**South Carolina General Assembly**

125th Session, 2023-2024

**H. 5118**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. G.M. Smith, West, Davis, Hager, Hewitt, Kirby, Long, M.M. Smith, B. Newton, Pendarvis, Sandifer, Hiott, Landing, Crawford, Brittain, Lawson, Williams, Whitmire, Jefferson, Bustos, Hartnett, Carter, Blackwell, Neese, W. Newton, Bradley, Erickson, Murphy, Brewer, Yow, Mitchell, Connell, Jordan, Thayer, Elliott, Wooten, Pedalino, Bailey, T. Moore, McGinnis, Gatch, Ligon, Gagnon, Hardee, B.L. Cox, Chapman, Leber, Anderson, Bannister, Calhoon, Felder, Hixon, Lowe, Taylor, Thigpen, Willis and Pope

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Introduced in the House on February 15, 2024

Introduced in the Senate on April 2, 2024

Last Amended on March 27, 2024

Currently residing in the House

Summary: Electrical Utilities, Electricity Regulation, and Economic Development

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/15/2024 House Introduced and read first time ([House Journal‑page 15](h:\hj\20240215.docx))

2/15/2024 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 15](h:\hj\20240215.docx))

2/28/2024 House Member(s) request name removed as sponsor: Guest

3/5/2024 House Member(s) request name added as sponsor: Pope

3/21/2024 House Committee report: Favorable with amendment **Labor, Commerce and Industry** ([House Journal‑page 5](h:\hj\20240321.docx))

3/26/2024 House Member(s) request name removed as sponsor:
Guffey, Sessions, Gibson

3/26/2024 House Requests for debate-Rep(s). Hiott, Hixon, B Newton, Hewitt, Carter, Felder, Ligon, O'Neal, T Moore, Nutt, Crawford, Guest, Brittain, JE Johnson, Hardee, BL Cox, Pace, Harris, Blackwell, Oremus, Williams, Henegan, Cromer, Chapman, Henderson-Myers, West, Anderson, Clyburn, Kirby, Gilliard, Rivers, King, Ott, Cobb-Hunter, Pendarvis, Garvin, Bauer, Robbins, Whitmire, Sandifer, Vaughan, Trantham, Ballintine, S Jones, Mitchell, Gilliam, Erickson, Wooten, Caskey, Weeks, W Jones, Dillard, McDaniels ([House Journal‑page 54](h:\hj\20240326.docx))

3/27/2024 House Member(s) request name removed as sponsor: Ott

3/27/2024 House Amended ([House Journal‑page 41](h:\hj\20240327.docx))

3/27/2024 House Read second time ([House Journal‑page 41](h:\hj\20240327.docx))

3/27/2024 House Roll call Yeas-88 Nays-21 ([House Journal‑page 159](h:\hj\20240327.docx))

3/28/2024 House Read third time and sent to Senate ([House Journal‑page 78](h:\hj\20240328.docx))

3/28/2024 House Roll call Yeas-83 Nays-21 ([House Journal‑page 82](h:\hj\20240328.docx))

4/2/2024 Senate Introduced and read first time ([Senate Journal‑page 18](h:\sj\20240402.docx))

4/2/2024 Senate Referred to Committee on **Judiciary** ([Senate Journal‑page 18](h:\sj\20240402.docx))

4/10/2024 Senate Committee report: Favorable with amendment **Judiciary** ([Senate Journal‑page 7](h:\sj\20240410.docx))

4/15/2024 Scrivener's error corrected

View the latest  [legislative information](https://www.scstatehouse.gov/billsearch.php?billnumbers=5118&session=125&summary=B)  at the website

**VERSIONS OF THIS BILL**

[02/15/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/5118_20240215.docx)

[03/21/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/5118_20240321.docx)

[03/27/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/5118_20240327.docx)

[04/10/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/5118_20240410.docx)

[04/15/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/5118_20240415.docx)

Indicates Matter Stricken

Indicates New Matter

Committee Report

April 10, 2024

H. 5118

Introduced by Reps. G. M. Smith, West, Davis, Hager, Hewitt, Kirby, Long, M. M. Smith, B. Newton, Pendarvis, Sandifer, Hiott, Landing, Crawford, Brittain, Lawson, Williams, Whitmire, Jefferson, Bustos, Hartnett, Carter, Blackwell, Neese, W. Newton, Bradley, Erickson, Murphy, Brewer, Yow, Mitchell, Connell, Jordan, Thayer, Elliott, Wooten, Pedalino, Bailey, T. Moore, McGinnis, Gatch, Ligon, Gagnon, Hardee, B. L. Cox, Chapman, Leber, Anderson, Bannister, Calhoon, Felder, Hixon, Lowe, Taylor, Thigpen, Willis and Pope

S. Printed 04/10/24--S.

Read the first time April 02, 2024

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The committee on Senate Judiciary

To whom was referred a Bill (H. 5118) to amend the South Carolina Code of Laws by enacting the “South Carolina Ten-Year Energy Transformation Act”; by amending Section 58-3-20, relating to the membership, etc., respectfully

Report:

That they have duly and carefully considered the same, and recommend that the same do pass with amendment:

Amend the bill, after the title but before the enacting words, by striking the twenty eighth paragraph and inserting:

Whereas, the South Carolina General Assembly recognizes the strategic importance of investigating in and pursuing fusion energy and advanced nuclear technologies such as small modular reactors and molten salt reactors at this time, understanding that proactive engagement in research and development positions the state to capitalize on future opportunities when SMRs become economically and technologically viable; and

Amend the bill further, by deleting SECTION 2.

