North Carolina Energy Policy Task Force

Secretary Reid Wilson
CO-CHAIR

Representative Kyle Hall
CO-CHAIR

April 8, 2026

Call to Order and Opening Remarks

Representative Kyle Hall
CO-CHAIR

Secretary Reid Wilson
CO-CHAIR

Conflict of Interest Policy

In accordance with the **State Government Ethics Act**, it is the duty of every Task Force member to avoid both conflicts of interest and the appearance of conflicts of interest.

If any member has any known conflict of interest or is aware of facts that might create the appearance of such conflict with respect to any matters coming before the Taskforce today, please identify the conflict or facts that might create the appearance of conflict to ensure that any inappropriate participation in that matter be avoided.

If at any time, any new matter raises a conflict during the meeting, please be sure to identify it at that time.

Public Records Policy

N.C. GEN. STAT. §132-1(b): "Public records and public information compiled by the agencies of North Carolina Government of it subdivisions are the property of the people"

What is public record?

- Any type of document "made or receive pursuant to law or ordinance in connection with the transaction of public business…"
- "Commissions and committee members," including members of this task force are included
- Includes text messages, emails, instant messages regard state business on either public or private devices or accounts

Roll Call

Members **Roll Call**

Task Force Workplan for 2026-2027

- Load Growth Subcommittee:
  - Three educational sessions on Large Load Tariffs, Bring Your Own Capacity, and Load Flexibility – April 16, 23, and 30
  - Biweekly meetings, dividing subcommittee into three working groups on each of these topics to develop options
  - Every fourth meeting, bring working groups together to report out on progress

Task Force Workplan for 2026-2027

- Technical Advisory Subcommittee:
  - Four educational sessions on Energy Efficiency, Load Forecasting, Interconnection Reform, and Grid Enhancing and Advanced Transmission Technologies – April 13, 20, and 27 and May 4
  - Biweekly meetings, dividing subcommittee into four working groups on each of these topics to explore further policy levers
  - Every fourth meeting, bring working groups together to report out on progress

