



1 ENERGY EXPLORATION, DEVELOPMENT, AND PRODUCTION OF ENERGY  
2 RESOURCES IN ORDER TO PROTECT AND PRESERVE THE STATE'S NATURAL  
3 RESOURCES, CULTURAL HERITAGE, AND QUALITY OF LIFE; (10) ENCOURAGE  
4 THE GOVERNOR TO DEVELOP THE REGIONAL INTERSTATE OFFSHORE  
5 ENERGY POLICY COMPACT; (11) AMEND THE ENERGY POLICY ACT OF 1975  
6 AND THE ENERGY POLICY COUNCIL; AND (12) DIRECT THE MEDICAL CARE  
7 COMMISSION TO ADOPT RULES AUTHORIZING FACILITIES LICENSED BY THE  
8 DEPARTMENT OF HEALTH AND HUMAN SERVICES TO USE COMPRESSED  
9 NATURAL GAS AS AN EMERGENCY FUEL.

10 The General Assembly of North Carolina enacts:

11  
12 **PART I. RULES: AUTOMATIC REVIEW; FISCAL NOTE REQUIREMENTS; NO**  
13 **PERMIT ISSUANCE UNTIL RULES BECOME EFFECTIVE AND THE GENERAL**  
14 **ASSEMBLY TAKES AFFIRMATIVE LEGISLATIVE ACTION TO ALLOW**  
15 **ISSUANCE**

16 **SECTION 1.(a)** All rules required to be adopted pursuant to Section 2(m) of S.L.  
17 2012-143 shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more  
18 written objections had been received as provided by G.S. 150B-21.3(b2).

19 **SECTION 1.(b)** The Mining and Energy Commission, the Environmental  
20 Management Commission, and the Commission for Public Health are exempt from the  
21 provisions of Chapter 150B of the General Statutes that require the preparation of fiscal notes  
22 for any rule proposed for the creation of a modern regulatory program for the management of  
23 oil and gas exploration and development activities in the State, including the use of horizontal  
24 drilling and hydraulic fracturing for that purpose.

25 **SECTION 1.(c)** As provided in Section 3(d) of S.L. 2012-143, the issuance of  
26 permits for oil and gas exploration and development activities using horizontal drilling and  
27 hydraulic fracturing treatments in the State pursuant to G.S. 113-395, or any other provision of  
28 law, shall be prohibited in order to allow the Mining and Energy Commission sufficient time  
29 for development of a modern regulatory program for the management of oil and gas exploration  
30 and development in the State and the use of horizontal drilling and hydraulic fracturing  
31 treatments for that purpose, and for adoption of appropriate environmental standards applicable  
32 to these activities. No agency of the State, including the Department of Environment and  
33 Natural Resources, the Environmental Management Commission, the Commission for Public  
34 Health, or the Mining and Energy Commission, shall issue a permit for oil or gas exploration or  
35 development activities using horizontal drilling and hydraulic fracturing treatments until (i) all  
36 rules required to be adopted by the Mining and Energy Commission, the Environmental  
37 Management Commission, and the Commission for Public Health pursuant to S.L. 2012-143  
38 have become effective and (ii) the General Assembly takes affirmative legislative action,  
39 including repeal of Section 3(d) of S.L. 2012-143, to allow the issuance of such permits.  
40

41 **PART II. STUDIES: COORDINATED PERMIT PROCESS, SEVERANCE TAXES,**  
42 **AND LANDMEN REGISTRY**

43 **SECTION 2.(a)** The Mining and Energy Commission, with the assistance of the  
44 Department of Environment and Natural Resources, shall study development of a coordinated  
45 permitting program for oil and gas exploration and development activities using horizontal  
46 drilling and hydraulic fracturing treatments in order that a single comprehensive environmental  
47 permit may be issued to a permit applicant to govern the applicant's exploration and  
48 development activities at a site, including, but not limited to, regulation of the following  
49 matters: well construction, siting, and closure requirements; hydraulic fracturing treatments,  
50 including subsurface injection of fluids for that purpose; water quality, including stormwater  
51 control, and management of water resources; management of waste; and regulation of air

1 emissions. The Department of Environment and Natural Resources shall seek any approvals  
2 necessary from the United States Environmental Protection Agency for a coordinated  
3 permitting program to allow issuance of a single comprehensive environmental permit for oil  
4 and gas exploration and development activities using horizontal drilling and hydraulic  
5 fracturing treatments. The Mining and Energy Commission shall report its findings and  
6 recommendations to the Environmental Review Commission and the Joint Legislative  
7 Commission on Energy Policy on or before March 1, 2014.

8 **SECTION 2.(b)** The Mining and Energy Commission and the Department of  
9 Revenue, with the assistance of the Department of Commerce and the Department of  
10 Environment and Natural Resources, shall study an appropriate rate of severance tax that  
11 should be imposed in association with oil and gas exploration and development activities using  
12 horizontal drilling and hydraulic fracturing treatments in the State. In conducting the study, the  
13 Commission and the Department shall examine information compiled by the Department of  
14 Commerce in Section 5 of the North Carolina Oil and Gas Study issued in April 2012 pursuant  
15 to S.L. 2011-276 on potential economic impacts that could be expected if drilling for oil or  
16 natural gas were to take place in the State, which included data on severance taxes established  
17 in other states. In addition, the Commission and the Department shall consider information  
18 compiled pursuant to the ongoing study of appropriate levels of funding and potential sources  
19 for that funding required by Section 2(j) of S.L. 2012-143, as amended by Section 12(a) of S.L.  
20 2012-201, which requires examination of (i) funding required to address expected impacts to  
21 infrastructure throughout the State and other impacts that may be experienced by local  
22 governments in areas where drilling activities may occur and (ii) funding needed to cover any  
23 costs to the State for administering an oil and gas regulatory program, including remediation  
24 and reclamation of drilling sites when necessary due to abandonment or insolvency of an oil or  
25 gas operator or other responsible party. The Commission and the Department shall also  
26 formulate recommendations for appropriate levels of funding that should be maintained to  
27 address emergency events associated with oil and gas exploration, including sufficient funding  
28 for emergency preparation, emergency response, emergency environmental protection, or  
29 mitigation associated with a release of liquid hydrocarbons or associated fluids directly related  
30 to onshore energy exploration, development, production, or transmission. Any recommendation  
31 for emergency funding for this purpose shall provide that the funds shall be used only upon a  
32 determination that sufficient funds for corrective action or emergency response cannot be  
33 obtained from other sources without incurring a delay that would significantly increase the  
34 threat to life or risk of damage to the environment and provide that the State shall pursue  
35 recovery of all costs incurred by the State or local governments for any corrective action or  
36 emergency response, including attorneys' fees and other expenses of bringing the cost recovery  
37 action from the responsible party or parties. The Mining and Energy Commission shall report  
38 its findings and recommendations to the Environmental Review Commission on or before April  
39 1, 2014.

40 **SECTION 2.(c)** The Mining and Energy Commission, with the assistance of the  
41 Department of Environment and Natural Resources, shall study issues related to establishment  
42 and implementation of the registration requirements for landmen under G.S. 113-425. At a  
43 minimum, the study shall include a review of the number of individuals currently registered in  
44 North Carolina; other states' requirements with respect to registration of landmen; and  
45 regulations governing landmen operating in other industries in North Carolina and other states.  
46 The Commission and the Department shall receive input from the oil and gas industry and other  
47 stakeholders on the current registry, its effectiveness, and whether modifications or  
48 discontinuance is advisable. The Mining and Energy Commission shall report its findings and  
49 recommendations to the Environmental Review Commission and the Joint Legislative  
50 Commission on Energy Policy on or before April 1, 2015.

