



**NC SUSTAINABLE
ENERGY ASSOCIATION**

2014 | ANNUAL REPORT

A LETTER FROM THE EXECUTIVE DIRECTOR



In 2014, the NC Sustainable Energy Association and our members proved yet again that all of North Carolina is not only better off, but thriving because of our state's clean energy leadership and success. This year provided NCSEA with much to be grateful for: increased member engagement and industry collaboration, continued legislative and regulatory progress and a record number of clean energy projects breaking ground across our state, to name a few.

The progress of recent years, including the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) and renewable energy tax credits, didn't arrive easily. They were hard won victories, and many of our members and partners were at the table for the dialogues that finally moved the needle.

As we look to 2015, NCSEA's vision to make energy work for North Carolina has never been clearer. In some ways, we're already there. Ask the solar businessman who recently chose to invest in North Carolina; or the farmer who not only kept his job, but as we speak, is helping to revive his local economy through clean energy. They'll tell you that North Carolina's clean energy policies - many of which NCSEA and our members worked hard to enact - are working.

Every business and household that pays an electricity bill in North Carolina has well-positioned NCSEA to be stronger than ever in 2015. Thank you for joining us as we continue promoting clean energy as a non-partisan, economic issue that delivers tremendous economic benefits to all North Carolinians.

A handwritten signature in dark ink, appearing to read 'Ivan Urlaub'.

Ivan Urlaub
Executive Director

2014 BY THE NUMBERS

NC CLEAN ENERGY
REVENUES IN EXCESS
OF **\$4.8 BILLION**

27 FILINGS AT
THE NC UTILITIES
COMMISSION

1,264 EVENT ATTENDEES

22,995
NC CLEAN
ENERGY JOBS

4 REPORTS & STUDIES

9 INTERNS

6TH ANNUAL
MAKING ENERGY
WORK CONFERENCE

14 EVENTS
HOSTED BY NCSEA

36 YEARS

1,208 NC ENTREPRENEURS,
COMPANIES & ECONOMIC DEVELOPMENT
ORGANIZATIONS STATEWIDE

144,071
WEBSITE
VISITS

2,631
MEMBERS

13 SPEAKING APPEARANCES

5 POLICY WINS

19 STAFF MEMBERS

ACCOMPLISHMENTS AT A GLANCE

JANUARY

Presented to the Joint Legislative Commission on Energy Policy on the continued success of North Carolina's clean energy industry and existing policies

FEBRUARY

North Carolina places seventh on the U.S. Green Building Council's (USGBC) ranking of the Top 10 States for LEED

APRIL

Hosted Schletter's 2014 Solar Roadshow which showcased innovative solar mounting systems, including flush mount system designs, flat roof top installations, and cost-effective ground mounts, while participating in the North American Board of Certified Energy Practitioners (NABCEP) training

The Economic Impact Analysis of Clean Energy Development in North Carolina is released by RTI International, revealing sizeable contributions that clean energy development is making to the North Carolina economy

MAY

A Fallon Research poll confirms North Carolina's support of clean and affordable energy. 83% of respondents think decision makers should seek more renewable energy sources to provide consumers and businesses with affordable electricity

JUNE

NCSEA hosts "A Toast to Clean Energy" event which offered participants the opportunity to learn more about NCSEA's work and network with other friends of clean energy

JULY

Governor McCrory signs Energy Codes Rollback (H201) bill, which gives flexibility to use 2009 or 2012 energy codes for renovating or expanding existing commercial buildings, into law

AUGUST

The 2014 Short Legislative Session adjourns on August 20

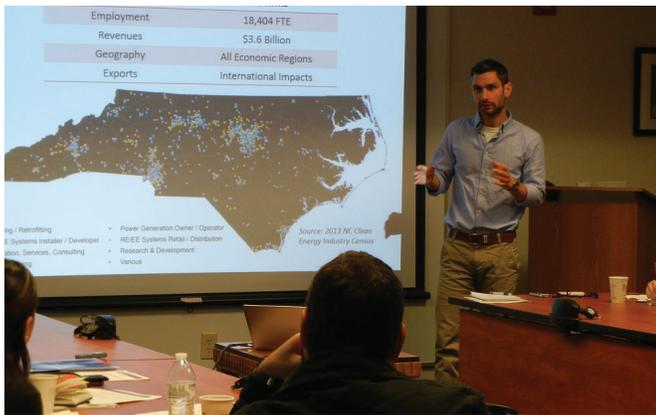
OCTOBER

6th Annual Making Energy Work Conference in Charlotte was a tremendous success, boasting nearly 500 attendees representing 20 states, 3 countries, 52 exhibitors and sponsors