Presentation

- Reese Rogers, Microsoft

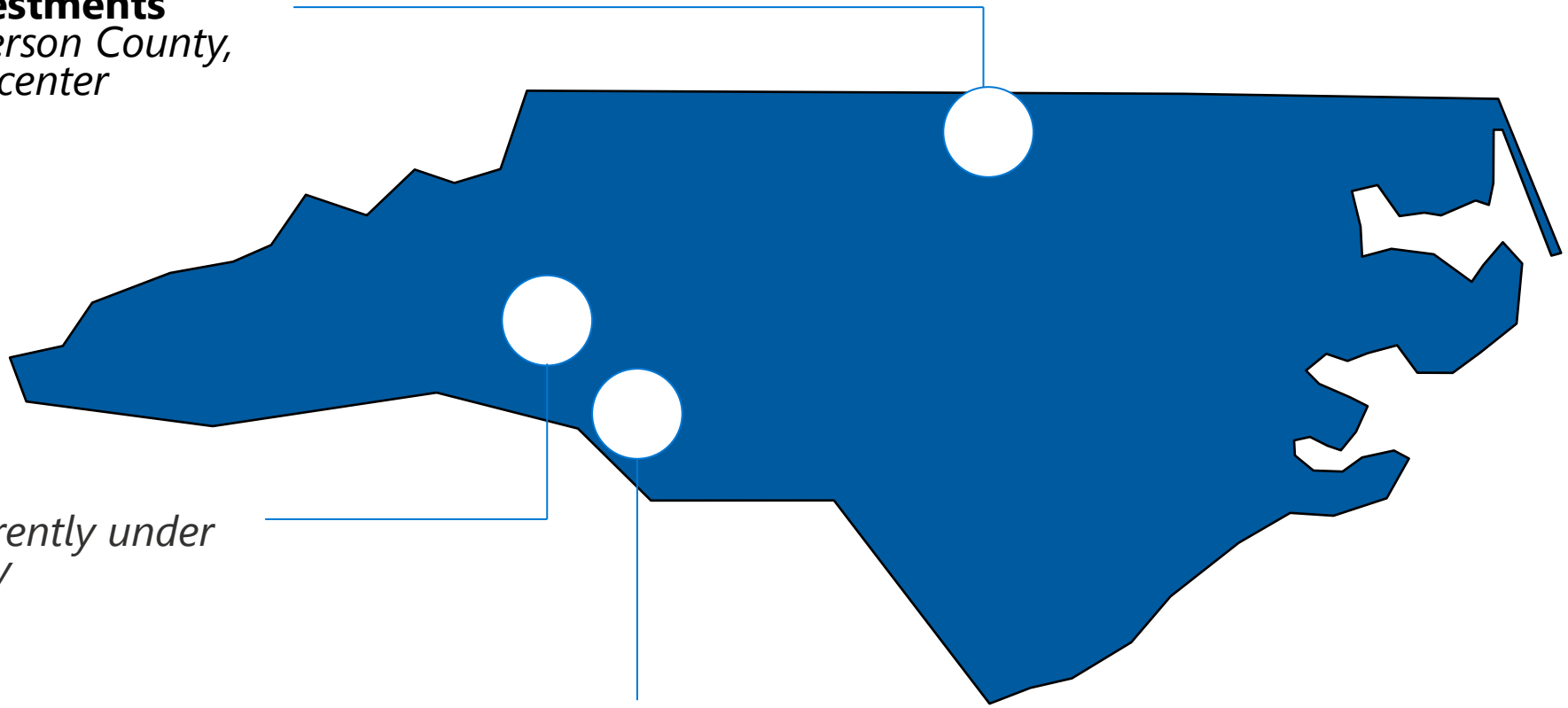
Microsoft

North Carolina Energy Policy Task Force

Cloud Operations + Innovation

Microsoft is committed to growing responsibly in North Carolina while protecting ratepayers and grid reliability

Person County Investments
Purchased land in Person County, NC for planned datacenter investment



Catawba County Datacenters
Three datacenter campuses currently under construction in Catawba County

Charlotte Campus
One of the largest Microsoft facilities in the United States outside of the Redmond campus

Datacenters are the infrastructure that delivers the cloud

The cloud plays **a significant role in our everyday lives**, enabling remote work and learning, global collaboration, supporting discovery and innovation, driving economic development, and importantly, powering critical life and safety services.

Datacenters have become integral to our lives, from connecting with family and friends, to facilitating contactless payments and remote working, our modern lives are reliant on the functionality datacenters provide and demand is growing.