51

1 **PART III. MINING AND ENERGY COMMISSION APPOINTMENT**  
2 **MODIFICATIONS**

3 **SECTION 3.(a)** G.S. 143B-293.2 reads as rewritten:

4 **"§ 143B-293.2. North Carolina Mining and Energy Commission – members; selection;**  
5 **removal; compensation; quorum; services.**

6 (a) Members Selection. – The North Carolina Mining and Energy Commission shall  
7 consist of 15 members appointed as follows:

8 (1) The Chair of the North Carolina State University Minerals Research  
9 Laboratory Advisory Committee, or the Chair's designee, ex officio.

10 (2) The State Geologist, or ~~the State Geologist's designee, ex officio.~~other  
11 designee of the Secretary of Environment and Natural Resources.

12 ~~(3) The Assistant Secretary of Energy for the Department of Commerce, ex~~  
13 ~~officio.~~

14 (3a) One appointed by the Governor, at large.

15 (4) One appointed by the General Assembly upon recommendation of the  
16 Speaker of the House of Representatives who is a member of a  
17 nongovernmental conservation interest.

18 (5) One appointed by the General Assembly upon recommendation of the  
19 Speaker of the House of Representatives ~~who~~who, at the time of initial  
20 appointment, is an elected official of a municipal government located in ~~the~~  
21 Triassic Basin of North Carolina, a region of North Carolina that has oil and  
22 gas potential. A person serving in this seat may complete a term on the  
23 Commission even if the person is no longer serving as an elected official of a  
24 municipal government but may not be reappointed to a subsequent term.

25 (6) One appointed by the General Assembly upon recommendation of the  
26 Speaker of the House of Representatives who is a representative of the  
27 mining industry.

28 (7) One appointed by the General Assembly upon recommendation of the  
29 Speaker of the House of Representatives who shall be a geologist with  
30 experience in oil and gas exploration and development.

31 (8) One appointed by the General Assembly upon recommendation of the  
32 President Pro Tempore of the Senate who is a member of a nongovernmental  
33 conservation interest.

34 (9) One appointed by the General Assembly upon recommendation of the  
35 President Pro Tempore of the Senate ~~who~~who, at the time of initial  
36 appointment, is a member of a county board of commissioners of a county  
37 located in ~~the Triassic Basin of North Carolina, a region of North Carolina~~  
38 that has oil and gas potential. A person serving in this seat may complete a  
39 term on the Commission even if the person is no longer serving as county  
40 commissioner but may not be reappointed to a subsequent term.

41 (10) One appointed by the General Assembly upon recommendation of the  
42 President Pro Tempore of the Senate who is a representative of the mining  
43 industry.

44 (11) One appointed by the General Assembly upon recommendation of the  
45 President Pro Tempore of the Senate who shall be an engineer with  
46 experience in oil and gas exploration and development.

47 (12) One appointed by the Governor who shall be a representative of a publicly  
48 traded natural gas company.

49 (13) One appointed by the Governor who shall be a licensed attorney with  
50 experience in legal matters associated with oil and gas exploration and  
51 development.

1 (14) One appointed by the Governor who is a member of the Environmental  
2 Management Commission and knowledgeable in the principles of water and  
3 air resources management. ~~Commission.~~

4 (15) One appointed by the Governor who is a member of the Commission for  
5 Public Health and knowledgeable in the principles of waste  
6 management. ~~Health.~~

7 ...  
8 (h) Office May Be Held Concurrently With Others. – Membership on the Mining and  
9 Energy Commission is hereby declared to be an office that may be held concurrently with other  
10 elective or appointive offices in addition to the maximum number of offices permitted to be  
11 held by one person under G.S. 128-1.1.

12 ...."

13 **SECTION 3.(b)** This section is effective when it becomes law, however, members  
14 serving pursuant to subdivisions (14) and (15) of G.S. 143B-293.2(a) as of the effective date of  
15 this act shall be allowed to serve the remainder of their unexpired term.

#### 17 PART IV. AMEND ALLOWABLES

18 **SECTION 4.** G.S. 113-394 reads as rewritten:

19 "**§ 113-394. Limitations on production; allocating and prorating "allowables."**

20 (a) ~~Whenever the total amount of oil, including condensate, which all the pools in the~~  
21 ~~State can produce, exceeds the amount reasonably required to meet the reasonable market~~  
22 ~~demand for oil, including condensate, produced in this State, then the~~The Commission shall  
23 ~~may~~ limit the total amount of oil, including condensate, which may be produced in the State by  
24 fixing an amount which shall be designated "allowable" for this State, which will not exceed  
25 ~~the reasonable market demand for oil, including condensate, produced in this the~~ State. The  
26 Commission shall ~~may~~ then allocate or distribute the "allowable" for the State among the pools  
27 on a reasonable basis and in such manner as to avoid undue discrimination, and so that waste  
28 will be prevented. In allocating the "allowable" for the State, and in fixing "allowables" for  
29 pools producing oil or hydrocarbons forming condensate, or both oil and such hydrocarbons,  
30 the Commission shall ~~may~~ take into account the producing conditions and other relevant facts  
31 with respect to such pools, including the separate needs for oil, gas and condensate, and shall  
32 ~~may~~ formulate rules setting forth standards or a program for the distribution of the "allowable"  
33 for the State, and shall ~~distribute~~ the "allowable" for the State in accordance with such  
34 standards or program, and where conditions in one pool or area are substantially similar to  
35 those in another pool or area, then the same standards or programs shall be applied to such  
36 pools and areas so that as far as practicable a uniform program will be followed; provided,  
37 however, the Commission shall allow the production of a sufficient amount of natural gas from  
38 any pool to supply adequately the reasonable market demand for such gas for light and fuel  
39 purposes if such production can be obtained without waste, and the condensate "allowable" for  
40 such pool shall not be less than the total amount of condensate produced or obtained in  
41 connection with the production of the gas "allowable" for light and fuel purposes, and provided  
42 further that, if the amount allocated to pool as its share of the "allowable" for the State is in  
43 excess of the amount which the pool should produce to prevent waste, then the Commission  
44 shall fix the "allowable" for the pool so that waste will be prevented.

45 (b) ~~The Commission shall not be required to determine the reasonable market demand~~  
46 ~~applicable to any single pool except in relation to all pools producing oil of similar kind and~~  
47 ~~quality and in relation to the demand applicable to the State, and in relation to the effect of~~  
48 ~~limiting the production of pools in the State.~~ In allocating "allowables" to pools, the  
49 Commission shall not be bound by nominations or desires of purchasers to purchase oil from  
50 particular fields or areas, and the Commission shall allocate the "allowable" for the State in  
51 such manner as will prevent undue discrimination against any pool or area in favor of another

1 or others which would result from selective buying or nominating by purchasers of oil, as such  
2 term "selective buying or nominating" is understood in the oil business.