DECEMBER

Annual Holiday Party toasts members, partners, and advocates who worked tirelessly to advance North Carolina's clean energy economy throughout 2014

YEAR IN REVIEW: MARKET INTELLIGENCE



Robin Aldina, NCSEA's energy analyst, presenting to U.S. State Department officials and Latin American journalists on North Carolina's clean energy landscape.

NCSEA's market intelligence team has a unique ability to identify, analyze and anticipate changes in public policy, regulation and clean energy markets within North Carolina and the greater Southeast region. In 2014, NCSEA's market intelligence team maintained proprietary datasets specific to the North Carolina and Southeast clean energy markets which show trends in renewable energy project development, installation costs, company growth and employment and revenues over the lifetime of the industry.

This year, NCSEA applied this information toward the production of three key reports that provide benchmarking, policy support and industry tracking. These publications—*The Economic Impact Analysis of Clean Energy Development in North Carolina*, *North Carolina Statewide Survey* and *2014 North Carolina*

Clean Energy Industry Census—quantify and provide insights into the clean energy industry's impact on North Carolina.

The Economic Impact Analysis of Clean Energy Development in North Carolina

In April, NCSEA commissioned RTI International, a leading national research institute, to conduct an independent analysis focused on key clean energy policy drivers and the economic and fiscal impacts that result. The report, the *Economic Impact Analysis of Clean Energy Development in North Carolina*, revealed the sizeable contributions that clean energy development is making to the North Carolina economy. The study found that the Renewable Energy & Energy Efficiency Portfolio Standard (REPS), Renewable Energy Investment Tax Credit (REITC), and Utility Savings Initiative were significant drivers of clean energy development in North Carolina.

The study also found that between 2007 and 2013, approximately \$2.7 billion was invested in clean energy (renewable energy and energy efficiency) development in North Carolina. This investment has created 36,885 annual full-time equivalent (FTE) positions. Additionally, North Carolina tax credits taken by renewable energy projects developed between 2007 and 2013 supported \$1.93 in state or local revenue for every \$1.00 of incentive. Between 2007 and 2014, the state's renewable energy development generated \$236.3 million of state and local tax revenue.

YEAR IN REVIEW: MARKET INTELLIGENCE CONTINUED

Fourth Annual North Carolina Statewide Survey

Now in its fourth year, the *North Carolina Statewide Survey*, conducted by Fallon Research, found that out of the 803 registered North Carolina voters polled, 83 percent of respondents think state leaders and elected officials should seek more renewable energy sources to provide consumers and businesses with affordable electricity. Additionally, 90 percent of respondents support the use of solar energy, while 88 and 82 percent support the use of energy-efficient programs and land-based wind energy, respectively.

The poll results parallel the rapid growth of North Carolina's clean energy economy, due in large part to the benefits afforded by the state's REPS law, among others. This overwhelming support for the increased use of diverse clean energy sources was seen by voters of all political parties. The survey noted that 86 percent of Democrats, 84 percent of Independents and 77 percent of Republicans think state leaders should seek more alternative or renewable energy sources. In addition, the 2014 survey showed that constituents are making note of their rising electricity bills and are looking to our leaders in the state legislature to adopt commonsense changes.

“Clean energy is a growing technology sector that is bringing jobs and investments to the North Carolina economy. We must continue to lead the nation and world in our technological advances, and clean energy is a key to that success.”

– Brooks Raiford
PRESIDENT & CEO | NORTH CAROLINA TECHNOLOGY ASSOCIATION

NCSEA 2014 Census

This year, NCSEA released our seventh annual *Clean Energy Industry Census*. The report reaffirms flourishing clean energy industry's role in driving the state's economy, which is experiencing an annual growth of approximately 25 percent since 2012—outpacing the growth of other industries in the state. According to the 2014 Census, North Carolina has experienced approximately 15 percent annual increase in revenues generated by clean energy activities since 2012, reaching \$4.8 billion in gross revenues in 2014, up \$1.2 billion from 2013.