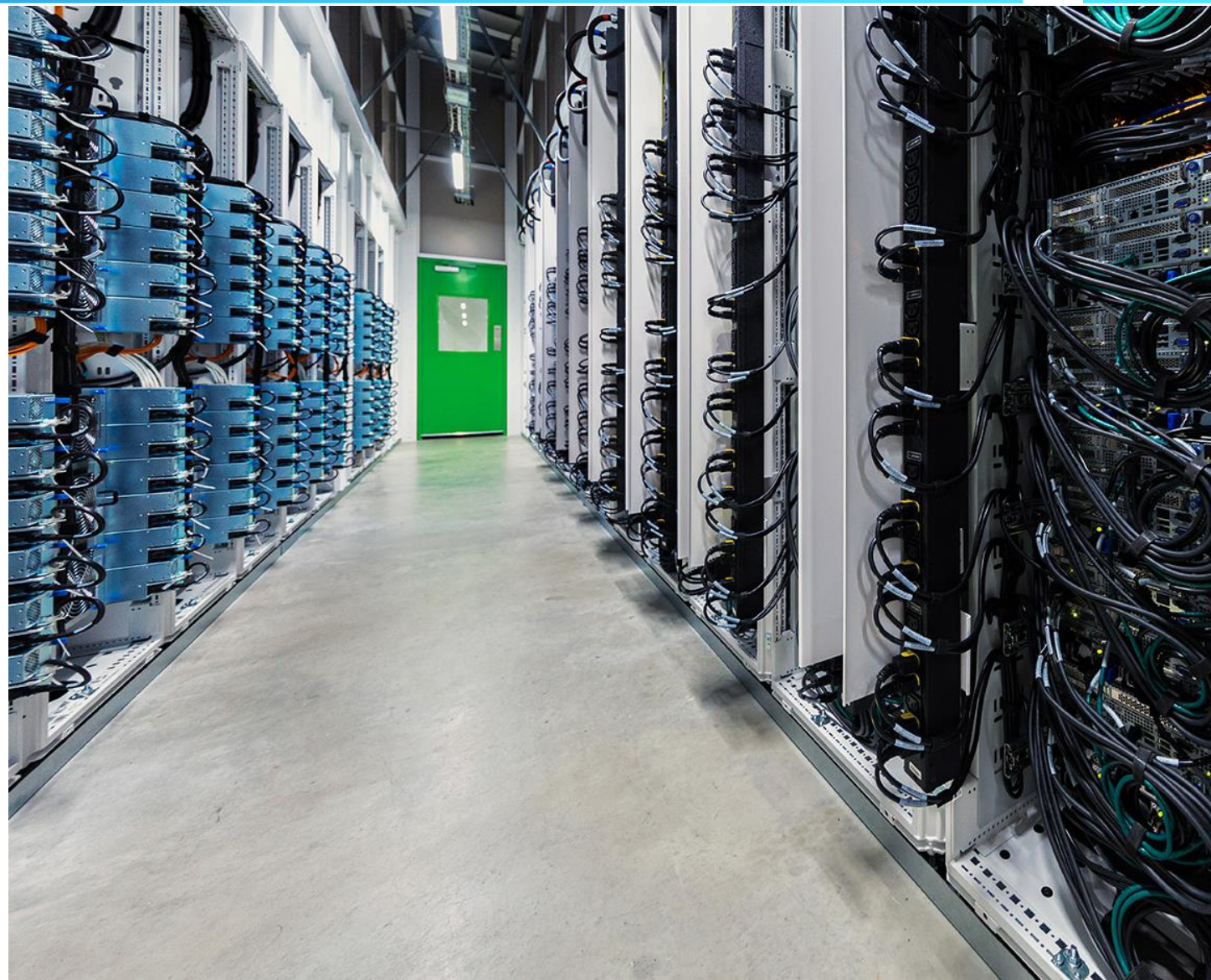
Organizations in North Carolina rely on the Microsoft Cloud, including companies large and small, startups, governments, hospitals, banks, schools, and more.

Ensuring reliability for the grid and for customers

Cloud datacenters support mission-critical functions (finance, healthcare, emergency services, public sector, commerce)

Flexibility programs should be voluntary and include clear performance standards, transparent valuation, and reliability-safe guardrails.

Collaborative development of solutions that support both grid reliability and customer operations.



Microsoft's Community-First AI Infrastructure Plan

1. We'll pay our way to ensure our datacenters don't increase your electricity prices.

- Pay utility rates that are high enough to cover our electricity costs
- Collaborate with utilities on plans to add to the electricity we will need
- Innovate to make our datacenters more efficient
- Advocate for public policies needed for affordable, reliable, and sustainable power

2. We'll minimize our water use and replenish more of your water than we use.

- Reduce the amount of water our datacenters use
- Replenish more water than we use
- Provide greater local transparency
- Advocate for public policy that helps minimize water use

3. We'll create jobs for your residents.

- Invest in partnerships to train local construction workers
- Expand our Datacenter Academy program to train more individuals for ongoing operations roles
- Encourage policymakers to support new job opportunities

4. We'll add to the tax base that funds local hospitals, schools, parks, and libraries.

- We won't ask municipalities to reduce their local property tax rates for datacenters
- We'll support policies to invest the added taxes we pay in the vital services the community cares about

5. We'll strengthen your community by investing in local AI training and non-profits.

- Partner with schools, community colleges and universities to provide AI training
- Support adults with AI tools and skills through AI learning hubs in local libraries
- Support AI skills training for businesses
- Invest in local non-profits