3 (c) Whenever the Commission limits the total amount of oil or gas which may be  
4 produced in any pool in this State to an amount less than that which the pool could produce if  
5 no restrictions were imposed (which limitation may be imposed either incidental to, or without,  
6 a limitation of the total amount of oil or gas which may be produced in the State), the  
7 Commission shall prorate or distribute the "allowable" production among the producers in the  
8 pool on a reasonable basis, and so that each producer will have the opportunity to produce or  
9 receive his just and equitable share, as such share is set forth in subsection G.S. 113-392(d),  
10 subject to the reasonable necessities for the prevention of waste.

11 (d) ~~Whenever the total amount of gas which can be produced from any pool in this~~  
12 ~~State exceeds the amount of gas reasonably required to meet the reasonable market demand~~  
13 ~~therefrom, the Commission shall limit~~ limits the total amount of gas which may be produced  
14 ~~from such pool. Thea pool,~~ the Commission shall then allocate or distribute the allowable  
15 production among the developed areas in the pool on a reasonable basis, so that each producer  
16 will have the opportunity to produce his just and equitable share, as such share is set forth in  
17 subsection G.S. 113-392(d), whether the restriction for the pool as a whole is accomplished by  
18 order or by the automatic operation of the prohibitory provisions of this law. As far as  
19 applicable, the provisions of subsection (a) of this section shall be followed in allocating any  
20 "allowable" of gas for the State.

21 (e) After the effective date of any rule or order of the Commission fixing the  
22 "allowable" production of oil or gas, or both, or condensate, no person shall produce from any  
23 well, lease, or property more than the "allowable" production which is fixed, nor shall such  
24 amount be produced in a different manner than that which may be authorized."  
25

## 26 **PART V. CLARIFY BONDING REQUIREMENTS**

27 **SECTION 5.(a)** G.S. 113-378 reads as rewritten:

28 "**§ 113-378. Persons drilling for oil or gas to register and furnish bond.**

29 Any person, firm or corporation before making any drilling exploration in this State for oil  
30 or natural gas shall register with the Department of Environment and Natural Resources. To  
31 provide for such registration, the drilling operator must furnish the name and address of such  
32 person, firm or corporation, and the location of the proposed drilling operations, and file with  
33 the Department a bond running to the State of North Carolina in an amount totaling the sum of  
34 (i) five thousand dollars (\$5,000) plus (ii) one dollar (\$1.00) per linear foot proposed to be  
35 drilled for the well. Any well opened by the drilling operator shall be plugged upon  
36 abandonment in accordance with the rules of the Department."

37 **SECTION 5.(b)** G.S. 113-391(a) is amended by adding a new subdivision to read:

38 "(a) The Mining and Energy Commission, created by G.S. 143B-293.1, in conjunction  
39 with rule-making authority specifically reserved to the Environmental Management  
40 Commission under subsection (a3) of this section, shall establish a modern regulatory program  
41 for the management of oil and gas exploration and development in the State and the use of  
42 horizontal drilling and hydraulic fracturing treatments for that purpose. The program shall be  
43 designed to protect public health and safety; protect public and private property; protect and  
44 conserve the State's air, water, and other natural resources; promote economic development and  
45 expand employment opportunities; and provide for the productive and efficient development of  
46 the State's oil and gas resources. To establish the program, the Commission shall adopt rules for  
47 all of the following purposes:

48 ...

49 (13a) Criteria to set the amount of a bond required pursuant to G.S. 113-421(a3),  
50 including, at a minimum, the number of wells proposed at a site, the  
51 pre-drilling condition of the property, the amount of acreage that would be

1 impacted by the proposed oil and gas activities, and other factors designed to  
2 enable establishment of bonds on a site-by-site basis."

3 **SECTION 5.(c)** G.S. 113-421(a3) reads as rewritten:

4 **"§ 113-421. Presumptive liability for water contamination; compensation for other**  
5 **damages; responsibility for reclamation.**

6 ...

7 (a3) Reclamation of Surface Property Required. – An oil or gas developer or operator  
8 shall reclaim all surface areas affected by its operations no later than two years following  
9 completion of the operations. If the developer or operator is not the surface owner of the  
10 property, prior to commencement of activities on the property, the oil or gas developer or  
11 operator shall provide a bond running to the surface owner sufficient to cover reclamation of  
12 the surface owner's property. Upon registration with the Department pursuant to G.S. 113-378,  
13 a developer shall request that the Mining and Energy Commission set the amount of the bond  
14 required by this subsection. As part of its request, the developer shall provide supporting  
15 documentation, including information about the proposed oil and gas activities to be conducted,  
16 the site on which they are to occur, and any additional information required by the  
17 Commission. The Commission shall set the amount of the bond in accordance with the criteria  
18 adopted by the Commission pursuant to G.S. 113-391(a)(13a) and notify the developer and  
19 surface owner of the amount within 30 days of setting the amount of a bond. A surface owner  
20 or developer may appeal the amount of a bond set pursuant to this subsection to the  
21 Commission within 60 days after receipt of notice from the Commission of the amount  
22 required. After evaluation of the appeal and issuance of written findings, the Commission may  
23 order that the amount of the bond be modified. Parties aggrieved by a decision of the  
24 Commission pursuant to this subsection may appeal the decision as provided under Article 4 of  
25 Chapter 150B of the General Statutes within 30 days of the date of the decision."

## 27 **PART VI. REVENUE FROM OFFSHORE ENERGY PRODUCTION**

28 **SECTION 6.** Chapter 113B of the General Statutes is amended by adding a new  
29 Article to read:

30 "Article 3.

31 "Revenues From Offshore Energy Production.

32 **"§ 113B-30. Allocation of revenues from offshore energy production; creation of Offshore**  
33 **Energy Management Fund.**

34 (a) Any revenues and royalties paid to the State as a result of offshore leasing,  
35 exploration, development, and production of all energy resources shall be deposited in the  
36 Offshore Emergency Fund until the Fund reaches two hundred fifty million dollars  
37 (\$250,000,000). The Offshore Energy Management Fund is an interest-bearing special revenue  
38 fund to be established within the State treasury. This Fund shall be used only for emergency  
39 preparation, emergency response, emergency environmental protection, or mitigation  
40 associated with a release of liquid hydrocarbons or associated fluids directly related to offshore  
41 energy exploration, development, production, or transmission. Once the Fund balance reaches  
42 the amount of two hundred fifty million dollars (\$250,000,000), the funds shall be used as  
43 provided in subsection (b) of this section. If monies are withdrawn from this Fund to carry out  
44 the provisions in this section, all revenues and royalties paid to the State as a result of offshore  
45 leasing, exploration, development, and production of all energy resources shall be deposited in  
46 the Fund until a total of two hundred fifty million dollars (\$250,000,000) is reestablished. Once  
47 the Fund balance reaches the amount of two hundred fifty million dollars (\$250,000,000), the  
48 funds shall be used as provided in subsection (b) of this section.

