

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2009**

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**HOUSE BILL 1609**

Short Title:    Establish Statewide Fuel Acquisition Program. (Public)

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Sponsors:    Representatives Martin and Glazier (Primary Sponsors).

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Referred to:    Energy and Energy Efficiency, if favorable, Appropriations.

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May 7, 2009

A BILL TO BE ENTITLED  
AN ACT TO APPROPRIATE FUNDS TO ESTABLISH A STATEWIDE FUEL  
ACQUISITION AND SUPPLY PROGRAM.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** The State Energy Office of the Department of Administration shall establish a Statewide Fuel Acquisition and Supply Program (SFASP) to insulate State, county, and municipal governments from fuel supply disruptions and the associated vulnerabilities and costs by collectively acquiring and storing fuel in this State sufficient to support State, county, and municipal governments' "sunny day" fuel requirements for not less than 60 days. The Program shall consist of at least the following components:

- (1) Realizing economies of scale in the purchase of fuel by entering into service level agreements with local governments to provide fuel to those local governments for 12-month periods at prices not to exceed a certain agreed upon amount and using the resulting increased purchasing power to purchase fuel for the State, and local governments with which the Program has agreements, at more advantageous prices.
- (2) Maintaining a supply of fuel sufficient to meet the "sunny day" fuel needs of State and local governments in this State for two months. This supply shall be acquired and maintained by doing the following:
  - a. Making a onetime purchase of a three-month supply of fuel sufficient to support the "sunny day" requirements of State, local, and municipal governments.
  - b. Purchasing monthly, after this initial purchase, a one-month "sunny day" fuel supply to replace the monthly depletion of fuel supplies and thereby ensuring that the three-month supply of fuel is maintained.
- (3) Placing funds in the State Fuel Acquisition Reserve by doing the following:
  - a. Requiring, as part of the contracts negotiated with local governments pursuant to this act, that a portion of the savings those governments realize through SFASP be placed in the State Fuel Acquisition Reserve created by this act.
  - b. Transferring any funds realized by SFASP by purchasing fuel at a lower cost than the local governments agreed to pay for it from SFASP to the State Fuel Acquisition Reserve.
- (4) Negotiating a fuel supply convenience contract with 15 to 20 distributors who (i) agree to sell fuel to the State for one year at a price not to exceed a predetermined amount based on a 10-year, five-year, or one-year composite average; (ii) agree to allow the State to "lock in" fuel prices when they are



1 below the composite average; and (iii) have demonstrated the capacity to  
2 efficiently and effectively acquire, distribute, and store large volumes of  
3 fuel.

4 **SECTION 1.(b)** There is established in the State Energy Office of the Department  
5 of Administration a State Fuel Acquisition Reserve. Funds in the reserve shall not revert to the  
6 General Fund but shall remain available for expenditure as provided by this section. Funds in  
7 the State Fuel Acquisition Reserve may be used for future fuel acquisition or to repay any up-  
8 front capital costs associated with the initial two-month fuel supply acquisition authorized by  
9 this act.

10 **SECTION 1.(c)** There is appropriated from the General Fund to the State Fuel  
11 Acquisition Reserve the sum of thirty-two million eighty thousand dollars (\$32,080,000) for the  
12 2009-2010 fiscal year to carry out the purposes of this act.

13 **SECTION 2.** This act becomes effective July 1, 2009.