Well-designed tariffs support community-first infrastructure

Engagement on large load tariff designs around the country

- Microsoft has engaged in regulatory proceedings regarding large load tariffs around the country including Ohio, Indiana, Iowa, Virgina, Arizona, and Nevada

Support reliable grid development through long-term contracts and financial commitments

- Evolving tariff structures in many jurisdictions provide ratepayer protections while enabling the planning of a reliable and resilient grid

Microsoft shapes market demand to accelerate the addition of carbon-free energy and capacity

Black Hills Energy:
Collaborative Tariff Development to Address Reliability

Innovative utility partnership demonstrating how customer-sited assets can substitute for traditional infrastructure investment

Microsoft procured wind energy through market purchases to cover annual datacenter energy needs and support additional CFE on the grid

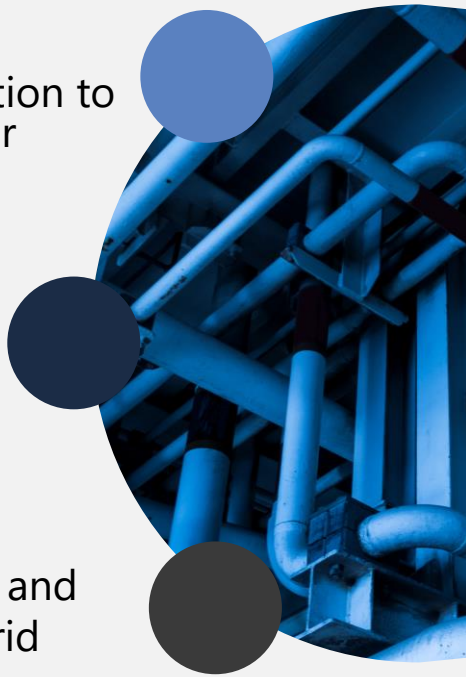
Tariff developed in collaboration with Microsoft incentivizes large load customers to provide backup assets for grid support

Constellation Energy: Repowering Nuclear

Microsoft signed a 20-year power purchase agreement with Constellation to enable restart of an 835 MW nuclear facility in Pennsylvania

Brings a significant supply of net-new, reliable, carbon-free electricity to the PJM power grid

Innovative agreement structures and multi-technology approach to grid decarbonization and reliability



Microsoft

Thank you

Estimate of North Carolina's Data Center Sales Tax Exemption

Energy & Infrastructure Office

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Background

- **Exemption applies to:** Electricity, electrical infrastructure and power equipment, HVAC systems, and computer hardware/software.

- **Eligibility:** Meets county-tier wage standards; invests $75 million in real property within five years; provides health insurance for full-time employees.

