

## N.C. can take lead with inverted energy rates

Written by

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When Rep. Patsy Keever from Buncombe County introduced House Bill 135, the Efficient and Affordable Energy Rates Bill, a new era may have begun, not only in our state, but perhaps in other state capitols and Washington as well.

If H135 is enacted, the N.C. Utilities Commission will be legislatively mandated to design a system of “inverted” electric utility rates that will result in a 40-60 percent reduction in public-utility-produced electricity consumption within the next 10 years.

How is this accomplished? In a fair and practical manner, through a system of economic reward for efforts at conservation and investment in efficiency by residents, businesses and industry.

The basic principle at work in an inverted rate structure is that less energy consumption is rewarded with a lower cost per kilowatt/hour. Greater energy consumption brings an increasingly higher price.

This alone creates a powerful economic

incentive for investment in efficiency by all ratepayers. But, H135 goes a step further by providing the means for ratepayers to make this investment without pain or risk. The bill would create a new Energy Efficiency Bank that will make low-interest loans to ratepayers for energy-efficiency projects, such as fixing leaks in ductwork, insulating floors and attic spaces and weatherstripping windows and doors, or for the purchase of energy-efficient household electrical products, such as Energy Star-rated refrigerators, clothes washers or water heaters, to replace older, much less efficient models.

Low-interest loans would also be made available for economically viable solar electric and water-heating systems. The loan payments will be part of the ratepayer's monthly utility bills which will be lower than before — including the loan payments. This is made possible by the fact that saved energy has real value. It is profitable to invest in energy efficiency.

The EEB will initially be funded by a 5

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percent Avoidable Pollution Fee charged against the purchase of all non-Energy Star household electrical products, starting one year prior to the implementation of the inverted rate structure. Once the program begins, the EEB will become self-sustaining as it begins collecting interest on loans and receives funds from excess utility revenues generated from higher-tiered ratepayers. This money will be recirculated into more energy-efficiency project loans, creating a continuous process of ratcheting down statewide energy consumption.

In H135, the Utilities Commission is instructed to design the new rate structure to ensure that low-income people are not negatively impacted. This can be accomplished through a system of exemptions and grace periods for qualifying households. The EEB will also help in situations where a low-interest loan is practical.

The positive implications of this program are enormous for both the economy and environment of North Carolina. The massive investment in efficiency and independent renewable energy systems will create new industries and thousands of jobs throughout the state. As many older power plants are retired, there will be a reductions in air pollution, mercury contamination, fresh water usage and greenhouse gas production on a scale consistent with the goals outlined by the worldwide scientific community for addressing these urgent problems. The cost to ratepayers of building a new fleet of power plants will be avoided.

This program will cost the state government nothing. In fact, it will help reduce the state's deficit as sales tax revenues increase with the flood of investment. Unemployment payouts will decrease. The newly employed will be paying their share of income tax to the state.

Pie-in-the-sky? Seven states have already implemented successful variations of inverted utility rate programs: Iowa, Vermont, Colorado, New Mexico, Arizona, California and Washington. It works. H135 would give North Carolina the strongest inverted rate program yet, and the first in the Southeast, making our state the undisputed leader in developing forward-thinking economic and environmental public policy — possibly pointing to a new approach on the federal level as well.

The alternative to H135 is the unending steady growth in the consumption of public-utility-produced electricity. This comes with the heavy price tag of skyrocketing rates for all utility industry

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customers to pay for the construction of a new generation of extremely expensive coal and nuclear power plants, along with all the health, environmental and political consequences attached to their operation.

Which of these choices would you rather see become a reality? Please consider contacting Gov. Bev Perdue, state legislators and members of the N.C. Utilities Commission to let them know.

For more information about House Bill135 and how you can become a part of this decision, visit [www.canarycoalition.org](http://www.canarycoalition.org).

Avram Friedman is executive director of the Canary Coalition.

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