The census also reports significant job growth in 2014, accounting for 22,995 full-time equivalent employees in North Carolina and more than 1,200 firms.



1,208 Firms



22,995 FTE



**\$4.8 Billion
in Revenue**

YEAR IN REVIEW: GOVERNMENT AFFAIRS

Throughout 2014, NCSEA's government affairs team was involved in supporting, opposing, and monitoring bills and legislative efforts surrounding the 99 day legislative session. While there was no direct threat to the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) or the Renewable Energy Investment Tax Credit (REITC), NCSEA's team used this session as an opportunity to educate lawmakers about the ongoing benefits of those policies to North Carolina's economic recovery through other legislative priorities.



NCSEA's government affairs director, Betsy McCorkle, providing a policy update to our Making Energy Work attendees.

House Bill 201, Energy Codes Rollback

Introduced in 2013, House Bill 201 attempted to roll back the energy efficiency codes for residential and commercial buildings from the 2012 energy codes to the 2009 energy codes. These outdated codes would have taken us out of compliance with federal law, created uncertainty for builders and manufacturers, and increased energy usage which would ultimately lead to the building of new power plants, which come at a substantial cost to ratepayers.

NCSEA advocated to keep NC's Energy Conservation Code unchanged due to its importance in promoting energy efficiency and preventing or delaying the need for new and expensive power plants. While this bill did become law, NCSEA is appreciative of the changes made by several legislators to address many of our concerns with the original version of House Bill 201.

This bill no longer repeals the 2012 Energy Conservation Code for commercial buildings, but instead gives an option for builders to meet either the 2009 or 2012 code for renovations or certain expansions of commercial buildings built prior to 2012.

Safe Harbor Language for Renewable Energy Investment Tax Credit

After hearing from numerous renewable energy developers and project investors, NCSEA worked with the NC Clean Energy Business Alliance and the NC Pork Council to promote a change to the Renewable Energy Investment Tax Credit that would have allowed renewable energy projects at least 5% complete by 12/31/15 (the existing expiration of the tax credit) an additional 18 months to be placed in service and remain eligible for the state's tax credit.

NCSEA's Government Affairs Team felt it had the votes to support this language in the Senate, but unfortunately the Senate leadership did not allow a vote on it. While this safe harbor language did not pass in this session, it did provide for additional opportunities to educate on the benefits of the Renewable Energy Investment Tax Credit.

YEAR IN REVIEW: GOVERNMENT AFFAIRS CONTINUED

Regulatory Reform (S734)

The regulatory reforms in this legislative session took many forms and it was not until the final week of session that the final package of reforms took the shape of S734. There are two important provisions for the clean energy community in this bill. The first was language approved allowing all counties and municipalities to approve a lease for the operation of a renewable energy facility for up to 25 years without treating the lease as a sale of property and without giving notice by publication of the intended lease. This positive change increased the term of the allowable lease from 20 to 25 years and applied it to all counties and municipalities, instead of just the handful that had sought to be included.

In an earlier version of the regulatory reform bill, the requirement for state agencies to report on the results of their energy management program was removed. NCSEA and other groups worked with legislators and reporting is now only required every other year, but yields important information about the performance of programs like the Utility Savings Initiative. The bill was signed into law by Governor McCrory on September 18.

DENR Energy Studies (S786)

As a part of S786, also known as the “fracking bill,” the Department of Environment and Natural Resources (DENR) was directed to study the long term environmental and economic impact of base load power generation of electric public utilities compared with other, renewable forms of energy. They were also asked to study the economic and environmental impact of Senate Bill 3, which includes the Renewable Energy Portfolio Standard. Finally, DENR must also consider the impact of the grid and economy of allowing third-party sales on the State’s military installations.

NCSEA, along with many of its members, worked to provide data and resources into these studies which are being compiled by staff at DENR. Findings were reported by DENR to Joint Legislative Commission on Energy Policy on December 1. This committee is chaired by Rep. Mike Hager and Sen. Bob Rucho.