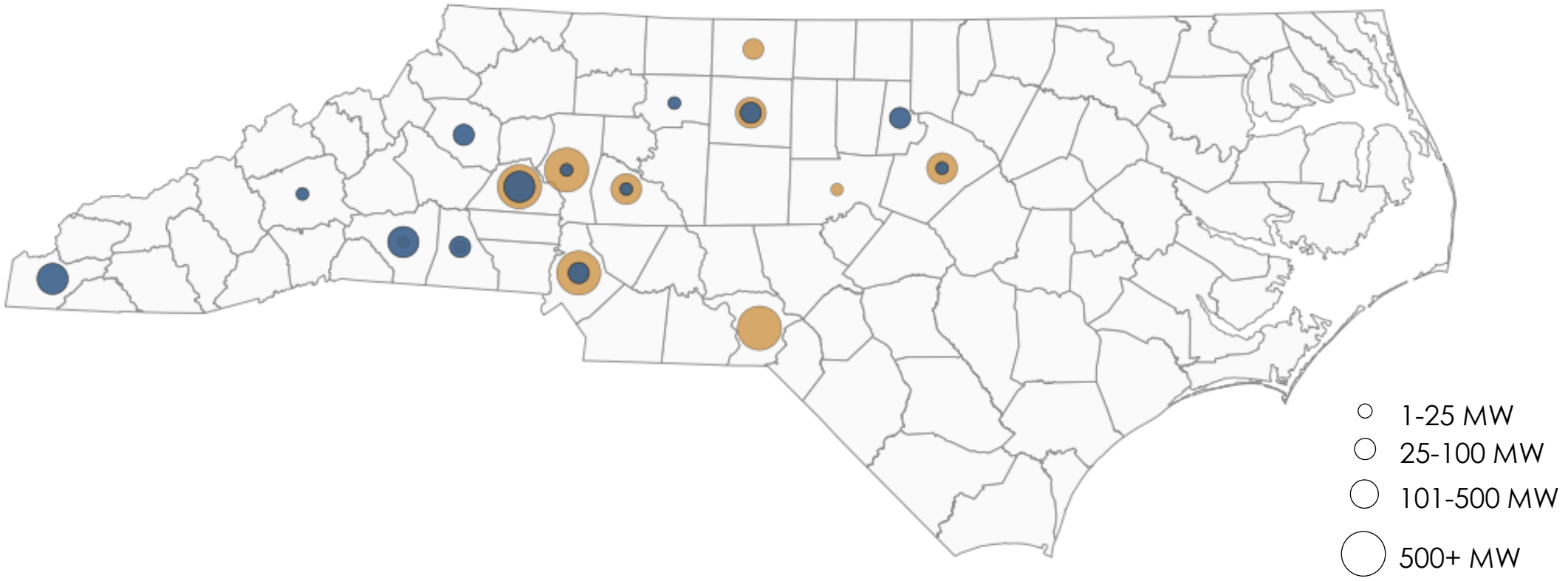
- **Certification:** Developer submits investment details to Commerce, which certifies statutory compliance. Certification must be shown if audited by Department of Revenue.

Data center projects in North Carolina

County-level data as of December 2025

Existing Data Centers: 800 MW

Future Data Centers: 6,300 MW



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Source: Baxtel accessed through National Lab of the Rockies

Data Center Sales Tax Exemption Assumptions

Tax Exemption	**Existing Data Centers** 800 MW *Annual*	**Future Data Centers** 6,300 MW *Cumulative During Construction*	**Future Data Centers** 6,300 MW *Annual After Construction*
Electricity	$25,000 Per MW	-	$25,000 Per MW
Equipment	$40,000 Per MW	$308,000 Per MW	$40,000 Per MW

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*Note: New data centers are likely to claim higher tax exemptions because they must purchase equipment for the entire facility during construction.

Data Center Sales Tax Exemption Assumptions

Tax Exemption	**Existing Data Centers** 800 MW *Annual*	**Future Data Centers** 6,300 MW *Cumulative During Construction*	**Future Data Centers** 6,300 MW *Annual After Construction*
Electricity	$20 Million	-	$160 Million
Equipment	$25 - $37 Million	$1.5 - $2.3 Billion	$200 - $300 Million

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*Note: New data centers are likely to claim higher tax exemptions because they must purchase equipment for the entire facility during construction.

Sales and Use Tax Discussion

Discussion Question:

- What are your views on whether the sales and use tax exemptions for data center equipment and electricity use should be repealed, modified, or left in place?
- If you think repeal or modification is appropriate, do you have any specific views on how this should be done (e.g., grandfathering, timing, conditions for qualification, etc.)

Breakout #1

- **Topics:**
  - Large Load Tariffs – red sticker
  - Bring Your Own Capacity – blue sticker
  - Load Flexibility – green sticker

- **Discussion Questions:**
  - What policy options or levers are you interested in exploring in more detail?
  - What states, utilities, or customers are implementing interesting programs that you want to learn more about?
  - Are there any experts you want to bring in to ensure the task force has the best available information?

Breakout #2

- **Topics:**
  - Interconnection Reform – red sticker
  - Grid Enhancing and Advanced Transmission Technologies – blue sticker
  - Load Forecasting – green sticker

- **Discussion Questions:**
  - What policy options or levers are you interested in exploring in more detail?
  - What states, utilities, or customers are implementing interesting programs that you want to learn more about?
  - Are there any experts you want to bring in to ensure the task force has the best available information?

