



May 17, 2017

The Honorable Phil Berger
 President Pro Tempore of the N.C. Senate
 16 W. Jones Street, Room 2007
 Raleigh, NC 27601

The Honorable Tim Moore
 Speaker of the N.C. House of Representatives
 16 W. Jones Street, Room 2304
 Raleigh, NC 27601

Dear President Pro Tempore Berger and Speaker Moore:

Re: Business opposition to the elimination of successful energy savings programs in the N.C. Dept. of Environmental Quality’s Division of Environmental Assistance and Customer Service (DEACS) in Senate Bill 257, Appropriations Act of 2017

As large employers, trade associations, and major energy consumers, we understand firsthand how North Carolina’s energy policies affect the cost of doing business and the state’s economic competitiveness.

Our businesses support policies that encourage and advance energy efficiency because North Carolina consumers and businesses benefit when we eliminate energy waste.

Energy efficiency programs and investments are the lowest-cost energy resources available.¹ By investing in energy efficiency, we can reduce total energy costs for all ratepayers, mitigate the impact of fuel and electricity price increases, and build a more affordable, reliable electricity system for the businesses and citizens of North Carolina.

We recognize and applaud North Carolina’s energy efficiency leadership to date, including passage of SB668 in 2007, which set a goal to reduce energy and water consumption in state-owned buildings by 30% by 2015. This goal has been achieved and taxpayers have reaped the benefits.²

However, we are very concerned by current proposals before the N.C. General Assembly that seek to weaken the state’s commitment to energy efficiency programs, investments, and significant taxpayer savings. **In particular, we have concerns with a provision in the**

¹ In a recent analysis on the cost of saved energy by state, energy efficiency in North Carolina was reported to have cost ~\$0.014/kWh (see: Charles Goldman, Lawrence Berkeley National Laboratory, “Utility Customer-Funded Energy Efficiency,” May 7, 2015, <http://emsc.legislature.ohio.gov/Assets/Testimony/5715-charles-goldman-powerpoint.pptx>). Duke Energy Carolinas reported in their 2014 Integrated Resource Plan that the avoided cost of supply-side energy over the next 3 years ranged from \$0.039-\$0.050/kWh, (see: Duke Energy Carolinas, “Duke Energy Carolinas Integrated Resource Plan (Annual Report),” September 1, 2014.

² North Carolina Department of Environmental Quality, “State buildings in N.C. have reduced energy costs by almost \$1 billion since 2003,” March 17, 2015, <https://deq.nc.gov/press-release/state-buildings-nc-have-reduced-energy-costs-almost-1-billion-2003>.

Senate's Appropriations Act of 2017 that would eliminate the Department of Environmental Quality's Division of Environmental Assistance and Customer Service (DEACS). (See page H31 of the Budget Money Report, item #36.)

The DEACS oversees many important energy efficiency initiatives, including the Utility Savings Initiative and the state's Performance Contracting Program. These initiatives save money for all North Carolina businesses, consumers and government entities — whether or not they participate directly in energy-saving efforts. The Utility Savings Initiative has already delivered over \$1 billion in energy cost reductions for taxpayers.³ Similarly the state's Performance Contracting Program — a model public-private partnership — has delivered almost \$300 million in improvements to state facilities over the past twelve years.⁴ Importantly, these improvements did not require new taxes, because performance contracting re-purposes state funds that had been spent on wasted energy to repay the private investors who finance the projects. As such, this program is playing an important role to help North Carolina address its \$4 billion deferred maintenance backlog in state facilities.⁵ DEACS is also leveraging the success of this program by providing technical assistance to local governments and K-12 schools so they too can address their infrastructure needs.

For these reasons, we urge you to build upon the success of North Carolina's energy efficiency commitment and the strong track record of the DEACS and its programs. We thus strongly recommend that the DEACS be continued and fully funded in the final FY2017-18 budget.

We also urge you to send a strong signal that the state's energy efficiency commitment should be strengthened — not weakened. Indeed, North Carolina has only just begun to tap into the potential of energy efficiency investment. We should build upon and expand energy efficiency programs and services so more individuals and businesses can take full advantage of them. To that end, we support the N.C. Energy Policy Council's (EPC) 2016 recommendation to the Governor and the N.C. General Assembly to increase our state's goal to reduce energy and water consumption in state-owned buildings by 40% by 2025.⁶ According to the EPC, achieving this 40% goal could save \$2 billion dollars in utilities costs, a portion of which could be reinvested in additional energy projects.

