



NCSEA

NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION



2006 ANNUAL REPORT



www.ncsustainableenergy.org



North Carolina Sustainable Energy Association

Education - Public Policy - Economic Development

417 North Boylan Avenue

P.O. Box 6465

Raleigh, NC 27628

(919) 832-7601

NCSEA

www.ncsustainableenergy.org

June 2007

Dear Friends,

Thanks to your support, 2006 was a highly successful year for our organization, as you will read in the pages that follow. We include efforts that began in 2005 requiring significant work in 2006, and provide the status of efforts still on-going.

Over the last two years, we have seen dramatic changes at NCSEA. We have moved to a new office in Raleigh, we hired a Business & Outreach Manager, then an Administrative Associate, and then a Development & Communications Director. Just two weeks ago we hired yet another full time employee, an Economics & Finance Policy Analyst. NCSEA membership and volunteerism are both at record levels and rising fast. I'm excited to tell you that the growth and strengthening of NCSEA is a trend that will continue as we work together with the great people of our State for a sustainable energy future.

Across the landscape of North Carolina, the efforts of our members, staff and Board of Directors are also resulting in changes in how we use, generate and think about energy. NCSEA worked over-time this year to keep our State ahead of our Southeastern peers in almost every aspect of renewable energy, energy efficiency, high-performance green building and tackling global climate change.

As we are already half way into 2007, it is clear NCSEA's growth is broadening the impact that our organization is capable of having. My hope is to report that this growth has led to even greater success next year.

Until then, I thank you for all that you have done and continue to do for NCSEA.

Sincerely,

Ivan Urlaub
Executive Director

TABLE OF CONTENTS

LETTER FROM THE EXECUTIVE DIRECTOR.....	i
TABLE OF CONTENTS.....	ii
2006 HIGHLIGHTS	1
PUBLIC POLICY ACCOMPLISHMENTS	2
EDUCATION AND OUTREACH ACCOMPLISHMENTS.....	5
ECONOMIC DEVELOPMENT ACCOMPLISHMENTS	6
MOVING FORWARD IN 2007	7
BOARD OF DIRECTORS AND STAFF.....	8

MISSION STATEMENT

THE NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION
WORKS TO ENSURE A SUSTAINABLE FUTURE BY PROMOTING RENEWABLE
ENERGY AND ENERGY EFFICIENCY IN NORTH CAROLINA THROUGH
EDUCATION, PUBLIC POLICY AND ECONOMIC DEVELOPMENT.

2006 HIGHLIGHTS

2006 was an exciting year for NCSEA and there are several highlights worthy of mention. NCSEA prompted the NC Utilities Commission to commission an independent study examining a Renewable Energy and Efficiency Portfolio Standard for North Carolina. The study, released in December 2006, found North Carolina could use renewable energy and energy efficiency for at least 10% of its overall electricity production and that doing so could cost less than the old way of building several new coal and nuclear power plants.

NCSEA initiated a multi-year statewide campaign calling for our Utilities and government to use electricity more efficiently. The action prompted the formation of the Clean Energy Coalition, a 23-member coalition of environmental, public health, and social issue organizations. Working with our partners, NCSEA successfully challenged the 2005 Utility Integrated Resource Planning (IRP) process over the absence of energy efficiency and renewable energy.

FINANCIAL OVERVIEW	
Fiscal Year Ending June 30, 2006	
INCOME	\$140,716
Grants	\$68,909
Donations	\$19,384
Sponsorships	\$17,149
Membership Dues	\$15,046
Other Income	\$14,137
Indirect Public Support	\$3,112
Advertising Income	\$2,979
EXPENSES	\$157,353
Wages & Benefits	\$80,720
Contract Services	\$30,672
Printing & Postage	\$15,307
Travel & Meetings	\$11,247
Rent & Office Supplies	\$7,682
Miscellaneous	\$4,747
Membership Admin	\$3,891
Advertising	\$3,087

NCSEA filed a complaint against Duke Energy at the NC Utilities Commission for under-utilizing energy efficiency. The ensuing debate prompted the Commission to open two dockets to revise the requirements of the IRP process and to examine why our electric utilities were ignoring energy efficiency.

