

NORTH CAROLINA GENERAL ASSEMBLY
1979 SESSION

CHAPTER 1219
SENATE BILL 1035

AN ACT TO AUTHORIZE THE UTILITIES COMMISSION TO SET LONG-TERM RATES
FOR THE POWER OUTPUT SOLD TO PUBLIC UTILITIES OF SMALL-SCALE
HYDROELECTRIC FACILITIES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 62-3 is amended by adding a new subdivision to read:

"(27a) 'Small power producer' means a person or corporation owning or operating an electrical power production facility with a power production capacity which, together with any other facilities located at the same site, does not exceed 80 megawatts of electricity and which depends upon renewable resources for its primary source of energy. For the purposes of this section, renewable resources shall mean: hydroelectric power. A small power producer shall not include persons primarily engaged in the generation or sale of electricity from other than small power production facilities."

Sec. 2. Chapter 62 of the General Statutes is amended by adding a new section to read:

"§ 62-156. **Power sales by small power producers to public utilities.** — (a) In the event that a small power producer and an electric utility are unable to mutually agree to a contract for the sale of electricity or to a price for the electricity purchased by the electric utility, the commission shall require the utility to purchase the power, under rates and terms established as provided in subsection (b) of this section.

(b) No later than March 1, 1981, and at least every two years thereafter, the commission shall determine the rates to be paid by electric utilities for power purchased from small power producers, according to the following standards:

- (1) Term of contract. Long-term contracts for the purchase of electricity by the utility from small power producers shall be encouraged in order to enhance the economic feasibility of small power production facilities.
- (2) Avoided cost of energy to the utility. The rates paid by a utility to a small power producer shall not exceed, over the term of the purchase power contract, the incremental cost to the electric utility of the electric energy which, but for the purchase from a small power producer, the utility would generate or purchase from another source. A determination of the avoided energy costs to the utility shall include a consideration of the following factors over the term of the power contracts: the expected costs of the additional or existing generating capacity which could be displaced, the expected cost of fuel and other operating expenses of electric energy production which a utility would otherwise incur in generating or purchasing power from another source, and the expected security of the supply of fuel for the utilities' alternative power sources.
- (3) Availability and reliability of power. The rates to be paid by electric utilities for power purchased from a small power producer shall be established with consideration of the reliability and availability of the power."

Sec. 3. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 24th day of June, 1980.