In closing, our companies stand ready to work with you. We would welcome the opportunity to meet with you and your staff and to provide additional information about the benefits that energy efficiency has and will continue to deliver for North Carolina.

Thank you,

Ameresco, Inc.
Cree, Inc.
Hannon Armstrong
Ingersoll Rand
Johnson Controls

³ Ibid at 2.

⁴ NC Environmental Quality, 2015 Performance Contracting Annual Report, November 1, 2015, <https://ncdenr.s3.amazonaws.com/s3fs-public/Environmental%20Assistance%20and%20Customer%20Service/Utility%20Savings%20Initiative/PC%20Annual%20Rpt%20015%20rev%204a.pdf>

⁵ North Carolina State Construction Conference, March 2016

⁶ N.C. Energy Policy Council, "Energy Policy Council Report," March 2016 <https://ncdenr.s3.amazonaws.com/s3fs-public/documents/files/Energy%20Policy%20Council%20Report%20March%202016.pdf>

Piedmont Service Group
Schneider Electric
Seventh Generation
Stromberg Metal Works, Inc.
The Air Conditioning, Heating, and Refrigeration Institute (AHRI)
The Alliance for Industrial Efficiency
The Dow Chemical Company
The National Association of Energy Service Companies (NAESCO)
The North Carolina Building Performance Association (NCBPA)
Trillium Asset Management
United Technologies

cc: All Members of the North Carolina General Assembly

For more information, please contact: Ken Melton, Ken Melton & Associates, 919-271-5723 (mobile), ken@kenmeltonandassoc.com

More information about the Company Signatories:

Ameresco, Inc. helps shape the future of energy use in the United States and abroad. A comprehensive and independent energy services provider, its capabilities include energy system development, energy efficiency upgrades and retrofits, data analysis, energy supply procurement and renewable energy development. Ameresco brings opportunities to its clients without product or service limitations, which frees its employees to identify solutions that best match our clients' needs and budget goals. Founded in 2000, Ameresco has a deep history in public-sector energy projects, with numerous federal and local government, public housing and military contracts. Its private-sector experience includes clients that are household names in commercial development and manufacturing. Ameresco has offices in Charlotte, North Carolina.

Cree, Inc. is a market-leading innovator of lighting-class LEDs, LED lighting, and semiconductor solutions for wireless and power applications. It was founded in North Carolina; and has its headquarters, primary research and development operations, and a manufacturing facility in Durham.

The **Dow Chemical Company** is an American multinational chemical corporation and the second-largest chemical manufacturer in the world by revenue. Dow combines the power of science and technology to passionately innovate what is essential to human progress. The Company is driving innovations that extract value from material, polymer, chemical and biological science to help address many of the world's most challenging problems, such as the need for fresh food, safer and more sustainable transportation, clean water, energy efficiency, more durable infrastructure, and increasing agricultural productivity. Dow's integrated, market-driven portfolio delivers a broad range of technology-based products and solutions in high-growth sectors such as packaging, infrastructure, transportation, consumer care, electronics, and agriculture. Dow has locations in Charlotte and Greensboro, North Carolina.

Hannon Armstrong is a leading investor in sustainable infrastructure, including energy

efficiency and renewable energy. It focuses on providing preferred or senior level capital to established sponsors and high credit quality obligors, such as U.S. federal, state and local governments, Global 1000 corporations and private developers, for assets that generate long-term, recurring and predictable cash flows.

Ingersoll-Rand plc (NYSE:IR) is a world leader in creating comfortable, sustainable and efficient environments. Its people and family of brands — including Club Car, Ingersoll Rand, Thermo King, and Trane — work together to enhance the quality and comfort of air in homes and buildings; transport and protect food and perishables; and increase industrial productivity and efficiency. Ingersoll Rand's North America Headquarters and Corporate Center are located in Davidson, North Carolina.

Johnson Controls is a global diversified technology and multi industrial leader serving a wide range of customers in more than 150 countries. Johnson Controls creates intelligent buildings, efficient energy solutions, integrated infrastructure and next generation transportation systems that work seamlessly together to deliver on the promise of smart cities and communities. At its core, that promise is about delivering innovation that make people's lives – and the world – better. Johnson Controls has several offices in North Carolina including in Asheville, Burlington, Carrboro, Charlotte, Durham, Greensboro, Raleigh, and Wilmington, Winston-Salem, and Winterville.

