



STATE OF NORTH CAROLINA  
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BEVERLY EAVES PERDUE  
GOVERNOR

March 19, 2009

**The Honorable Steven Chu, Secretary  
United States Department of Energy  
1000 Independence Avenue, Southwest  
Washington, D.C. 20585**

**RE: State Energy Program Assurances**

**Dear Secretary Chu:**

**As a condition of receiving our State's share of the \$3.1 billion funding for the State Energy Program ("SEP") under the American Recovery and Renewal Act of 2009 ((PL 111-5 (Feb. 17, 2009)) ("ARRA"), I am providing the following assurances.**

- (1) With respect to Section 410(a)(1) of the ARRA, the North Carolina Utilities Commission has assured me that, for the two largest natural gas utilities and for the two largest electric utilities over which it has ratemaking authority, the Commission has already begun, and in the case of the natural gas utilities, completed, proceedings to implement a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measureable and verifiable energy savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.**

**The Commission has further assured me that, in an appropriate manner in future proceedings, the Commission will seek to implement this general policy to encourage increased energy efficiency by the customers of each of the remaining natural gas and electric utilities over which it has ratemaking authority.**



- (2) With respect to Section 410(a)(2) of the ARRA, the North Carolina Building Code Council has assured me that the Council intends to implement the following:
- a building energy code for residential buildings that meets or exceeds the most recently published International Energy Conservation Code;
  - a building energy code for commercial buildings throughout North Carolina that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1-2007; and
  - a plan for achieving compliance with the above-referenced building energy codes, within eight years of the date of enactment of the ARRA, in at least 90 percent of new and renovated residential and commercial building space, with such plan including active training and enforcement programs and measurement of the rate of compliance each year.
- (3) With respect to Section 410(a)(3) of the ARRA, to the extent practicable, North Carolina will prioritize any grants received toward funding energy efficiency and renewable energy programs, including the following:
- the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded by the State or through rates under the oversight of the applicable regulatory authority, to the extent applicable;
  - the expansion of existing programs, approved by the State or the appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and
  - cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this paragraph.

Respectfully submitted,



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