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State Energy Office will be out of money by next year State Auditor Ralph Campbell says in new audit

RALEIGH _ A major source of funding for the State Energy Office, which is responsible for promoting energy efficiency and alternative fuels, will disappear next year if the General Assembly continues allocations at the present levels, State Auditor Ralph Campbell said in a new audit released Friday.

Over the last four years, 86 percent of the funding for the Energy Office came from federal Petroleum Violation Escrow funds, but the final payment from those funds is scheduled for 2005. As of May 2004, the Energy Office had \$10 million in a trust account set up for those funds, but that money will be gone by next year if spending continues at present levels, auditors found.

State legislators requested a performance audit of the Energy Policy Council and the State Energy Office, which were created in 1975. The Energy Office, which is financed entirely with federal funds, is now funding 80 energy projects, with an estimated total cost of \$9.8 million through 2005. The Council and Energy Office are responsible for promoting energy efficiency, renewable energy sources, alternative fuels and alternative fuel vehicles. It also makes energy policy recommendations to State officials and plans for energy emergencies during natural disasters and supply disruptions.

Auditors found that the Council and the Energy Office generally are meeting the intent of the legislation, but the Council has failed to submit a mandated annual comprehensive report to the Governor and the General Assembly. In addition, a number of State agencies have failed to submit required energy plans and information to the Energy Office.

Auditors said that the legislation which created the Council and Energy Office has not undergone a major revision since 1975 and may no longer reflect the State's energy landscape or needs. They also recommended that the Energy Office do a better job of maintaining centralized files for each grant project and monitoring projects which it finances.



“These programs were established in the 1970s in the wake of the national energy crisis,” Campbell said in releasing the audit. “With a major source of federal funding expiring next year, it clearly is time for the State to evaluate its energy policies and needs for the future.”

The report is available on-line at <http://www.ncauditor.net/EPSSWeb/EDSreportdetail.asp?RepNum=PER-2004-0206>

Copies of the report may be obtained at the office’s web site at www.ncauditor.net. Printed copies of the report can be obtained by filing a request under the Audits section of the web site or by calling the Office of the State Auditor at 919-807-7500.