The NC Green Building and Solar Tour expanded to 12 localities and 35 communities, making NCSEA's tour the 5th largest tour in the nation. NCSEA expanded its working relationship with businesses and trade associations. Through these relationships, NCSEA began updating the Multiple Listing Services – a real estate clearinghouse – to include energy efficient options.

At the NC General Assembly, NCSEA passed legislation doubling the ceiling on contracts to make state and local government buildings energy efficient.

NCSEA worked at the Utilities Commission to improve interconnection and net metering standards for North Carolina. The new regulations make it simpler and lower cost to connect renewable energy systems to the utility electric grid.

PUBLIC POLICY ACCOMPLISHMENTS

NCSEA experienced a multitude of policy successes in 2006. Early success helped NCSEA build momentum and energy for numerous other policy achievements. Specific accomplishments, listed below, occurred in either the North Carolina Utilities Commission or North Carolina General Assembly. NCSEA's Executive and Policy Director, Ivan Urlaub, was also appointed to several key policy positions in North Carolina.

North Carolina Utilities Commission

The NC Utilities Commission (Utilities Commission) is a 7-member commission that oversees utility regulation in the state. Proceedings, called "dockets", include all requests, complaints, and requirements set forth through North Carolina General Statute as it relates to the public utilities of the state. On several different occasions, NCSEA's "intervention" in a docket before the Utilities Commission helped this appointed body rule in favor of a more sustainable energy future.

Renewable Energy and Efficiency Portfolio Standard (REPS) Study: In 2005 NCSEA convinced the Utilities Commission and the Environmental Review Commission in the General Assembly to conduct and pay for a cost-benefit study of a Renewable Energy Portfolio Standard for North Carolina. This study, whose results were published in late 2006, found North Carolina could use renewable energy and energy efficiency for at least 10% of its electricity production and that doing so could cost less than building new coal and nuclear power plants. We served on the REPS Study Advisory Group for 11 months. This study is helping pave the way toward the passage of REPS legislation in 2007. This legislation would require 12.5 percent of North Carolina's retail electricity to be generated from renewable energy or equivalent energy efficiency measures by 2021.

Interconnection Standard: Working with the utilities, NCSEA convinced the Utilities Commission to create a standard for interconnection, making it safer and easier for small renewable energy generation systems to "interconnect" to the electric grid, which is the physical linking of a renewable energy system to a utility's network.

Net Metering: NCSEA's guidance led the Utilities Commission to correct serious flaws in our state's Net Metering Rule, making it easier to "net meter" a renewable energy system. Under net metering, a renewable energy system owner receives retail credit any time they generate more electricity than they use. The ideal has an existing electricity meter spinning backwards, effectively banking excess electricity production for future credit.

Cliffside: In 2006, Duke Energy proposed and sought approval for the construction of two new 800 megawatt coal fired power plants at their Cliffside station in Cleveland and Rutherford counties. NCSEA, in conjunction with dozens of other environmental organizations, collected the empirical evidence and built a grassroots campaign to fight against approval of the new coal fired plants. In February 2007, the Utilities Commission granted Duke Energy permission to build just one new power plant. If Duke proceeds with the new power plant, it would be required to donate one percent of its annual statewide revenue – \$34.5 million in 2005 – toward energy efficiency programs.

Energy Efficiency Complaint: In early 2006, NCSEA filed a complaint against Duke Energy for under-utilizing energy efficiency and making limited efforts to expand the use of energy efficiency in its market, despite their public relations campaign that promotes the importance of such efficiency. In response, Duke announced their energy efficiency program, Save-a-Watt, in May 2007 and Progress Energy announced their intent to use efficiency. In June 2007, the original energy efficiency docket remained open, as parties prepared to discuss how the electric utilities should be compensated for energy efficiency programs.