Breakout #3

- **Topics**:
  - Affordability and Energy Efficiency – red sticker
  - Distributed Energy Resources – blue sticker
  - Open Topic – green sticker

- **Discussion Questions**:
  - What policy options or levers are you interested in exploring in more detail?
  - What states, utilities, or customers are implementing interesting programs that you want to learn more about?
  - Are there any experts you want to bring in to ensure the task force has the best available information?

Discussion & Next Steps

Upcoming Meetings

- **Full Task Force Meeting**
  - July 2026, exact date and time TBD

- **Load Growth Subcommittee (Thursdays)**
  - April 16 – Large Load Tariffs
  - April 23 – Bring Your Own Capacity
  - April 30 – Load Flexibility

- **Technical Advisory Subcommittee (Mondays)**
  - April 13 – Interconnection Reform
  - April 20 – Grid Enhancing and Advanced Transmission Technologies
  - April 27 – Energy Efficiency
  - May 4 – Load Forecasting

Adjournment

Secretary Wilson

Appendix: Methodology

Data Center Sales Tax Exemption Estimates

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Electricity Exemption

Data Center Type	Average Load Factor *% of nameplate capacity*	Average Peak Factor *% of nameplate capacity*
Single-Tenant *(Hyperscaler)*	75%	80%
Multi-Tenant *(Colocation)*	57%	64%

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Source: EPRI 2026 Powering Intelligence: Updated Scenarios of U.S. Data Center Electricity Use and Power Strategies

Electricity Exemption

Schedule HLF	DEC	DEP
Fixed Charges	$500	$2,641
Energy Charge	$0.028 *per kWh*	$0.034 *per kWh*
Demand Charge	$22.28 *per kW*	$31.38 *per kW*

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Source: EPRI 2026 Powering Intelligence: Updated Scenarios of U.S. Data Center Electricity Use and Power Strategies

Electricity Exemption

Schedule HLF	DEC	100 MW Data Center
Fixed Charges	$500	$500
Energy Charge	$0.028 *per kWh*	$14.2 Million
Demand Charge	$22.28 *per kW*	$17.1 Million
		$31.3 Million