49 (b) Any revenues and royalties paid to the State as a result of offshore leasing,  
50 exploration, development, and production of all energy resources in excess of the amount

1 needed to establish the Fund created in subsection (a) of this section are annually appropriated  
2 and shall be used for the following purposes:

- 3       (1) Seventy-five percent (75%) of such revenues and royalties shall be credited  
4 to the General Fund.
- 5       (2) Five percent (5%) of such revenues and royalties shall be credited to the  
6 North Carolina Highway Trust Fund established under G.S. 136-176.
- 7       (3) Five percent (5%) of such revenues and royalties shall be transferred to the  
8 Community Colleges System Office to establish and manage a fund for  
9 curriculum development and implementation as well as financial assistance  
10 for students attending community college to receive vocational training  
11 through this curriculum in fields directly related to energy exploration and  
12 development and related energy infrastructure.
- 13       (4) Five percent (5%) of such revenues and royalties shall be transferred to the  
14 Board of Governors of The University of North Carolina System to establish  
15 and manage research and development funds for programs directly related to  
16 energy research and development.
- 17       (5) Five percent (5%) of such revenues and royalties shall be transferred to the  
18 Department of Environment and Natural Resources for conservation,  
19 protection, and mitigation, including, but not limited to, beach and inlet  
20 management projects, dredging operations, channel navigation and  
21 maintenance, public beach and water access, water quality management, and  
22 habitat restoration.
- 23       (6) Three percent (3%) of such revenues and royalties shall be transferred to the  
24 State Ports Authority for expansion and maintenance of State Port  
25 infrastructure associated with energy-related commerce.
- 26       (7) Two percent (2%) of such revenues and royalties shall be transferred to the  
27 Department of Commerce for recruitment of energy-related industries to the  
28 State."

## 30 **PART VII. REGIONAL INTERSTATE OFFSHORE ENERGY POLICY COMPACT**

31       **SECTION 7.(a)** Development of Regional Interstate Offshore Energy Policy  
32 Compact. – The Governor is strongly encouraged to commence negotiations on the  
33 development of a regional energy compact with the governors of South Carolina and Virginia  
34 in order to develop a unified regional strategy for the exploration, development, and production  
35 of all commercially viable federal and state offshore energy resources within the three-state  
36 region. The Governor shall develop recommendations for the General Assembly to consider for  
37 the development of a statutory regional compact, and these recommendations shall reflect the  
38 collective agreement of all three governors in the three-state region in order to provide common  
39 language for consideration by each state's General Assembly. During the development of these  
40 compact recommendations, the Governor or the Governor's designee is authorized to work  
41 directly with each of the three states' Congressional delegations, the United States Department  
42 of the Interior, the United States Environmental Protection Agency, and other appropriate  
43 federal agencies on behalf of the State of North Carolina to develop appropriate strategies to be  
44 considered in the development of the three-state compact for increasing domestic energy  
45 exploration, development, and production within each state in the three-state region and their  
46 adjacent state and federal waters. The compact negotiations and recommendations shall address  
47 at least all of the following:

- 48       (1) Ensure a timely review and consideration of permits and proposals at both  
49 the state and federal level for both state and federal waters adjacent to each  
50 state in the three-state region for seismic and other marine geophysical

- 1 exploration to identify and quantify natural gas and related hydrocarbon  
2 resources along the continental margin.
- 3 (2) Amend the 2012 to 2017 Five Year Leasing Plan of the United States  
4 Department of the Interior to include leasing federal waters adjacent to the  
5 State and the three-state region for the exploration, quantification, and  
6 development of natural gas and related hydrocarbon energy resources.
- 7 (3) Advocate proactively with each state's Congressional delegation and  
8 appropriate federal agencies to ensure direct sharing of royalties and  
9 revenues related to energy leasing, exploration, development, and production  
10 of all offshore energy resources in federal waters adjacent to the State and  
11 the three-state region.
- 12 (4) Request the United States Department of the Interior to reinstate the federal  
13 Offshore Policy Committee with new members and new alternate members  
14 to be nominated by the governor of the state represented on the Offshore  
15 Policy Committee and appointed by the Secretary of the Interior, six of  
16 whom are to be one member and one alternate member each from North  
17 Carolina, Virginia, and South Carolina.
- 18 (5) Request the United States Department of the Interior to immediately move  
19 forward with permitting geological and geophysical data acquisition  
20 activities associated with oil and gas exploration in the Mid- and South  
21 Atlantic Planning Areas of the Atlantic Outer Continental Shelf immediately  
22 as outlined in Alternative A of the Bureau of Ocean Energy Management's  
23 Draft Programmatic Environmental Impact Statement entitled "Atlantic OCS  
24 Proposed Geological and Geophysical Activities" published in 2012.

25 **SECTION 7.(b)** No later than three months after the effective date of this act, and  
26 at least every three months thereafter, the Governor or the Governor's designee shall report to  
27 the General Assembly on the progress of the Governor and others in complying with the  
28 requirements under this section, to include providing copies of correspondence and other  
29 relevant materials to or from the Office of the Governor when the correspondence or materials  
30 pertain to the subject under this section or to any requirement under this section. The Governor  
31 shall report the Governor's final recommendations for the three-state energy compact to the  
32 Joint Energy Oversight Committee no later than March 1, 2014.

33 **SECTION 7.(c)** In addition to the provisions in Sections 7(a) and 7(b) of this act,  
34 the Governor is encouraged to join the Governors of Alaska, Texas, Louisiana, Mississippi,  
35 Alabama, South Carolina, and Virginia and any others who may sign on to the Outer  
36 Continental Shelf Governors Coalition announced on May 3, 2011, to promote a constructive  
37 dialogue among the coastal state governors and the federal government on offshore energy  
38 issues important to the future of North Carolina and the United States. The Governor is  
39 authorized to expend funds related to membership in the Coalition.

40 **SECTION 7.(d)** The Governor is also encouraged to write letters to the North  
41 Carolina Congressional delegation, the governors of South Carolina and Virginia, the  
42 legislative bodies of South Carolina and Virginia, the Secretary of the United States  
43 Department of the Interior, and the President of the United States urging their support of the  
44 recommendations set forth in subdivisions (1) through (5) of Section 7(a) of this act.

45 **SECTION 7.(e)** Upon ratification, the Secretary of State shall furnish certified  
46 copies of this act to each member of the North Carolina Congressional delegation, the  
47 governors of South Carolina and Virginia, the legislative bodies of South Carolina and  
48 Virginia, the Secretary of the United States Department of the Interior, and the President of the  
49 United States.

50

1 **PART VIII. ENERGY POLICY ACT AND ENERGY POLICY COUNCIL**  
 2 **AMENDMENTS**

3 **SECTION 8.(a)** G.S. 113B-1 reads as rewritten:

