

## Clean Energy and Environment

### Recommendation

Provides over \$140 million for clean energy and environmental needs across North Carolina. Of these funds, \$92 million is for natural and working lands, \$22 million is for clean transportation projects, \$15 million addresses environmental justice, \$11 million expands clean energy access and adoption, and \$1.9 million enhances energy efficiency statewide.

Table 1: Allocation of Funds for Clean Energy and Environment

	Recurring	Nonrecurring
Natural and Working Lands and Resilience	\$12,082,937	\$ 80,122,500
Clean Transportation	\$22,000,000	
Environmental Justice and Equity		\$ 15,250,000
Clean Energy Access and Adoption	\$488,615	\$ 11,200,000
Lead by Example in State Government	\$ 1,965,000	
<b>Grand Total</b>	<b>\$ 36,536,552</b>	<b>\$ 106,572,500</b>

### Statement of Need

Invest funds to support North Carolina’s transition to an equitable clean energy economy to create good jobs, reduce energy costs, lower pollution, and enhance resiliency:

- While North Carolina is projected to achieve a 39% reduction in net greenhouse gas (GHG) emissions by 2030 compared to 2005 levels, more action is needed to achieve the state’s goals of a 50% reduction by 2030 and net-zero GHG emissions no later than 2050.<sup>1</sup>
- By leading the market-driven transition to clean energy, North Carolina will continue to create jobs while strengthening and diversifying its economy.
- Natural and working lands, such as forests, crops, and wetlands, are critical to reducing climate-related emissions by removing carbon from the atmosphere and developing resilience to increasingly frequent and severe extreme weather events. In 2018, NC Department of Environmental Quality (DEQ) estimated that forests and other lands removed 26.4% of total gross emissions.
- In 2018, over 81% of North Carolina’s total gross emissions were from fossil fuels. The primary sources of emissions were electricity generation and use and transportation.<sup>2</sup>
- North Carolina state government has reduced its energy consumption 31% per square foot from 2002-2003 levels, with the University of North Carolina (UNC) system has leading the way in energy management. Achieving the state’s goal of a 40% reduction in energy consumption per square foot by 2025 will lead to significant energy and cost savings for state agencies, K-12 schools, and UNC and community colleges buildings.
- North Carolinian households that were below 50% of the Federal Poverty Level (FPL) spent 33% of their annual income on energy bills, while households above 50% of the FPL spent far less, 18%, in 2018.<sup>3</sup>

<sup>1</sup> [NC DEQ 2022 Greenhouse Gas Report Fact Sheet](#)

<sup>2</sup> [NC DEQ 2022 Greenhouse Gas Report](#)

<sup>3</sup> [NC DEQ 2019 NC Clean Energy Plan, Part 3](#)

## Recommendation Detail

### Natural and Working Lands and Resilience

- **Parks and Recreation Trust Fund (PARTF):** Provides an additional \$3,757,116 recurring and \$20 million nonrecurring to the Department of Natural and Cultural Resources (DNCR) for projects in state parks, the development and renovation of local parks, and beach access. In FY 2022-23, the total funding is \$40 million.
- **North Carolina Land and Water Fund (NCLWF):** Provides \$6,842,470 recurring and \$20 million nonrecurring to DNCR to support NCLWF grants to protect and restore the state's land and water resources, preserve military buffers, restore degraded streams, and develop and improve stormwater treatment. In FY 2022-23, the total funding is \$40 million.
- **Peatland and Pocosins Conservation and Inventory:** Provides \$10 million nonrecurring to DNCR for peatlands and pocosins acquisition and restoration to reduce carbon emissions and wildfire risk, provide flood resilience, and improve water quality. DNCR's Natural Heritage Program will inventory Coastal Plain wetlands not previously included in natural heritage inventories to inform acquisition and restoration efforts.
- **Resilient Communities Grant Program and Resiliency Staff:** Provides \$762,825 recurring and \$10 million nonrecurring to the Department of Environmental Quality (DEQ) and the NC Office of Recovery and Resiliency (NCORR) within the Department of Public Safety (DPS) for core resiliency staff, to expand the program to additional communities, and to provide grants, enabling regions and local governments to reduce flood risk and promote long-term resilience.
- **Swine Floodplain Buyout Program:** Provides \$18 million nonrecurring funding to the Department of Agriculture and Consumer Services (DACS) to purchase permanent conservation easements on properties currently used for swine production that are within the 100-year floodplain.
- **Forest Development Program:** Provides \$2 million in one-time funding to DACS for cost-share assistance to NC landowners to improve forest management on private lands through landowner outreach, tree plants, and technical support to adopt and follow best practice management plans.
- **Coastal Habitat Assessment Program:** Provides \$720,526 recurring and \$122,500 nonrecurring to DEQ to establish the Coastal Habitat Assessment Program. This program will assess coastal habitats through site mapping, vegetation assessments, and observation of wetland changes over time.