Piedmont Service Group is a privately held energy efficiency and facilities services company focused exclusively on helping commercial, industrial, institutional, and government organizations operate and maintain their buildings in a safe, healthy, and efficient manner. A leader in energy services, Piedmont has expanded the core HVAC business that it was founded on in 1971 to address the growing market demand for energy efficiency and sustainability services. The company is headquartered in Raleigh, North Carolina, and has offices in eight locations in North Carolina, Virginia, and South Carolina.

Schneider Electric is the global specialist in energy management and automation. With revenues of \$26 billion US in FY2016, its 160,000+ employees serve customers in over 100 countries, helping them to manage their energy and process in ways that are safe, reliable, efficient and sustainable. Over 925 Schneider Electric employees work and live in North Carolina. Schneider also works with almost 350 businesses in the state to create jobs and economic opportunity. From the simplest of switches to complex operational systems, Schneider Electric's technology, software and services improve the way its customers manage and automate their operations. Schneider Electric's connected technologies reshape industries, transform cities and enrich lives. At Schneider Electric, this is called Life Is On.

Seventh Generation was established in 1988, in Burlington, Vermont, and has offices in Raleigh, North Carolina. Seventh Generation is one of the nation's leading brands of household and personal care products. The company lives its commitment to "caring today for seven generations of tomorrows," with products formulated to provide mindful solutions for the air, surfaces, fabrics, pets and people within your home - and for the community and environment outside of it.

Stromberg Metal Works, Inc. operates as a sheet metal contractor on the East Coast. Its services include automated coil lines; plasma cutting tables; seam, MIG, and TIG welding; coated duct work capabilities; spiral ductworks; duct flange systems; cut to length lines; automated estimation systems; computer aided drafting systems; laboratories, clean rooms, and pharmaceutical systems; accelerated projects; architectural, ornamental, and metal work; and

custom hoods, panels, trim, and grilles. Stromberg Metal Works, Inc. was founded in 1940 and is based in Beltsville, Maryland with additional offices and manufacturing plants in Beltsville and Baltimore, Maryland; Manassas and Glenn Allen, Virginia; and Raleigh, North Carolina. Their projects include The White House, Washington Monument, Ford's Theater, US Capitol, many professional sport stadiums and private and public facilities in the USA and internationally.

Trillium Asset Management is an employee-owned investment management firm focused exclusively on sustainable and responsible investing. Trillium integrates Environmental, Social, and Governance (ESG) factors into the investment process as a way to identify the companies best positioned to deliver strong long-term performance. A leader in shareholder advocacy and public policy work, Trillium leverages the power of stock ownership to promote social and environmental change while providing both impact and performance to our investors. With an office in Durham and more than \$30 million in assets managed in the state, Trillium Asset Management is committed to the success of North Carolina's clean energy future.

United Technologies (UTC) provides high-technology systems and services to the building and aerospace industries worldwide. A leader in the global building systems and aerospace industries, UTC invents new and better ways to keep people safe, comfortable, productive and on the move. UTC's commercial businesses include Otis elevators and escalators and UTC Climate, Controls & Security, a leading provider of heating, ventilation, air conditioning, fire and security systems, and building automation and controls. UTC's aerospace businesses include Pratt & Whitney aircraft engines and UTC Aerospace Systems. UTC Aerospace Systems Corporate Headquarters are located in Charlotte, North Carolina.

The **North Carolina Building Performance Association (NCBPA)** is an association of North Carolina building performance professionals and companies seeking to lead high performance construction in the state through quality construction, workforce development, political advocacy, public education and more.

The **Alliance for Industrial Efficiency** is a diverse coalition of business, contractor, labor and environmental groups committed to advancing the deployment of combined heat and power (CHP) and waste heat to power (WHP) through state and federal policies. The Alliance represents roughly three dozen North Carolina companies.

For more than 25 years, the **National Association of Energy Service Companies (NAESCO)** has been the preeminent national trade organization representing and promoting the energy efficiency industry. NAESCO's membership consists of key industry players, including ESCOs, energy efficient and renewable energy equipment manufacturers and distributors, distribution companies, distributed generation companies, engineers, consultants, financial institutions, and government entities. NAESCO's membership includes many companies based and investing in North Carolina.

The **Air-Conditioning, Heating, and Refrigeration Institute (AHRI)** is the trade association representing manufacturers of HVACR and water heating equipment within the global industry. Its 300+ member companies produce more than 90 percent of the residential and commercial air conditioning, heating, water heating, and commercial refrigeration equipment made in North America.