Duke-Cinergy merger: In March 2006, the Utilities Commission approved the merger of Duke Power and Cinergy, which created significant savings for the utility. NCSEA, ensured rates would not be subject to major changes and that the merger would help incorporate further energy efficiency measures. NCSEA also advocated that a portion of the savings reaped by the utilities go to various organizations, such as NC Green Power and the State Energy Office. While not all these requests were honored, the Commission did require Duke to give \$2 million to NC Green Power, effectively tripling its budget.

2005 Utility Integrated Resource Planning (IRP): Every September, the utilities must submit a 10 year forecast of expected demand and how they will supply the electricity to meet that demand. Led by NCSEA, the 2005 IRP process became a turning point for advocates as several organizations. We challenged the utilities on their IRPs, most notably for the absence of energy efficiency measures and use of renewable energy in their forecasts, and the Utilities Commission on its process and rules governing IRPs. After receiving stakeholder comments, the Utilities Commission decided to spend 9 months further investigating the Utilities' plans and the rules governing the IRP process. An evidentiary hearing was called to look at the validity of the utilities forecasting methods, whether utilities were adequately employing and developing energy efficiency, and the potential opportunities and cost for further energy efficiency programs. The Utilities Commission formed a workgroup to determine whether the IRP process could be strengthened through changes to the planning rules. While ultimately the Utilities Commission accepted the 2005 IRPs from each utility, the Commission agreed with NCSEA, making it clear that the utilities would have to improve their future IRPs and more energy efficiency measures must be taken into consideration.

Integrated Resource Planning Rules: In addition to their decision on the 2005 IRP docket, the Utilities Commission opened a new docket to consider revisions to the IRP requirements with respect to the consideration utilities give to energy efficiency and renewable energy technology when filing their IRPs. The Utilities Commission's Public Staff, which assists the Commission in all dockets, suggested stronger language that would require the utilities to further consider efficiency and renewables. NCSEA filed comments commending the Public Staff on its recommendations, along with further suggestions for changes to IRP rules that would ensure the IRP could be used as a reference tool in determining whether the utilities are sufficiently considering energy efficiency and renewable energy in their forecasts and planning. In May 2007, the Public Staff proposed final rules that contained most of the suggestions offered by NCSEA.

North Carolina General Assembly

Along with intervening in dockets before the Utilities Commission, NCSEA spends a significant amount of time educating legislators and decision-makers on issues and bills of importance. In 2006, NCSEA spent less than 5% of our time successfully lobbying for several energy efficiency bills to compliment and further advance the progress we made at the Utilities Commission.

Water/Utilities Savings in Government Facilities Act (S402): This legislation further enables private Energy Services Companies (ESCOs) to significantly reduce energy and water use in government facilities through performance contracts by doubling the ceiling on such contracts and extending their length.

State Energy Usage and Assistance Act (S2051): This legislation empowers the NC Office of Economic Opportunity to better administer low-income energy assistance programs and authorizes creation of a biofuels industry strategic plan.

NCSEA also hoped to pass an REPS bill sponsored by Rep. Harrison. While this legislation was not passed in 2006, the cost-benefit study of a NC Renewable Energy Portfolio Standard increases the bill's potential for success in 2007.

Appointments

Additional success came through appointments of NCSEA's Executive & Policy Director, Ivan Urlaub, to key policy positions. Ivan served for one year as national Policy Chair of the American Solar Energy Society. Senate President Pro Tem Marc Basnight appointed Ivan to the NC Legislative Commission on Global Climate Change. Ivan also accepted an invitation to join the state Climate Action Plan Advisory Group, participating on the Energy Sources Technical Working Group. The NC Utilities Commission invited Ivan to join the 9-member REPS Study Advisory Group. Finally, Ivan joined the Advisory Group of NC Department of Environment and Natural Resources' Environmental Sustainability Initiative for 2006. Through these positions, NCSEA's voice is amplified in the policy discussion and helps shape North Carolina's energy future.

EDUCATION AND OUTREACH ACCOMPLISHMENTS

In 2006, NCSEA prioritized working with communities across the state to provide support and resources to communities interested in reaching sustainable energy goals. NCSEA also hired McCayne Miller, Business and Outreach Manager, in May 2006 to further the organization's ability to succeed in the area of educational programming.

