**South Carolina General Assembly**

123rd Session, 2019-2020

**S. 998**

**STATUS INFORMATION**

Joint Resolution

Sponsors: Senators Davis, Climer, Campbell, J. Matthews, Gregory, Fanning and Young

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Companion/Similar bill(s): 4940

Introduced in the Senate on January 14, 2020

Currently residing in the Senate Committee on **Judiciary**

Summary: Electricity Market Reform Measures Study Committee

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

1/14/2020 Senate Introduced and read first time ([Senate Journal‑page 66](file:///h:\sj\20200114.docx))

1/14/2020 Senate Referred to Committee on **Judiciary** ([Senate Journal‑page 66](file:///h:\sj\20200114.docx))

1/30/2020 Senate Referred to Subcommittee: Gambrell (ch), Hutto, Sabb, Climer, Goldfinch

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**VERSIONS OF THIS BILL**

[1/14/2020](file:///p:\pprever\2019-20\998_20200114.docx)

**A** **JOINT RESOLUTION**

TO ESTABLISH THE ELECTRICITY MARKET REFORM MEASURES STUDY COMMITTEE, TO PROVIDE FOR THE MEMBERSHIP OF THE STUDY COMMITTEE, TO PROVIDE THAT THE COMMITTEE SHALL STUDY WHETHER THE LEGISLATURE SHOULD ADOPT MARKET REFORM MEASURES AFFECTING THE PROVISION OF ELECTRIC SERVICE IN SOUTH CAROLINA AND STUDY THE PUBLIC BENEFITS ASSOCIATED WITH SUCH MEASURES, TO APPROPRIATE FUNDS TO ENGAGE A THIRD‑PARTY, INDEPENDENT, EXPERT CONSULTANT, OR CONSULTANTS, TO ADVISE THE STUDY COMMITTEE.

Whereas, much of the electric service provided in South Carolina is currently provided by vertically integrated providers of electric distribution and transmission services; and

Whereas, new and innovative sources of energy production are emerging, which are transforming the electric industry for the benefit of consumers in the State by promoting retail service reliability and affordability; and

Whereas, the State recognizes that existing nuclear power plant units in operation and located in this State or in the balancing authority of electrical utilities or public power agencies operating in this State provide an emissions-free generating source of power while also providing employment and economic benefits for a significant number of South Carolinians, and this study is not intended to force divestiture of ownership or operation of any nuclear power plant unit in operation; and

Whereas, the State has adopted measures to diversify the resources used to reliably meet the energy needs of consumers in the State through Act No. 62 of 2019 and through other measures; and

Whereas, the development of new, low‑cost generation resources in the State has encouraged private investment in new generating facilities and ancillary businesses, creating new tax bases and economic opportunities throughout the State; and

Whereas, the adoption of measures to reform the structure of the existing electric transmission service may further promote the development of and access to low‑cost, reliable resources for the benefit of South Carolina consumers; and

Whereas, any electricity sector regulatory framework changes, the restructuring of existing electric transmission service, or joining an existing or creating a new regional transmission organization (“RTO”) may require changes to state law as well as federal authorization. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. (A)(1) There is created the Electricity Market Reform Measures Study Committee. The study committee is comprised of eighteen members, of which six are voting members and twelve are non-voting members.

(2) The study committee shall meet as soon as practicable after the enactment of this joint resolution to organize and to elect a chairman and vice-chairman. The chairman and vice‑chairman shall be legislative members of the study committee elected by a majority vote of the legislative members of the committee.

(B) The voting members of the study committee are comprised of:

(1) three members of the House of Representatives, all serving ex officio, appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee; and

(2) three Senators, all serving ex officio, appointed by the Chairman of the Senate Judiciary Committee.

(C) The non-voting members of the study committee are comprised of:

(1) the Director of the Office of Regulatory Staff;

(2) a representative of the South Carolina American Association of Retired Persons;

(3) the South Carolina President of Duke Energy, or his designee;

(4) the Chief Executive Officer of the South Carolina Public Service Authority, or his designee;

(5) the President of Dominion Energy South Carolina, or his designee;

(6) two representatives of residential consumers of electricity in South Carolina appointed by the Chairman of the Senate Judiciary Committee;

(7) two representatives of commercial consumers of electricity in South Carolina appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee;

(8) two representatives of industrial consumers of electricity in South Carolina, one of whom shall be appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee and one of whom shall be appointed by the Chairman of the Senate Judiciary Committee;

(9) a representative of the Coastal Conservation League;

(10) a representative of the South Carolina Solar Business Alliance;

(11) a representative of the South Carolina Chamber of Commerce;

(12) a representative of the South Carolina Electric Cooperatives;

(13) a representative of the Piedmont Municipal Power Association;

(14) a representative of the South Carolina Municipal Power Association;

(14) a representative of the South Carolina Manufacturers’ Alliance;

(15) a representative of a renewable power developer primarily engaged in the development of utility‑scale solar projects appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee;

(16) a representative of a renewable power developer primarily engaged in the development of residential‑rooftop solar projects appointed by the Chairman of the Senate Judiciary Committee;

(17) a representative of Central Electric Cooperative;

(18) the President of Lockhart Power, or his designee; and

(19) a representative of the energy conservation or energy efficiency community industry appointed by the Chairman of the House of Representatives Labor, Commerce and Industry Committee.