“Tax credits sunset at the end of 2015. The temporary tax credits are critical to enable the industry to scale up, so it can continue to produce energy and create jobs even after the tax credits sunset.”

– Michael Shore
CEO | FLS ENERGY

YEAR IN REVIEW: REGULATORY



Michael Youth receiving his Outstanding Corporate Counsel - Rising Star award from the Triangle Business Journal.

In 2014, NCSEA's regulatory team consistently worked to make the "utility of the future" a reality today. To this end, NCSEA's regulatory team aimed to be a credible participant in diverse formal and informal proceedings. They were able to accomplish this by cultivating a regulatory team with a deep knowledge of sustainable energy and relevant law, and seeking common ground on desired outcomes with other stakeholders whenever possible. In all settings, the NCSEA regulatory team advocated for well-founded sustainable energy policy positions by presenting persuasive evidence and high-caliber written and oral argumentation.

Throughout 2014, NCSEA's regulatory team members regularly communicated with knowledgeable stakeholders, including utility representatives and regulators, to secure a greater understanding of the energy landscape. They did this by attending several conferences, such as the Energy Inc. Summit and Solar Power International; and by presenting

expert testimony at the Kentucky Legislature House Standing Committee on Tourism Development and Energy and the Wilmington Rotary Club on Economic Development and Opportunities in Clean Energy. NCSEA's regulatory team members continued their mission of instilling their acquired knowledge in others with the publication of several reports, including *Solar on Superstores*, *How Commercial Rooftops Can Boost Clean Energy Production in North Carolina* and *Economic Analysis of Ground Source Heat Pumps in NC*.

In 2014, NCSEA's regulatory team members spearheaded the creation of a utilities law specialization for attorneys at the North Carolina State Bar. The regulatory team members also worked with Charlotte Mitchell, of the Law Office of Charlotte Mitchell, and Steve Levitas, of Kilpatrick Townsend & Stockton, to present a united clean energy business perspective in the biennial avoided cost proceeding.

“Beaufort County looks forward to welcoming more clean energy projects as they have been a bright spot in our economy, bringing jobs and investments to our communities.”

– Robert Heuts
DIRECTOR | BEAUFORT COUNTY ECONOMIC DEVELOPMENT

FINANCIAL SUMMARY

REVENUE AND SUPPORT	
Contributions	\$20,287
Grants	\$1,857,386
Indirect Public Support	\$7,518
Membership Dues	\$134,691
Miscellaneous	\$4,685
Sponsorship	\$64,715
Program Service Fees	\$58,154
Total Revenues	\$2,147,436

EXPENSES	
Program Services	\$1,564,603
Supporting Services	
Management and General	\$241,852
Fundraising	\$79,274
Total Expenses	\$1,885,729
Net Assets - Beginning of Year	\$1,048,435
Net Assets - End of Year	\$1,310,142
Change in Net Assets	-\$261,707

MAJOR FUNDERS

Thank you to our major funders. Our success would not be possible without you.

Advanced Energy Economy Institute

Coastal Federal Credit Union

Energy Foundation

Environmental Federation of NC (EarthShare)

Foundation for The Carolinas

Richard Harkrader

Z Smith Reynolds Foundation

DONATE TO NCSEA

The NC Sustainable Energy Association is a 501(c)(3) membership organization. Please consider making a tax-deductible donation to NCSEA today! Your support will help NCSEA advance the work that ensures a sustainable and secure clean energy future for all of us. **To donate go to www.energync.org.**

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THANK YOU!

NC Sustainable Energy Association extends its sincere thanks and appreciation to our many members, donors, funders, sponsors, partners and volunteers. We feel privileged to work on behalf of North Carolina's clean energy sector, which would not be possible without your continued support.



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The North Carolina Sustainable Energy Association (NCSEA) is a 501(c)(3) nonprofit membership organization working daily to promote the interests of North Carolina, its residents, businesses and economy by ensuring a sustainable path for the growth of clean energy. Collectively, renewable energy, energy efficiency, smart grid technologies and plug-in electric vehicles are powerful drivers of jobs, innovation, economic prosperity and energy security for the state and region. Informed by principle and bolstered by rich data, careful analysis and strategic advocacy, NCSEA drives the creation of a market and policy environment that fosters solutions, progress and opportunity for all clean energy stakeholders.