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New North Carolina Executive Order Sets Ambitious Targets for Curbing Greenhouse Gas Emissions and Boosting Zero-Emission Vehicle Usage

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On January 7, North Carolina Governor Roy Cooper issued Executive Order No. 246 affirming North Carolina's commitment to a clean energy economy and directing next steps in the State's plan to achieve net-zero greenhouse gas emissions and create economic opportunities for North Carolinians across the state.

The Executive Order (EO) states that North Carolina will strive to reduce statewide greenhouse gas emissions to at least 50 percent below 2005 levels by 2030 and achieve net-zero emissions as soon as possible, but no later than 2050. To effectuate these goals, the EO states that NC will increase the total number of registered zero-emissions vehicles (ZEVs) to at least 1,250,000 by 2030 and strive to have 50 percent or more of its in-state sale of new vehicles be ZEVs by 2030.

Perhaps more importantly, the EO directs the Governor's Policy office to perform a "Deep Decarbonization Pathways Analysis" and submit a report within 12 months to identify potential in-state emission reduction pathways for achieving the above mentioned goals. The EO also directs the N.C. Department of Transportation in partnership with Department of Environmental Quality (and other relevant state agencies) to develop a "North Carolina Clean Transportation Plan" within 15 months for decarbonizing the transportation sector.

According to North Carolina Transportation Secretary J. Eric Boyette, "This Executive Order ensures our state is preparing for and supporting emerging technologies…We are committed to working with our state and local partners to develop a clean transportation plan – one that will benefit all North Carolinians."

The EO's focus on transportation is a great next step for North Carolina from both an environmental and economic standpoint. A recent Southern Alliance for Clean Energy report revealed that although annual CO2 emissions associated with the industrial, residential and electric power sectors in North Carolina have declined or remained steady since 1980, the State's population has increased from

less than six million to more than 10 million causing its transportation-related CO2 emissions to become the largest single source of CO2 emissions in the state. For this reason alone, Executive Order No. 246 is a step in the right direction. But the EO also rings the bell for any company operating in the clean technology arena.

Research Triangle Cleantech Cluster (RTCC) Executive Director Deb Wojcik said Executive Order No. 246 is another example of North Carolina's "continued leadership in clean energy policy and implementation" and demonstrates to industries that the state "is a place where cleantech companies can truly thrive and, in turn, drive even more growth, opportunity, and innovation for our economy and citizens."

Companies near and far should monitor policy developments in North Carolina over the next few years to identify emerging commercial opportunities.

To be clear, Executive Order 246 is not an anomaly for North Carolina. It builds on the Governor's previous actions supporting clean energy, climate change, and environmental justice. Since 2018, **the Governor has issued:**

- Executive Order No. 80, affirming North Carolina's commitment to addressing climate change;
- Executive Order No. 143, establishing the Andrea Harris Social, Economic, Environmental and Health Equity Task Force to address long-term disparities in these areas; and
- Executive Order No. 218, highlighting North Carolina's commitment to offshore wind.

And, these policies and actions are not just happening at the Executive level. In October 2021, the NC Legislature passed House Bill 951, a bipartisan law requiring the North Carolina Utilities Commission to take "all reasonable steps" to reduce carbon emissions from electric public utilities by 70 percent from 2005 levels by the year 2030, and achieve carbon neutrality by 2050. Among other things, the new law requires the Commission to produce a Carbon Plan through a stakeholder process "no later than" December 31, 2022. The Commission docket to develop the Carbon Plan has already begun in Docket Number E-100, Sub 179. The first stakeholder meeting will be held virtually by Duke Energy Progress and Duke Energy Carolinas on January 25, 2022. Duke has engaged Great Plains Institute ("GPI"), a third party, to facility the stakeholder process.

Due in part to North Carolina's existing policies, North Carolina has already experienced a number of impressive wins in the cleantech sector over the past several months. For example, on December 6, 2021, the Governor's office announced that Toyota will build its first North American battery manufacturing plant for a new generation of electric vehicles in North Carolina, creating at least 1,750 jobs. Likewise, global power technology company Smart Wires Inc. – which works to advance delivery of affordable, clean electricity around the world – selected Durham, NC as the site for its global headquarters in July of 2021. With the implementation of Executive Order 246, North Carolina should become increasingly attractive for companies like these to open facilities and relocate into the State.

Companies near and far should monitor policy developments in North Carolina over the next few years to identify emerging commercial opportunities. Executive Order No. 246's emphasis on decarbonizing the transportation industry suggests some of the specific resources and technologies

that could likely emerge as winners. It is quite likely that the North Carolina Clean Transportation Plan may spur growth in renewable natural gas generation and further developments in the application of hydrogen as part of the transition to low-emission transportation fuels. Additionally, battery technology is likely to play a key role in the transition to widespread electric vehicle use. Notably the tin-spodumene belt of the Carolinas contains the largest reserves of lithium in the United States, making North Carolina a natural hub for battery manufacturing. Increased adoption of electric vehicle use in the state will require significant investment in electricity distribution infrastructure and vehicle charging stations. Further, increasing access to vehicle charging stations could entail implementation of solar powered charging resources. Solar generation, paired with battery storage, may be central to the development of a more widespread, reliable vehicle charging network while simultaneously providing additional reductions in carbon emissions.

The Governor has asked that state agencies collaborate with transportation experts, municipalities and other local governments, planning organizations, auto manufacturers, automobile dealers, utilities, relevant businesses and interested stakeholders in developing and implementing the Clean Transportation Plan. This is a clear opportunity for stakeholders to help North Carolina to become a leader in clean technology, but also to make it a leading CleanTech Cluster in support of the country's ongoing energy transition.

Maggie Shober and Stan Cross of the Southern Alliance for Clean Energy call the emission reduction and transportation targets outlined in Executive Order 246 "among the most aggressive in the country." Shober and Cross note the plan has great potential to increase private sector investment and create jobs in the state, as well as to address environmental and public health concerns. We couldn't agree more.

North Carolina will be the thirteenth state in the Union to adopt a ZEV program. Stay tuned as we continue to monitor the state's legislative and regulatory developments and help our clients to navigate the energy transition.

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