(D) The non-voting members identified in subsection (C)(3), (4), (5), (12), (17), and (18) shall each be permitted to utilize for study committee-related matters technical support staff from the entity that the member represents.

SECTION 2. (A) For the purposes of this section, “regional transmission organization” or “RTO” means an entity, such as a regional transmission organization, established for the purpose of promoting the efficiency and reliability of the operation and planning of the electric transmission grid and ensuring nondiscrimination in the provision of electric transmission services meeting the minimum criteria established by the Federal Energy Regulatory Commission under 18 C.F.R. § 35.34.

(B) The study committee shall:

(1) study whether to adopt a variety of electricity market reform measures, encompassing the full range of possible market reforms that may benefit South Carolina consumers, including, but not limited to, the following:

(a) establishing a South Carolina RTO to include South Carolina and other Southeastern states;

(b) joining an existing RTO;

(c) establishing an energy imbalance market;

(d) requiring vertically integrated electrical utilities to divest their generation or transmission assets, or both;

(e) enabling full consumer retail electric service choice;

(f) enabling partial consumer retail electric service choice such as non‑residential customer choice;

(g) authorizing community choice aggregation in South Carolina;

(h) redesigning the distribution system operator role in South Carolina to accommodate a modernized distribution grid featuring high levels of distributed energy resources, including exploration of establishing an independent distribution system operator and distribution‑level electricity markets; and

(i) accelerating the transformation of South Carolina’s electricity supply to achieve one hundred percent emissions‑free generation; and

(2) study whether the General Assembly shall require any electrical utility, any electric cooperative, or the Public Service Authority of South Carolina to take actions necessary to implement one or more of the studied electricity market reform measures.

(C) At a minimum, the study shall address:

(1) the legal and procedural requirements associated with the adoption of any recommended electricity market reform measures, including the identification of existing laws, regulations, and policies that may need to be amended in order to implement the electricity market reform measures;

(2) the potential costs and benefits to South Carolina electric consumers and ratepayers of each electricity market reform measure studied based on generation production cost savings, fuel savings, transmission cost savings, battery storage, reliability, resiliency, generation resource diversity, generator availability, the integration of demand response and energy efficiency, deployment of renewable resources, deferral of capital investments, and the impact on consumer rates and service quality in the short and long‑term; and

(3) the experience of other states with adopting each electricity market reform measure studied.

(D) The study committee shall issue a report to the General Assembly by March 15, 2021 recommending that the State take action or not take action. A recommendation that the State take action shall be based upon a finding by a majority of the voting members that one or more electricity market reform measures is in the public interest, taking into consideration the expected consumer benefits of the electricity market reform measures, and is otherwise consistent with the provision of reliable and safe electric service to ratepayers in South Carolina and within the balancing authority of the electrical utility.

(E) If the study committee recommends that the State take action, then the report issued by the study committee shall include draft legislation and establish requirements, as applicable, that:

(1) promote:

(a) the reliable planning, operating, maintaining, and upgrading of the transmission and distribution systems and any necessary additions;

(b) the safe, reliable, and efficient operation of transmission and distribution systems; and

(c) policies for the pricing and access for service over such systems that are not discriminatory and consistent with the orderly development of competition in the State;

(2) are consistent with the lawful requirements of the Federal Energy Regulatory Commission regarding the establishment of an RTO; and

(3) generally promote the public interest and are consistent with:

(a) ensuring that consumers’ needs for economic and reliable electric service are met; and

(b) meeting the transmission and distribution needs of electric generation suppliers and consumers both within and without this State and the respective balancing authorities, including those that do not own, operate, control, or have an entitlement to transmission and distribution capacity.

SECTION 3. There shall be appropriated, from other funds and the carry‑forward amounts contained in the current fiscal year budget for the South Carolina Public Service Commission, funds to retain a third‑party, independent, expert consultant or consultants to advise the committee and issue its own opinion by March 15, 2021, as to what market reform measures, if any, would benefit South Carolina consumers. The consultant must advise on the economic benefits of each course of action and must also make its recommendation to the legislature. The consultant must be selected by the chairman and vice‑chairman of the study committee. Engagements procured under this provision are exempt from the South Carolina Procurement Code.

SECTION 4. This act takes effect upon approval by the Governor.

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