NC Green Building and Solar Tour: NCSEA set out to expand the annual tour in 2006 by expanding the focus from residential buildings to include state and local government, commercial, and industrial green buildings. A variety of renewable resources were showcased, including active and passive solar, energy efficiency, wind, geothermal, micro-hydro and small-scale biodiesel. NCSEA quadrupled the 2006 event to 12 local tours across 35 communities, helping the NC Green Building and Solar Tour become the 5th largest tour in the nation.

KiloWatt Ours Tour: In 2006, NCSEA was a statewide sponsor of the "KiloWatt Ours" tour. The tour marked the release of Kilowatt Ours, a documentary about the destruction stemming from fossil fuel production and use, and illustrating the numerous production and consumption alternatives available to us in the Southeast. The tour visited six cities in seven days, reaching over 1,300 concerned citizens and signing up hundreds of consumers with NC GreenPower.

Southern Energy and Environment Expo: NCSEA is an annual sponsor of the Southern Energy and Environment Expo, the 2nd largest Renewable Energy Fair in the country. In 2006, Ivan Urlaub presented two seminars on North Carolina Energy Policy during the Expo.

Clean Energy Coalition: Together with Environmental Defense and NC Conservation Network, NCSEA formed the Clean Energy Coalition in 2006. The 23-member Coalition of environmental, public health and social issue organizations works to develop ideas and take actions in support of a more sustainable energy future for North Carolina. The Coalition has raised the profile of sustainable energy policies and helped many of our state and local decision-makers to better understand the robust economic development potential of improved energy efficiency, and development and manufacturing of renewable energy technologies and biofuels.

Sustainable Energy Conference and Annual Membership Meeting: In November, NCSEA held its annual conference to provide a forum for community members to share successes and discuss lessons learned from the past. The event also provided an opportunity to update NCSEA members on policy, education, and economic development initiatives.

ECONOMIC DEVELOPMENT ACCOMPLISHMENTS

Along with concentrations in policy and education, NCSEA is committed to encouraging the generation and use of sustainable energy in North Carolina by promoting economic development opportunities for the state, its businesses, and its citizens.

NCSEA spent much of 2006 building working relationships with key government agencies, businesses and their respective associations. These relationships provide invaluable resources to NCSEA when educating the public and decision-makers on the economic benefits of supporting energy efficiency, renewables, and biofuels. NCSEA was also able to form economic partnerships with energy service companies (ESCOs) to help identify and eliminate roadblocks to sustainable energy development.

Throughout the year, NCSEA's Business and Outreach Manager, McCayne Miller, focused on building relationships with industry professionals, including builders, realtors, lenders, appraisers, architects and their goals for green building and energy efficiency in North Carolina.

NCSEA partnered with the Home Builders Association of Durham Orange and Chatham Counties Green Building Council to begin a process of updating the Multiple Listing Service (MLS) to include energy efficient and sustainable energy options. Tankless water heaters and radiant floor heating were the first two changes to be incorporated in the MLS and submissions will continue to be made every six months. NCSEA also worked with industry professionals to survey all the Home Energy Raters in North Carolina on the Fannie Mae's Energy Efficiency Mortgage. This marks the beginning of a critical effort to increase the implementation of sustainable energy solutions at the residential level.

NCSEA worked with state lawmakers to expand the authority and strength of North Carolina's low-income energy assistance programs. This work complimented low-income policy analysis conducted by Paul Quinlan, who first served as a graduate intern and now as Economics and Policy Analyst with NCSEA. Paul's analysis identified policy solutions to reduce the burden of rising fuel and electricity costs on low-income households in North Carolina.

Last, NCSEA focused on making the NC Energy Improvement Loan Program (EILP) more effective, providing businesses with financial assistance to become more energy efficient, develop renewable energy and create more jobs in North Carolina. Through the work of Energy Policy and Finance Analyst Aaron Rodehorst, NCSEA designed pilot project opportunities in this area and is now fundraising to begin implementation.