x 7% = **$2.2 Million**

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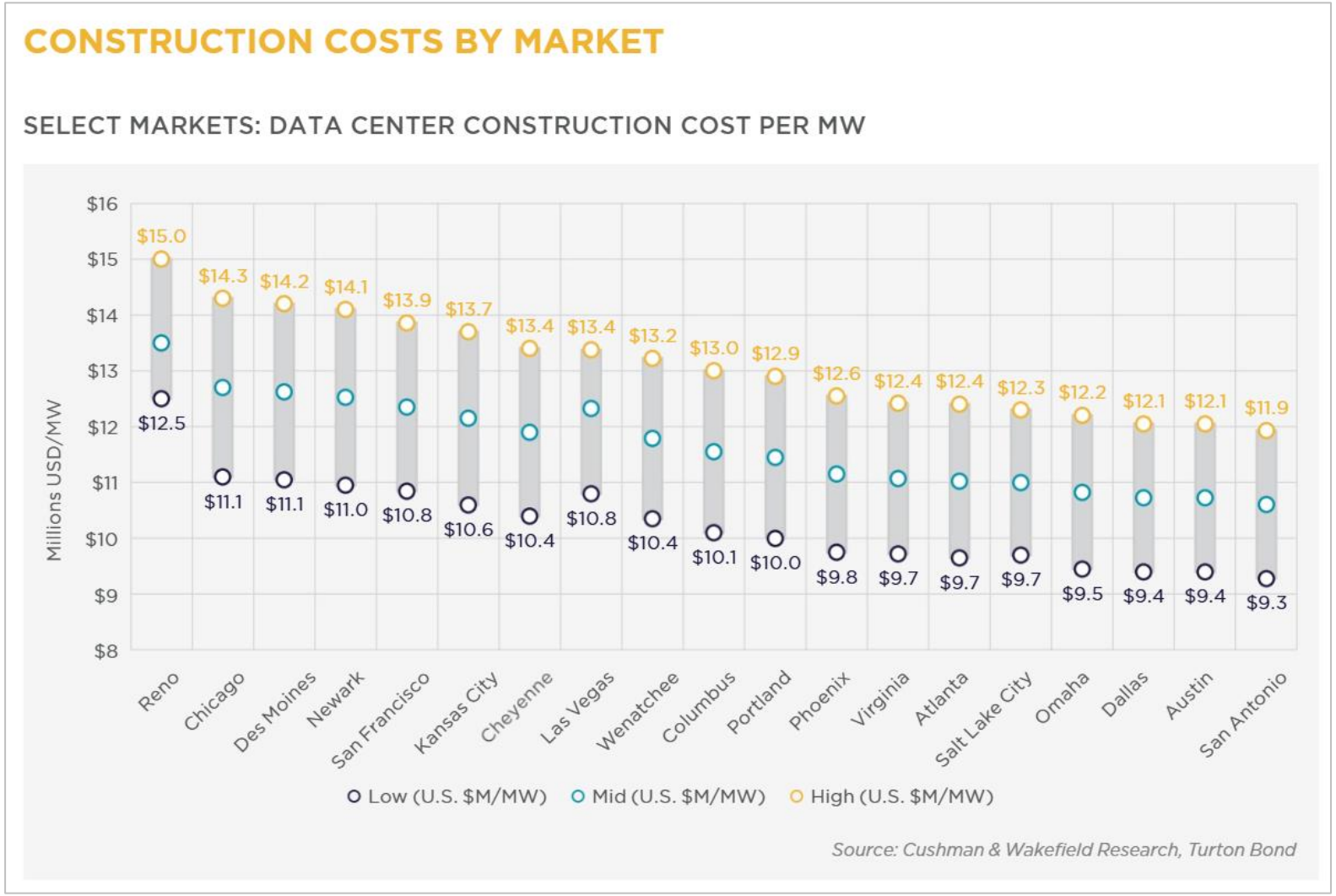
Equipment Exemption



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Equipment Exemption

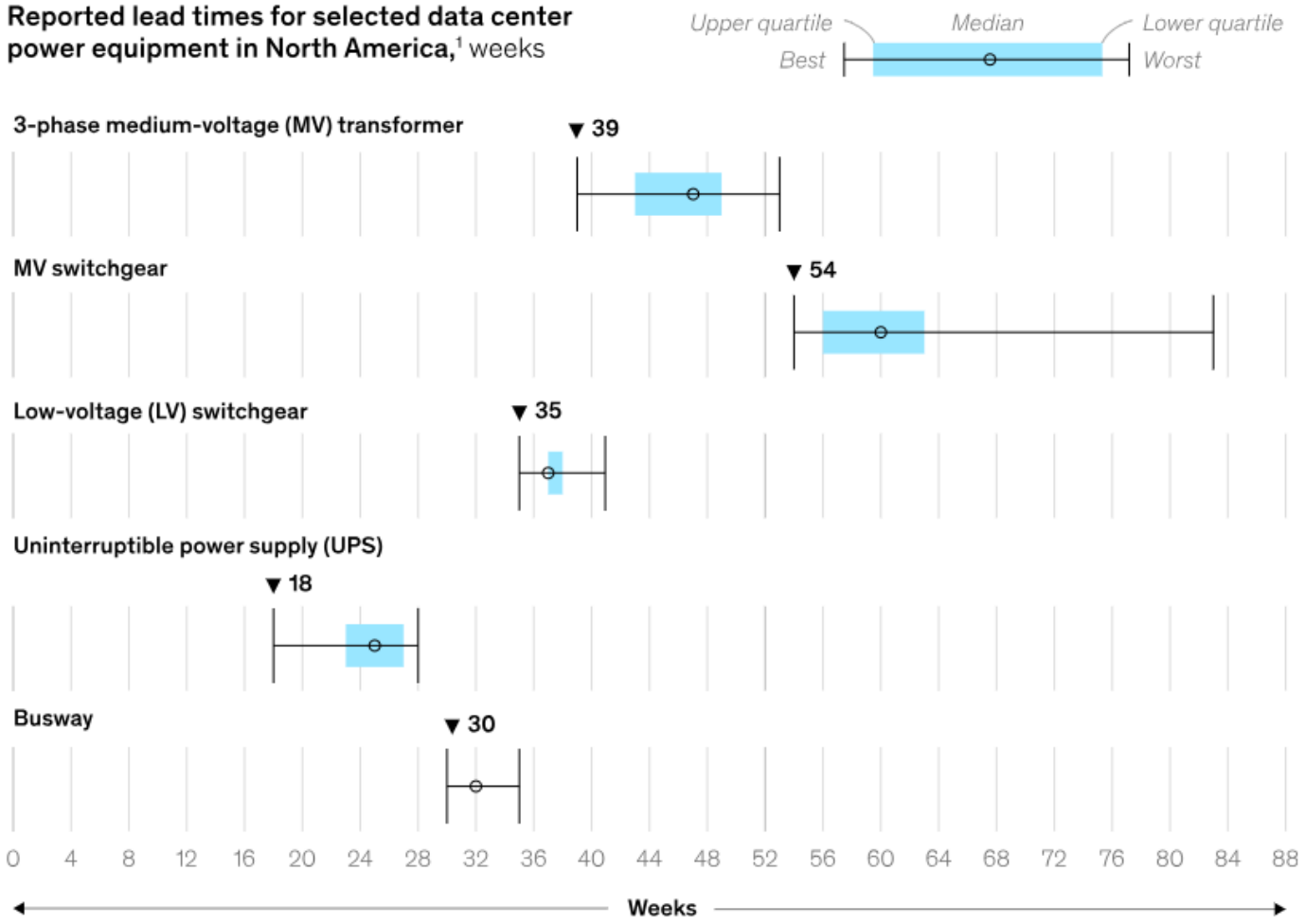
Category	Share of qualifying equipment	Turnover Rate (Years)	Annual Turnover
IT + Network	50%	5.5	18%
Power	30%	10	10%
Cooling	20%	20	5%
Annual			**13%**

