

Center (SELC), and the Public Staff – North Carolina Utilities Commission (Public Staff) filed comments.

The NCSEA filed a letter supporting NCGP's request to pilot the two programs. The SELC also supports NCGP's request to pilot the programs. In its filing, SELC makes a few suggestions for strengthening the pilot programs. The SELC specifically requested that the Commission clarify that Chapter 62 does not prohibit power purchase agreements between utility customers and non-utility solar installers.

The Public Staff stated general support for the pilot programs, but suggested placing certain conditions on the Investor and Crowd-Source Funded Renewable Energy Pilot. With respect to the 50/50 Hybrid Pilot, the Public Staff stated that the pilot would only affect NCGP's Mass Market Renewable Energy product, which currently provides a 100 kilowatt-hour (kWh) block of renewable energy for each contribution of \$4.00. Under the 50/50 Hybrid Pilot, revenues from the Mass Market Renewable Energy product would be split evenly: 50% going to purchase a renewable energy block of 50 kWh to benefit eligible green power generators who are installing projects across the State (the current mass market product), and 50% to support the installation of solar PV projects at selected schools. With respect to the \$2.00 block going toward school projects, NCGP would pay the lesser of 50% of the project's costs or \$10,000, with the school raising the remaining balance. Additionally, NCGP would contract with a professional curriculum developer to create educational materials on solar PV so the schools could use the system as a teaching tool. The pilot's term would be one year, after which NCGP's Board of Directors would assess the program's future viability. The Public Staff recommended that the utilities give customers adequate notice of the change in NCGP's programs and the reduction in the REC renewable energy block from 100 kWh to 50 kWh and file new tariffs.

With respect to the Investor and Crowd-Source Funded Renewable Energy Pilot, the Public Staff stated that it understands that the pilot would allow community based projects to crowd-source funds to support renewable energy projects. This pilot would be directed to renewable energy projects that have investors to pay for the actual equipment, labor and installation, but need assistance in raising additional funds. Under this pilot, an investor organizer would identify and recruit potential investors to fund the purchase and installation of a renewable energy system in their community. The investor organizer would manage all aspects of the investment and charge investors a fee for coordinating the arrangements for the project. Once the investor organizer finds enough investors, NCGP would assist in marketing to and fundraising from community members for the project. NCGP would use its my.NCGreenPower.org website and social media to market the pilot. NCGP would also assist in selecting contractors for the project. The investor organizer would manage the installation of the renewable energy project with NCGP offering consulting services for a fee. After six years, the investor would donate the renewable energy system to the school, non-profit organization, or community. A small percentage of the donations would cover NCGP's program costs, and the remaining funds would be used to purchase RECs from the renewable energy project. The pilot's

term would be one year, after which NCGP's Board of Directors would assess the program's future viability.

The Public Staff has several concerns about this program. The Public Staff states that solicitations of investment must comply with securities law and recommend that NCGP ensure that the pilot complies with all securities laws. Second, the Public Staff recommends that all materials and communications provided to investors and community members clearly delineate the responsibilities of each party to reduce any potential confusion. Third, the Public Staff recommends that NCGP ensure that it has agreements in place with each investor organizer to ensure that NCGP is properly insulated from liability for the actions of the investor organizer.

To sum up the Public Staff's comments, the Public Staff supports the programs, but recommends that the Commission (1) approve the proposed 50/50 Hybrid Pilot and order the utilities to update their NCGP tariffs and provide customers notice of the changes to the program, including the reduction in the renewable energy block from 100 kWh to 50 kWh, in at least one billing cycle, and (2) approve the proposed Investor and Crowd-Source Funded Renewable Energy Pilot on the condition that, prior to implementing the pilot, NCGP address a) compliance of the pilot and the investor organizer with securities laws; b) clarification of the roles of the investor organizer and NCGP in materials and communications provided to investors and community members; and c) plans to protect NCGP from potential liability resulting from its or the investor organizer's role in the pilot.

The Commission agrees with NCGP and the commenters that the two pilot programs will be attractive to donors and investors because they will make investors feel connected to a specific project and the projects will benefit local communities. The Commission agrees that these pilot programs, if fully implemented, could assist in the goal of creating a self-sustaining NCGP. The Commission finds that these two pilot programs will be beneficial and that it is in the public interest to approve the two pilot programs. The Commission agrees with the Public Staff regarding the suggested conditions to be placed on the Commission's approval of the two pilot programs.

The Commission disagrees with the SELC that Chapter 62 allows for power purchase agreements between utility customers and non-utility solar installers. Rather, the Commission concludes that Chapter 62 of the North Carolina General Statutes prohibits third-party sales of electricity by non-utility solar installers to retail customers.

Based on the foregoing and the record in this docket, the Commission concludes that NCGP's 50/50 Hybrid Pilot and the Investor and Crowd-Source Funded Renewable Energy Pilot programs should be approved with the conditions recommended by the Public Staff.

IT IS, THEREFORE, ORDERED as follows:

1. That NCGP's 50/50 Hybrid Pilot and the Investor and Crowd-Source Funded Renewable Energy Pilot programs filed November 12, 2014, are hereby approved.

2. That, prior to the implementation of the 50/50 Hybrid Pilot, utilities shall update their tariffs and notify customers of the changes to the program, including the reduction in the renewable energy block from 100 kWh to 50 kWh, in at least one billing cycle.

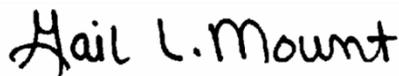
3. That the approval of the Investor and Crowd-Source Funded Renewable Energy Pilot is conditioned upon, prior to implementation, NCGP ensuring that the pilot complies with all securities laws, that all materials and communications provided to investors and community members clearly delineate the responsibilities of each party to reduce any potential confusion, and that it has agreements in place with each investor organizer so that NCGP is properly insulated from liability for its or the investor organizer's actions.

4. That NCGP shall file an annual update on the status of each of the pilot programs on or before April 30, until such time as NCGP notifies the Commission that it is ending the pilot or requests that the pilot become a permanent program.

ISSUE BY ORDER OF THE COMMISSION.

This the 27th day of January, 2015.

NORTH CAROLINA UTILITIES COMMISSION



Gail L. Mount, Chief Clerk