation process