

Senator/Representative \_\_\_\_\_  
Address line 1  
Address line 2

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The North Carolina General Assembly is considering a proposal to cap and end the current renewable portfolio standards (RPS) mandate in North Carolina. As you are aware, in 2007 the General Assembly adopted Senate Bill 3, which had an RPS mandate requiring utilities to provide customers 7.5 percent of their electricity through renewable sources of energy, such as wind, solar, or biomass. These sources are all significantly more expensive than conventional sources of power, which North Carolina's utilities voluntarily choose when they are left free to pursue truly efficient and affordable energy for North Carolina state citizens.

North Carolina's RPS mandate forces electric utilities — and therefore their customers, who are given no choice in electricity providers in the state — to purchase arbitrary amounts of electricity generated from wind and solar plants that is significantly more expensive than electricity generated from traditional sources. According to the Energy Information Administration, electricity from new wind installations is more than 30 percent more expensive than electricity from natural gas, and electricity from solar is 120 percent more expensive. But natural gas, coal, and nuclear are also more valuable than wind and solar because these traditional sources are reliable — after all, the wind does not always blow nor does the sun always shine. These higher costs affect North Carolina families, businesses, industries, and taxpayers who pay the bills for state and local governments.

These higher electricity costs are also hurting the state's economy. According to the Beacon Hill Institute at Suffolk University, North Carolina's renewable energy mandate will cost North Carolina ratepayers \$1.8 billion by 2021. Because higher electricity costs increase the cost of doing business in North Carolina, they estimated that the mandate will lead to losses of 3,600 jobs, \$43 million in investment, and \$140 million in GDP in the state. It will also reduce North Carolinians' disposable income by \$57 million.

Electricity is a basic household necessity, not a luxury item. Hiking electricity rates works as a highly regressive tax on poor households. Electricity costs have been eating increasingly larger portions of their budgets. For ratepayers earning \$30,000 a year or less, electricity constitutes from one-tenth to as much as one-third of their after-tax income.

North Carolina leaders have a moral obligation to promote least-cost, reliable and efficient energy sources, letting competition and free enterprise work to refine, pursue, and discover better ways to produce energy through conventional and renewable sources. State subsidies and edicts stop those free-market innovations from happening and keep electricity rates artificially high.

The signed coalition of public policy research and grassroots organizations are opposed to the North Carolina government picking winners and losers in electricity generation and forcing its citizens to bear the higher costs. For the good of its citizens and economy, North Carolina policy should support least-cost, reliable, and efficient energy sources.

Phil Kerpen, President  
*American Commitment*

Thomas Pyle, President  
*American Energy Alliance*

Todd Wynn, Energy, Environment and  
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*American Legislative Exchange Council*

Craig Rucker, Executive Director  
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Francis X. De Luca, President  
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Larry Hart, Director of Government  
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