In January 2025, we completed an assessment of the useful lives of property and equipment, which resulted in an increase in the estimated useful lives of most servers and network assets to 5.5 years, effective January 1, 2025. Based on the servers and network assets placed in service as of December 31, 2024, the financial impact of this change in estimate included a reduction in depreciation expense of $826 million and an increase in net income of $695 million, or $0.27 per diluted share, for the three months ended March 31, 2025.

Meta, 2025 Q1 SEC Filing

Lead times for critical equipment are growing, reaching more than 50 weeks in some cases.

Reported lead times for selected data center power equipment in North America,[1] weeks



[1]Lead-time definitions by product: 3-phase transformers, UPS, and busway reflect catalog lead times, while MV switchgear and LV switchgear reflect engineered-to-order lead times. This distinction was made based on expert interviews indicating which definition is more commonly used for specific products.
Source: McKinsey expert interviews with buyers at hyperscaler and colocation providers

McKinsey & Company

Data Center Subsidy Programs Costing Over $100 Million Per Year

State	Reported Cost *Millions of $*	Year	Notes
Texas	$1,015	2025	Costs for two sales and use tax exemption programs that include exemptions on power purchase.
Virginia	$732	2024	Includes only state sales tax exemptions from ACFRs. A one-time study of data centers in Virginia reported $928.6 million in state, local, and regional sales tax exemptions in FY 2023, $683 million being state loss.
Illinois	$370	2023	Amounts of state and local exemptions reported by companies.
Georgia	$296	2025	Estimates of state and local sales tax exemptions for two data center programs.
Iowa	$151	2020	Costs of sales and property tax exemptions; estimates from before AI boom.
Nevada	$139	2024	Costs of sales and property tax exemptions.
Ohio	$127	2025	Sales and use tax exemptions.
Minnesota	$114	2025	Sales and use tax exemptions.
Washington	$112	2025	State and local sales tax exemptions for two programs (urban and rural locations).
Tennessee	$103	2025	State and local sales tax exemptions.

Source: Good Jobs First