4 **"§ 113B-1. Legislative findings and purpose.**

5 Upon investigation the General Assembly hereby finds that:

- 6 (1) Energy is essential to the health, safety and welfare of the people of this  
 7 State and to the workings of the State ~~economy~~economy.
- 8 (2) ~~Growth in the consumption of energy resources is in some part due to~~  
 9 ~~wasteful, uneconomic and inefficient uses of energy and a continuation of~~  
 10 ~~this trend will adversely affect the future social, economic and~~  
 11 ~~environmental development of North Carolina;~~
- 12 (3) ~~It is the responsibility of State government to encourage~~in the State's best  
 13 interest to support the development of a reliable and adequate supply of  
 14 energy for North Carolina at a level consistent with such energy needs  
 15 required for the protection of public health and safety, and for the promotion  
 16 ~~of the general welfare; and~~that is secure, stable, and predictable in order to  
 17 facilitate economic growth, job creation, and expansion of business and  
 18 industry opportunities.
- 19 (3a) It is in the State's best interest to support the exploration, development, and  
 20 production of domestic energy supplies, preferably from the resources within  
 21 the State or region and most certainly from within the country.
- 22 (3b) It is the duty of State government to protect and preserve the State's natural  
 23 resources, cultural heritage, and quality of life and, above all, the public  
 24 health and safety of its residents during the exploration, development, and  
 25 production of domestic energy resources.
- 26 (4) The State ~~has not provided~~must provide the basis for development of a  
 27 long-range unified energy policy to encompass comprehensive energy  
 28 resource planning and efficient management of ~~the rate of consumption of~~  
 29 existing energy resources in relation to economic growth, to effectively meet  
 30 an energy crisis, to encourage development of alternative sources of  
 31 ~~energy~~energy that are capable of achieving a positive benefit-to-cost ratio,  
 32 ~~and to prudently conserve~~ensure efficient utilization of energy resources in  
 33 a manner consistent with assuring a reliable and adequate supply of energy  
 34 for North ~~Carolina~~Carolina, including active support and collaboration with  
 35 the federal government to ensure access to the nation's energy resources  
 36 located on the outer continental shelf directly adjacent to the State's coastal  
 37 waters.
- 38 (5) It is the expressed intent of this Chapter to provide for development of such  
 39 a unified domestic energy policy for the State of North ~~Carolina~~Carolina as  
 40 part of a nationwide effort for increased domestic energy production in the  
 41 interest of national security and economic growth and stability."

42 **SECTION 8.(b)** G.S. 113B-2 reads as rewritten:

43 **"§ 113B-2. Creation of Energy Policy Council; purpose of Council.**

44 (a) ~~There~~The Energy Policy Council is hereby created a council to advise and make  
 45 recommendations on increasing domestic energy policy ~~exploration, development, and~~  
 46 production within the State and region to promote economic growth and job creation to the  
 47 Governor and the General Assembly to be known as the Energy Policy~~Assembly.~~ The Energy  
 48 Policy Council which shall be located within the Department of ~~Commerce~~Environment and  
 49 Natural Resources.

1 (b) Except as otherwise provided in this Chapter, the powers, duties and functions of  
2 the Energy Policy Council shall be as prescribed by the Secretary of ~~Commeree~~Environment  
3 and Natural Resources.

4 (c) The Energy Policy Council shall serve as the central energy policy planning body of  
5 the State and shall communicate and cooperate with federal, State, regional and local bodies  
6 and agencies to the end of effecting a coordinated energy policy."

7 **SECTION 8.(c)** G.S. 113B-3 reads as rewritten:

8 "**§ 113B-3. Composition of Council; appointments; terms of members; qualifications.**

9 (a) The Energy Policy Council shall consist of ~~46~~13 members to be appointed as  
10 follows:

11 (1) ~~Two members of the North Carolina House of Representatives to be~~  
12 ~~appointed by the Speaker of the House of Representatives;~~

13 (2) ~~Two members of the North Carolina Senate to be appointed by the President~~  
14 ~~Pro Tempore of the Senate;~~

15 (2a) The Secretary of Environment and Natural Resources.

16 (2b) The Secretary of Commerce.

17 (2c) The Lieutenant Governor.

18 (3) ~~Twelve~~Ten public members who are citizens of the State of North Carolina  
19 ~~to be appointed by the Governor. The Governor shall designate one of the~~  
20 ~~public members as chair of the Council.~~Carolina and who are appointed in  
21 accordance with subsection (c) of this section.

22 (b) Appointments to the Energy Policy Council shall be made by ~~July 15, 2009,~~October  
23 1, 2013, and each such appointee shall serve until January 31, 2011. Thereafter, the appointed  
24 members of the General Assembly shall serve two year terms, and the appointed public  
25 members shall serve four year terms. A member of the Energy Policy Council shall continue to  
26 serve until his successor is duly appointed, but such holdover shall not affect the expiration date  
27 of such succeeding term. The terms of office of members of the Council are three years. The  
28 terms of members appointed under subdivisions (1), (4), and (6) of subsection (c) of this  
29 section shall expire on June 30 of years evenly divisible by three. The terms of members  
30 appointed under subdivisions (2), (5), (8), and (10) of subsection (c) of this section shall expire  
31 on June 30 of years that precede by one year those years that are evenly divisible by three. The  
32 terms of members appointed under subdivisions (3), (7), (11), and (12) of subsection (c) of this  
33 section shall expire on June 30 of years that follow by one year those years that are evenly  
34 divisible by three. Appointments made by the President Pro Tempore of the Senate and the  
35 Speaker of the House of Representatives shall be allowed when the General Assembly is not in  
36 session.

37 (c) The public members of the Energy Policy Council shall have the following  
38 ~~qualifications:~~qualifications and shall be appointed as follows:

39 (1) ~~One member shall be experienced in the electric power industry;~~

40 (2) ~~One member shall be experienced in the natural gas industry;~~have  
41 experience in natural gas and associated hydrocarbon exploration,  
42 development, and production, to be appointed by the Governor.

43 (2a) ~~One member shall be experienced in energy policy matters;~~

44 (3) ~~One member shall be experienced in alternative fuels and biofuels;~~a  
45 representative of an investor-owned natural gas public utility, to be  
46 appointed by the Speaker of the House of Representatives.

47 (4) ~~One member shall be experienced in energy efficient building design or~~  
48 ~~construction;~~an energy economist or a person with experience in the  
49 financing or business development of an energy-related business, to be  
50 appointed by the President Pro Tempore of the Senate.

- 1           (5) ~~One member shall be experienced in environmental protection; have~~  
 2 ~~experience in energy policy, to be appointed by the President Pro Tempore~~  
 3 ~~of the Senate.~~  
 4           (6) ~~One member who is engaged in a business providing renewable energy or~~  
 5 ~~other energy services; shall be an industrial energy consumer, to be appointed~~  
 6 ~~by the Speaker of the House of Representatives.~~  
 7           (7) ~~One member shall be knowledgeable of alternative and renewable sources of~~  
 8 ~~energy; energy, to be appointed by the Governor.~~  
 9           (8) ~~One member who, at the time of appointment, is a county commissioner; or~~  
 10 ~~elected municipal officer; provided, the member's term on the Council shall~~  
 11 ~~expire immediately in the event that he or she vacates office as a county~~  
 12 ~~commissioner or municipal officer; shall have experience in trucking, rail, or~~  
 13 ~~shipping transportation, to be appointed by the Speaker of the House of~~  
 14 ~~Representatives.~~  
 15           (9) Repealed by Session Laws 2009-446, s. 4, effective August 7, 2009.  
 16           (10) ~~One member shall be knowledgeable in the finance, business development,~~  
 17 ~~or technology development of energy-related business; One member shall~~  
 18 ~~have experience in energy research and development, to be appointed by the~~  
 19 ~~President Pro Tempore of the Senate.~~  
 20           (11) ~~One member shall be experienced in low income energy policy matters or~~  
 21 ~~low income residential weatherization. One member shall have experience in~~  
 22 ~~environmental management, to be appointed by the Speaker of the House of~~  
 23 ~~Representatives.~~  
 24           (12) ~~One member shall be experienced in the petroleum industry; a representative~~  
 25 ~~of an investor-owned electric public utility, to be appointed by the President~~  
 26 ~~Pro Tempore of the Senate."~~

27           **SECTION 8.(d)** G.S. 113B-4 reads as rewritten:

28           "**§ 113B-4. Chairman of Council; replacement; reimbursement of members.**

29           (a) ~~On August 15, 2009, on January 31, 2011, and every four years thereafter, the~~  
 30 ~~Governor shall appoint a chair of the Council. The Lieutenant Governor shall serve as chair of~~  
 31 ~~the Council.~~

32           (b) In case of a vacancy in the membership on the Energy Policy Council prior to the  
 33 expiration of a member's term, a successor shall be appointed within 30 days of such vacancy  
 34 for the remainder of the unexpired term by the appropriate official pursuant to the provisions of  
 35 G.S. 113B-3.