MOVING FORWARD IN 2007

Over the last year, NCSEA has seen tremendous growth. Having recently hired a sixth staff member, NCSEA has set high goals for 2007. NCSEA anticipates continued success on its efforts involving public policy, education and outreach, and economic development, but also acknowledges that our internal and external challenges and opportunities are greater than they have ever been.

Public Policy: The major policy objective of 2007 is to convince the Utilities Commission and General Assembly to conduct a study of energy efficiency and electricity rate regulation, and to pass a Renewable Energy and Efficiency Portfolio Standard (REPS) into law. The REPS would require a percentage of electricity generated in North Carolina to come from renewables and energy efficiency measures. NCSEA ensured REPS legislation was filed in both the NC House and Senate and has been a leader in ongoing stakeholder negotiations. NCSEA is also pushing for legislation requiring greater energy efficiency in state buildings, funding for the State Energy Office and the University Energy Centers, and to eliminate various restrictions on the use of solar power. At the NC Utilities Commission, NCSEA continues to lead the push for energy efficiency as an intervener in the IRP rules proceeding and various Energy Efficiency dockets. NCSEA will intervene in the 2007 IRP proceeding, which begins in September.

Education and Outreach: NCSEA started 2007 by anchoring the first Green Building Pavilion at Charlotte's Southern Spring Home and Garden Show. An estimated 40,000 people attended the Show, leading to over 7,000 citizens learning about green building and NCSEA's mission and programs. In addition to continuing the NC Green Building and Solar Tour, NCSEA is planning a Business Member Forum in the fall to discuss the relevance of sustainable energy opportunities to business economics, environmental impacts and policy change.

Economic Development: NCSEA is committed to further promotion of the sustainable energy and energy efficiency business market in North Carolina. Through our contacts, networking opportunities and community involvement, NCSEA will continue to act as the information broker for existing and new business members. NCSEA is planning a Business Education series that will focus on economic development opportunity, the NC Energy Market and financial impacts of the energy industry. We are increasing our work with state and local government agencies to help government and the private sector work together on sustainable energy solutions. Working in tandem with its business membership, NCSEA plans to continue to lead the way for the sustainable energy sector. NCSEA's education and policy work are facilitating the growth of the green building market by increasing both customer understanding and demand, and helping industry professionals transition to green building practices.

BOARD OF DIRECTORS AND STAFF

JUNE 2007

EXECUTIVE COMMITTEE

Dr. Ed Cox, Chair
Consultant

Mr. Steve Kalland, Permanent
Director, NC Solar Center

Mr. Blair Kendall, Chair Elect
Strategic Marketing Consultant,
Southern Energy Management

Mr. Bob Kingery, Treasurer
CEO, Southern Energy Management

Ms. Tracy Dixon, Secretary
Project Manager, Advanced Energy

Ms. Sharron Rogers, Past Chair

DIRECTORS

Mr. Tom Henkel
Strategic and Solar HVAC Specialist
Solargenix Energy, LLC

Mr. David Kirkpatrick
Founding and Managing Director,
SJF Ventures

Mr. Fountain Odom
Counsel, The Odom Firm

Mr. John Delafield
Landmark Renovation & Building Co.

Mr. Derrick Giles
Enpulse Energy Conservation
Projects

Ms. Shari Harris
Associate VP for Finance/Capital
UNC-General Administration

Mr. Simon “Cy” Rich
Farmer and Investor

Ms. Kristel Dorion
Founder, Energetix, LLC

STAFF

Mr. Ivan Urlaub
Executive & Policy Director
ivan@energync.org

Ms. McCayne Miller
Business and Outreach Manager
mccayne@energync.org

Mr. Aaron Rodehorst
Policy and Finance Analyst
aaron@energync.org

Mr. Paul Quinlan
Economics and Policy Analyst
paul@energync.org

Mr. PJ Puryear
Dev. & Communications Director
pj@energync.org

Ms. Jasme Kelly
Office Manager
jasme@energync.org