### Clean Transportation

- **Integrated Mobility - Advancing Innovative Technologies and Initiatives:** Provides \$2 million recurring to enable the Department of Transportation's (DOT) Integrated Mobility Division to respond to new technologies to provide affordable and equitable access to transportation. These funds will support pilot programs and match federal grants, including grants to increase access to on-demand transit in rural areas.
- **Rail - S-Line Federal Grant Match:** Provides \$10 million to DOT to leverage federal grants available under the Infrastructure Investment and Jobs Act. This will fund the first portion of the S-Line, connecting Wake, Franklin, Vance, and Warren Counties, increasing rail capacity and resilience and creating economic development and environmental benefits.

- **Bicycle and Pedestrian Projects:** Provides \$10 million recurring to DOT to establish a local government grant program to leverage additional federal funds for bicycle and pedestrian projects, such as shared-use paths, bicycle lanes, and bicycle and pedestrian bridges.

#### Environmental Justice and Equity

- **Clean Energy Access and Energy Efficiency Supplement:** Provides \$15 million nonrecurring to DEQ to reduce energy bills while improving safety and quality of life for North Carolinians. This funding will complement the existing federal Weatherization program and expand support for low-income households to implement energy efficiency measures, access clean energy sources, and weatherize and update their homes.
- **Equitable Community Engagement:** Provides \$250,000 nonrecurring to DEQ for grants to support equitable community engagement and participation in stakeholder processes. This funding will support public participation from underserved communities to better inform agency decision making processes and assess community impact.

#### Clean Energy Access and Adoption

- **Energy Efficient Schools and Community Colleges:** Provides \$10 million nonrecurring and one position for DEQ to establish a grant program for K-12 school districts and community colleges to implement energy efficiency, clean energy, and clean transportation projects. Funds may also be used for DEQ's Utility Savings Initiative and serve as a state match to bring additional federal infrastructure funds to communities statewide.
- **Energy Centers Operations, Research and Student Fellowships:** Provides \$133,000 recurring and \$400,000 nonrecurring to each of the state energy centers at NC State University, NC Agricultural & Technical State University, and Appalachian State University. These funds will ensure continued operations at the energy centers and enable workforce development efforts, innovative research, technical assistance, and matching funds for federal grants.

#### Lead by Example in State Government

- **Infrastructure and Energy Efficiency Staff and Software:** Creates a total of 17 positions at the state agencies that manage the largest building square footage, including three positions at Department of Health and Human Services, Department of Administration, DNCR, and DACS, and five positions at DPS for Infrastructure Engineers, Energy Efficiency, and Facilities Maintenance. These positions will enhance the departments' capital planning, ensure more timely building maintenance and repairs, and improve energy efficiency in state buildings. Funds will also be used for utility monitoring software, enabling the department to monitor energy usage and implement energy conservation projects and activities, reducing overall state energy consumption and supporting the state's clean energy and energy efficiency goals.

#### Expected Impact

Funds will accelerate North Carolina's transition to a clean energy economy, mitigate the impacts of climate change and local pollution on underserved communities, reduce energy costs, and strengthen resiliency.

Expected impacts include:

- Increased number of North Carolina households at or under 200% of the poverty line that can access federal funds for home energy efficiency.

- Increased energy and utility cost savings for state government, K-12 schools, and community colleges. State-owned buildings have avoided almost \$1.6 billion dollars in utility costs since FY 2002-03 due to energy savings measures.
- Restoration of 250,000 acreages of degraded peatlands to promote natural carbon sequestration and help North Carolina achieve its climate goals.
- Expansion of the Resilient Communities program, providing at least 20 additional communities statewide with increased technical support and grants to improve local and regional resilience.
- Support for the voluntary buyout of up to 19 swine farms, reducing flooding concerns while maintaining floodplains for agricultural and forestry land uses.
- Support for the restoration of an additional 18,200 acres of forestland in North Carolina with potential to plant an additional 6 million trees for a healthier forest ecosystem and better environment.