36           (c) Members of the Energy Policy Council shall be reimbursed for their services  
 37 pursuant to the provisions of G.S. 138-5."

38           **SECTION 8.(e)** G.S. 113B-6 reads as rewritten:

39           "**§ 113B-6. General duties and responsibilities.**

40           The goal of the Energy Policy Council is to identify and utilize all domestic energy  
 41 resources in order to ensure a secure, stable, and predictable energy supply and to protect the  
 42 economy of the State, promote job creation, and expand business and industry opportunities  
 43 while ensuring the protection and preservation of the State's natural resources, cultural heritage,  
 44 and quality of life. The Energy Policy Council shall may delegate its duties where appropriate  
 45 to the Division of Energy, Mineral, and Land Resources of the Department of Environment and  
 46 Natural Resources. The Council shall provide oversight and approval to the duties delegated to  
 47 the Division. The Energy Policy Council shall have the following general duties and  
 48 responsibilities:

- 49           (1) To develop and recommend to the Governor and the General Assembly a  
 50 comprehensive ~~long range~~ State energy policy that addresses requirements  
 51 in the short term (10 years), in the midterm (25 years), and in the long term

1           (50 years) to achieve maximum effective management and use of present  
2           and future sources of energy, such policy to include but not be limited to  
3           energy efficiency, renewable and alternative sources of energy, research and  
4           development into alternative energy technologies, and improvements to the  
5           State's energy infrastructure and energy ~~economy~~;economy, including smart  
6           grid and domestic energy resources that shall include at least natural gas,  
7           coal, hydroelectric power, solar, wind, nuclear energy, and biomass. For  
8           utilities regulated under Chapter 62 of the General Statutes, the policy  
9           developed under this subdivision shall be consistent with the analysis and  
10           plan developed under G.S. 62-110.1(c).

- 11           (2) To conduct an ongoing assessment of the opportunities and constraints  
12           presented by various uses of all forms of energy to facilitate the expansion of  
13           the domestic energy supply and to encourage the efficient use of all such  
14           energy forms in a manner consistent with State energy ~~policy~~;policy.  
15           (3) To continually review and coordinate all State government research,  
16           education and management programs relating to energy ~~matters and~~matters,  
17           to continually educate and inform the general public regarding such energy  
18           ~~matters~~;matters, and to actively engage in discussions with the federal  
19           government, its agencies, and its leaders to identify opportunities to increase  
20           domestic energy supply within North Carolina and its adjacent offshore  
21           waters.  
22           (4) To recommend to the Governor and to the General Assembly needed energy  
23           legislation and rule making, and to recommend for implementation such  
24           modifications of energy policy, ~~plans~~-plans, and programs as the Council  
25           considers necessary and desirable."

26           **SECTION 8.(f)** G.S. 113B-7 reads as rewritten:

27           "**§ 113B-7. Energy Efficiency Program; components.**

28           (a) The Energy Policy Council shall prepare a recommended Energy Efficiency  
29           Program for transmittal to the Governor, the initial plan to be completed by January 30, 1976.

30           (b) The Energy Efficiency Program shall be designed to assure the public health and  
31           safety of the people of North Carolina and to ~~encourage and promote~~-consider the conservation  
32           of energy through reducing wasteful, inefficient or uneconomical uses of energy resources.

33           (c) The Energy Efficiency Program ~~shall~~-may include but not be limited to the  
34           following recommendations:

- 35           (1) Recommendations to the Building Code Council for lighting, insulation,  
36           climate control systems and other building design and construction standards  
37           which increase the efficient use of energy and are economically feasible to  
38           implement;  
39           (2) Recommendations to the Building Code Council for per unit energy  
40           requirement allotments based upon square footage for various classes of  
41           buildings which would reduce energy consumption, yet are both technically  
42           and economically feasible and not injurious to public health and safety;  
43           (3) Recommendations for minimum levels of operating efficiency for all  
44           appliances whose use requires a significant amount of energy based upon  
45           both technical and economic feasibility considerations;  
46           (4) Recommendations for State government purchases of supplies, vehicles and  
47           equipment and such operating practices as will make possible more efficient  
48           use of energy;  
49           (5) Recommendations on energy conservation policies, programs and  
50           procedures for local units of government;

- 1 (6) Any other recommendations which the Energy Policy Council considers to  
2 be a significant part of a statewide conservation effort and which include  
3 provisions for sufficient incentives to further energy conservation;  
4 (7) An economic and environmental impact analysis of the recommended  
5 program.

6 (d) In addition to specific conservation recommendations, the Energy Efficiency  
7 Program shall contain proposals for implementation of such recommendations as can be carried  
8 out by executive order. Upon completion of a draft recommended program, the Council shall  
9 arrange for its distribution to interested parties and shall make the program available to the  
10 public and the Council further shall set a date for public hearing on said program.

11 (e) Upon completion of the Energy Efficiency Program, the Council shall transmit said  
12 program, to be known as the State Energy Efficiency Program, to the Governor for approval or  
13 disapproval. Upon approval, the Governor shall assign administrative responsibility for such  
14 implementation as can be carried out by executive order to appropriate agencies of State  
15 government, and submit to the General Assembly such proposals which require legislative  
16 action for implementation. The Governor shall have the authority to accept, administer, and  
17 enforce federal programs, program measures and permissive delegations of authority delegated  
18 to the Governor by the President of the United States, Congress, or the United States  
19 Department of Energy, on behalf of the State of North Carolina, which pertain to the  
20 conservation of energy resources.

21 (f) The Governor shall transmit the approved Energy Efficiency Program to the  
22 President Pro Tempore of the Senate, to the Speaker of the House of Representatives, to the  
23 heads of all State agencies and shall further seek to publicize such plan and make it available to  
24 all units of local government and to the public at large.

25 (g) At least every ~~two~~ five years and whenever such changes take place as would  
26 significantly affect energy supply or demand in North Carolina, the Energy Policy Council  
27 shall review and, if necessary, revise the Energy Efficiency Program, transmitting such revised  
28 plan to the Governor pursuant to the procedures contained in subsections (e) and (f) of this  
29 section."

30 **SECTION 8.(g)** G.S. 113B-9 reads as rewritten:

31 **"§ 113B-9. Emergency Energy Program; components.**

32 (a) The Energy Policy Council shall, in accordance with the provisions of this Article,  
33 develop contingency and emergency plans to deal with possible shortages of energy to protect  
34 public health, safety and welfare, such plans to be compiled into an Emergency Energy  
35 Program.

36 (b) ~~Within four months of July 1, 1975:~~ If required for an update of the program  
37 provided under subsection (j) of this section:

- 38 (1) Each electric utility and natural gas utility in the State shall prepare and  
39 submit to the Energy Policy Council a proposed emergency curtailment plan  
40 setting forth proposals for identifying priority loads or users in the event of  
41 the declaration of an energy crisis pursuant to G.S. 113B-20, and proposals  
42 for supply allocation to such priority loads or users. Utilities regulated under  
43 Chapter 62 of the General Statutes may satisfy this requirement by  
44 submitting the General Load Reduction and System Restoration Plan that is  
45 prepared annually for the Utilities Commission.  
46 (2) Each major oil producer doing business in this State as determined by the  
47 Energy Policy Council shall prepare and submit to the Energy Policy  
48 Council an analysis of how any national supply curtailment pursuant to  
49 federal regulations shall affect the supply for North Carolina and how  
50 priority users will be determined and available supplies allocated to such  
51 users.

1 (c) The Energy Policy Council shall encourage the preparation of joint emergency  
2 curtailment plans and analyses. If such cooperative plans and analyses are developed between  
3 two or more utilities, major producers or by an association of such companies, the joint plans or  
4 analyses may be submitted to the Energy Policy Council in lieu of information required  
5 pursuant to subsection (b) of this section.

6 (d) The Energy Policy Council shall collect from all relevant governmental agencies  
7 any existing contingency plans for dealing with sudden energy shortages or information related  
8 thereto.

9 (e) The Energy Policy Council shall hold one or more public hearings, investigate and  
10 review the plans submitted pursuant to this section, and, within nine months after July 1, 1975,  
11 the Energy Policy Council shall approve and recommend to the Governor guidelines for  
12 emergency curtailment to be known as the Emergency Energy Program and to be implemented  
13 upon adoption by the Governor after the declaration of an energy crisis and pursuant to  
14 G.S. 113B-20 and 113B-23. Said program shall be based upon the plans presented to the  
15 Energy Policy Council, upon independent analysis and study by the Council, and upon  
16 information provided at the hearing or hearings, provided, however, that they are consistent  
17 with such federal programs and regulations as are already in effect at that time.

18 (f) The Emergency Energy Program shall provide for the maintenance of essential  
19 services, the protection of public health, safety, and welfare, and the maintenance of a sound  
20 basic State economy. For utilities regulated under Chapter 62 of the General Statutes, the  
21 program shall be consistent with the General Load Reduction and System Restoration Plan that  
22 is prepared annually for the Utilities Commission. Provisions also shall be made in said  
23 program to differentiate curtailment of energy consumption by users on the basis of ability to  
24 accommodate such curtailments, and shall also include, but not be limited to, the following:

- 25 (1) A variety of strategies and staged conservation measures of increasing  
26 intensity and authority to reduce energy use during an energy crisis, as  
27 defined in G.S. 113B-20 and guidelines and criteria for allocation of energy  
28 sources to priority users. The program shall contain alternative conservation  
29 actions and allocation plans to reasonably meet various foreseeable shortage  
30 circumstances and to allow a choice of appropriate responses;
- 31 (2) Evidence that the program is consistent with requirements of federal  
32 emergency energy conservation and allocation laws and regulations;
- 33 (3) Proposals to assist such individuals, institutions, agriculture and businesses  
34 which have engaged in energy saving measures;

35 (g) The Energy Policy Council shall carry out such investigations and studies as are  
36 necessary to determine if and when potentially serious shortages of energy are likely to affect  
37 North Carolina and the Council shall make recommendations to the Governor concerning  
38 administrative and legislative actions required to avert such shortages, such recommendations  
39 to be included as a section of the Emergency Energy Program.

40 (h) In addition to the above information and recommendations, the program shall  
41 contain proposals for implementation of such recommendations which include procedures,  
42 rules and regulations and agency administrative responsibilities for implementation, and shall  
43 further contain procedures for fair and equitable review of complaints and requests for special  
44 exemptions from emergency conservation measures or emergency allocations. Upon  
45 completion of a draft recommended plan, the Council shall arrange for its distribution to  
46 interested parties and shall make such plan available to the public and the Council further shall  
47 set a date for public hearing on said plan.

48 (i) Upon completion of the Emergency Energy Allocation Program, the Council and  
49 the Governor shall follow the procedures as outlined in G.S. 113B-7(e) and (f).

1 (j) The Council shall update the Emergency Energy Allocation Program ~~said program~~  
2 upon ~~a finding by it that an update is justified and justified.~~ The Council shall follow the  
3 procedures for adoption pursuant to G.S. 113B-7(e) and (f).

4 (k) The Governor shall have the authority to accept, administer and enforce federal  
5 programs, program measures and permissive delegations of authority delegated to the Governor  
6 by the President of the United States, Congress, or the United States Department of Energy, on  
7 behalf of the State of North Carolina, which pertain to actions necessary to deal with an actual  
8 or impending energy shortage."

9 **SECTION 8.(h)** G.S. 113B-11 reads as rewritten:

10 **"§ 113B-11. Powers and authority.**

11 (a) The Energy Policy Council is authorized to secure directly from any officer, office,  
12 department, commission, board, bureau, institution and other agency of the State and its  
13 political subdivisions any information it deems necessary to carry out its functions; and all such  
14 officers and agencies shall cooperate with the Council and, to the extent permitted by law,  
15 furnish such information to the Council as it may request.

16 ...

17 (e) Staff support required by the Council shall be supplied by the Division of Energy,  
18 Mineral, and Land Resources of the Department of Environment and Natural Resources. ~~The~~  
19 ~~Department of Commerce shall provide the staffing capability to the Energy Policy Council so~~  
20 ~~as to fully and effectively develop recommendations for a comprehensive State energy policy~~  
21 ~~as contained in the provisions of this Article.~~ The Department of Commerce and the Utilities  
22 Commission ~~is~~ are hereby authorized to make ~~its~~ their staff available to the Council to assist in  
23 the development of a State energy policy."

24 **SECTION 8.(i)** G.S. 113B-12 reads as rewritten:

25 **"§ 113B-12. Annual reports; contents.**

26 (a) ~~Beginning January 1, 1977, and every year thereafter, Every two years~~ the Energy  
27 Policy Council shall transmit to the Governor, the Speaker of the House of Representatives, the  
28 President Pro Tempore of the Senate, the Environmental Review Commission, the Joint  
29 Legislative Commission on Energy Policy, and the chairman of the Utilities Commission  
30 ~~Commission and the appropriate chairmen of the House and Senate committees concerned with~~  
31 ~~energy matters,~~ a comprehensive report providing a general overview of energy conditions in  
32 the State. ~~On January 1, 1976, the Energy Policy Council shall transmit a progress report to the~~  
33 ~~public officials named above.~~

34 (b) The report shall include, but not be limited to, the following:

- 35 (1) An overview of statewide growth and development as they relate to future  
36 requirements for energy, including patterns of urban and metropolitan  
37 expansion, shifts in transportation modes, modifications in building types  
38 and design, and other trends and factors which, as determined by the  
39 Council, will significantly affect energy needs;
- 40 (2) The level of statewide and multi-county regional energy demand for a five,  
41 10- and 20-year forecast period which, in the judgment of the Council, can  
42 reasonably be met, with proposals as to possible energy supply sources;
- 43 (3) An assessment of growth trends in energy consumption and production and  
44 an identification of potential adverse social, economic, or environmental  
45 impacts which might be imposed by continuation of the present trends,  
46 including energy costs to consumers, significant increases in air, water, and  
47 other forms of pollution, threats to public health and safety, and loss of  
48 scenic and natural areas;
- 49 (4) An analysis of the role of energy efficiency, renewable energy,  
50 improvements to the State's energy infrastructure, and other means in  
51 meeting the State's current and projected energy demand;

- 1 (5) Repealed by Session Laws 2009-446, s. 9, effective August 7, 2009.  
 2 (6) Recommendations to the Governor and the General Assembly for additional  
 3 administrative and legislative actions on energy matters;  
 4 (7) A summary of the Council's activities since ~~its inception~~, the last report, a  
 5 description of major plans developed by the Council, an assessment of plan  
 6 implementation, and a review of Council plans and programs for the coming  
 7 biennium."

8 **SECTION 8.(j)** G.S. 113B-21(a) reads as rewritten:

9 "(a) ~~There is hereby created~~ Upon the declaration of an energy crisis by the Governor, a  
 10 Legislative Committee on Energy Crisis Management shall be created to consist of the Speaker,  
 11 ~~as chairman, the Speaker pro tempore~~ Pro Tempore of the House of ~~Representatives~~  
 12 ~~and Representatives~~, the President ~~pro tempore~~ Pro Tempore of the Senate, and the majority  
 13 leader of the Senate. The Lieutenant Governor shall serve as chair and shall be a nonvoting ex  
 14 officio member, provided, however, that ~~he~~ the chair shall vote to break a tie."

15 **SECTION 8.(k)** G.S. 113B-23 reads as rewritten:

16 **"§ 113B-23. Administration of plans and procedures.**

17 (a) Upon the declaration of an energy crisis, pursuant to G.S. 113B-20, the Energy  
 18 Policy Council shall become the emergency energy coordinating body for the State and shall  
 19 carry out the following duties:

- 20 (1) Identify and determine the nature and severity of expected energy shortages;  
 21 (2) Provide for daily communications with and gather information from  
 22 significant energy producers, distributors, transporters and major consumers,  
 23 as determined by the Energy Policy Council, to carry out its responsibilities  
 24 pursuant to this section;  
 25 (3) Provide data, carry out continuing assessments of the crisis situation, and  
 26 make recommendations to the Governor and to the Legislative Committee  
 27 on Energy Crisis Management for further action.

28 (b) Upon the declaration of an energy crisis, the Governor shall order the Energy Policy  
 29 Council, the Utilities Commission, the Attorney General and other appropriate State and local  
 30 agencies to implement and enforce the Emergency Energy Program pursuant to G.S. 113B-9  
 31 and any emergency rules, orders or regulations approved pursuant to G.S. 113B-22.

32 (c) Upon the declaration of an energy crisis, the Governor may employ such measures  
 33 and give such direction to State and local offices and agencies as may be reasonable and  
 34 necessary for the purpose of securing compliance with the provisions of this Article and with  
 35 emergency rules, orders and regulations issued pursuant to G.S. 113B-22."

36 **SECTION 8.(l)** G.S. 114-4.2D reads as rewritten:

37 **"§ 114-4.2D. Employment of attorney for Energy Policy Council of the Department of**  
 38 **Environment and Natural Resources and the Energy Efficiency Program of the**  
 39 **Department of Commerce.**

40 The Attorney General shall assign an attorney to work full time with the Energy Policy  
 41 Council of the Department of Environment and Natural Resources and the Energy Efficiency  
 42 Program of the Department of Commerce. Such attorney shall be subject to all provisions of  
 43 Chapter 126 of the General Statutes relating to the State Personnel System. Such attorney shall  
 44 also perform such additional duties as may be assigned by the Attorney General."

45 **SECTION 8.(m)** Article 7 of Chapter 143B of the General Statutes is amended by  
 46 adding a new Part to read:

47 "Part 31. Energy Policy Council.

48 **"§ 143B-281.1. Energy Policy Council – transfer.**

49 The Energy Policy Council, as established by Chapter 113B of the General Statutes and  
 50 other applicable laws of this State, is hereby transferred to the Department of Environment and  
 51 Natural Resources by a Type II transfer as defined in G.S. 143A-6."

1           **SECTION 8.(n)** Notwithstanding G.S. 113B-3 or any other law to the contrary, the  
2 terms of all members of the Energy Policy Council serving as of the effective date of this act  
3 shall expire on the effective date of this act. Initial appointments shall be made pursuant to  
4 G.S. 113B-3(c), as amended by Section 8(e) of this act, no later than September 1, 2013.  
5

6           **PART IX. MODIFY ELECTRICAL REQUIREMENTS RULE TO ALLOW**  
7           **HOSPITALS TO USE COMPRESSED NATURAL GAS AS EMERGENCY FUEL**

8           **SECTION 9.(a)** Definitions. – "Electrical Requirements Rule" means 10A NCAC  
9 13B .6227 (Licensing of Hospitals: Electrical Requirements) for purposes of this section and its  
10 implementation.

11           **SECTION 9.(b)** Electrical Requirements Rule. – Until the effective date of the  
12 revised permanent rule that the Medical Care Commission is required to adopt pursuant to  
13 Section 9(c) of this act, the Commission and the Department of Health and Human Services  
14 shall implement the Electrical Requirements Rule, as provided in Section 9(c) of this act.

15           **SECTION 9.(c)** Implementation. – Notwithstanding subdivision (2) of subsection  
16 (f) of the Electrical Requirements Rule, the Commission shall authorize facilities licensed by  
17 the Department to use bi-fuel generators that operate with both liquid fuel and natural gas  
18 (methane) that is not stored on the site, provided that the natural gas is delivered via pipe or  
19 pipeline by a natural gas utility. These bi-fuel generators shall be exempt from liquid fuel  
20 capacity standards established by the Commission. Bi-fuel generators that operate on both  
21 liquid and other gaseous fuels, including propane and butane, that are stored on the site shall  
22 also be authorized, provided that the combined capacity of both liquid and gaseous fuels meet  
23 minimum on-site fuel requirements established by the Commission. The Commission may  
24 adopt rules to require a licensed facility with a bi-fuel generator to develop a contingency plan  
25 for liquid fuel delivery onto the site in the event of a natural gas (methane) supply disruption.

26           **SECTION 9.(d)** Additional Rule-Making Authority. – The Commission shall  
27 adopt a rule to replace the Electrical Requirements Rule. Notwithstanding G.S. 150B-19(4), the  
28 rule adopted by the Commission pursuant to this section shall be substantively identical to the  
29 provisions of Section 9(c) of this act. Rules adopted pursuant to this section are not subject to  
30 Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this  
31 section shall become effective as provided in G.S. 150B-21.3(b1) as though 10 or more written  
32 objections had been received as provided by G.S. 150B-21.3(b2).

33           **SECTION 9.(e)** Effective Date. – Subsection (b) of this section expires when  
34 permanent rules to replace subsection (b) of this section have become effective, as provided by  
35 subsection (c) of this section.  
36

37           **PART X. EFFECTIVE DATE**

38           **SECTION 10.** G.S. 113B-30, enacted by Section 6 of this act, becomes effective  
39 only if authorized by the General Assembly in the Current Operations and Capital  
40 Improvements Appropriations Act of 2013. The first report due pursuant to G.S. 113B-12, as  
41 amended by Section 8(m) of this act, shall be transmitted on or before January 1, 2014. Except  
42 as otherwise provided, the remainder of this act is effective when it becomes law.