Amend the bill further, SECTION 5, by striking Section 58-4-10(B) and inserting:

(B) Unless and until it chooses not to participate, the Office of Regulatory Staff must be considered a party of record in all filings, applications, or proceedings before the commission. The regulatory staff must represent the public interest of South Carolina before the commission as it pertains to the matters below:. For purposes of this chapter only, “public interest” means

(1) the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer,;

(2) economic development and job attraction and retention in South Carolina; and

(3) preservation of the of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

Amend the bill further, SECTION 6, by striking Section 58-4-150(A) and inserting:

(A) To further advance and expand upon Executive Order 2023‑18 which established the PowerSC Energy Resources and Economic Development Interagency Working Group, the Office of Regulatory Staff, in consultation with a stakeholder group that includes representatives of consumer, environmental, manufacturing, forestry, and agricultural organizations, natural gas and electrical utilities, the South Carolina Public Service Authority, and other affected state agencies, shall prepare a comprehensive South Carolina energy assessment and action plan, hereinafter referred to as “the plan”. This plan must identify recommended actions over a ten‑year period to ensure the availability of adequate, reliable, and economical supply of electric power and natural gas to the people and economy of South Carolina. For purposes of this section, natural gas and electrical utilities also includes any investor‑owned electrical utility, a public utility as defined in Section 58‑5‑10, electric cooperatives, and any consolidated political subdivision that owns or operates in this State equipment or facilities for generating, transmitting, delivering, or furnishing electricity, but does not include an entity that furnishes electricity only to itself, its residents, or tenants when such current is not resold or used by others.

Amend the bill further, SECTION 7, by striking Section 58-38-20(7) and inserting:

(7) The EPI shall collaborate across South Carolina in coordination with SC Nexus, Savannah River National Laboratory, energy utility providers, private industry, and workforce development to deliver advice on policy creation aligned with the state’s distinctive needs and opportunities. EPI shall support and collaborate with SC Nexus, a consortium of public and private entities, formed within the South Carolina Department of Commerce concerning power generation, transmission, and storage.

(8) The EPI shall collaborate with the Energy Center at Clemson University to identify research funding opportunities to meet the urgent needs for energy technology innovation in South Carolina, develop curriculum to ensure relevant academic programming for the future jobs and leadership roles in the new energy industry, provide energy-related training programs to meet the increasing demand for skilled workers in the new energy industry, and promote technology innovation, translational research, and rapid technology transfer from research labs to industry.

Amend the bill further, SECTION 8, by striking Section 58-33-195(A)(2) and inserting:

(2) The General Assembly encourages Dominion Energy South Carolina, Inc. and the Public Service Authority to jointly complete evaluations related to the Joint Resource and to use such information as may be necessary from such evaluations to make a filing as soon as practicable with the commission to obtain a certificate pursuant to Article 3 of this chapter. The General Assembly instructs all governmental agencies to provide accelerated consideration of any action required to permit or authorize construction and operation of the facilities subject to this section in preference to all other pending nonemergency applications or requests. The General Assembly finds adding natural gas generation capacity at the retired Canadys coal site would advance the economy and general welfare of the State based on current conditions and information as of the effective date of this Act. However, this subsection does not exempt the entities from complying with the requirements of the Utility Facility Siting and Environmental Protection Act, including the requirement to seek commission approval for a certificate of environmental compatibility and public convenience and necessity nor does this subsection limit the commission’s independent decision‑making authority. The entities are further encouraged to use existing rights of way for new natural gas lines to the Canadys site to the greatest extent practicable.

Amend the bill further, SECTION 10, by striking Section 13-7-820(5) and inserting:

(5) to engage stakeholders and develop a strategic plan to advance the development of advanced nuclear generation including small modular reactors, molten salt reactors, fusion energy, and spent nuclear fuel recycling facilities to serve customers in this State in the most economical manner at the earliest reasonable time possible.

Amend the bill further, SECTION 12, by striking Section 58-33-196 and inserting:

Section 58-33-196. Electrical utilities and the Public Service Authority are encouraged to explore the potential for deploying fusion energy and advanced nuclear facilities including, but not limited to, small modular nuclear facilities at suitable sites. Suitable sites may include sites of current nuclear facilities, sites where nuclear facilities have been proposed but not constructed, and other brownfield sites, such as coal‑generation sites. Any utility pursuing deployment of such nuclear facilities must provide annual progress reports to the commission and the Public Utilities Review Committee; this report may be in writing or in the form of testimony in an appropriate proceeding. A utility whose rates are regulated by the commission must provide estimates of the cost of the studies including, but not limited to, planning, licensing, and project development to the commission. If the commission finds such estimated costs are reasonable, prudent, and in the public interest, such costs may be recoverable through rates as they are incurred. Nothing in this section relieves an electrical utility of the burden of filing for a certificate under this article and obtaining appropriate approvals from the commission before commencing construction.

Amend the bill further, SECTION 13, by striking Section 58-37-70(B)(1) and inserting:

(1) “Electrical utility” has the same meaning as provided in Section 58‑27‑10(7).

Amend the bill further, SECTION 13, by striking Section 58-37-70(F)(3) and inserting:

(3) In the event the commission finds cost estimates provided by an electrical utility pursuant to item (2) are reasonable and prudent, the costs may be recoverable through rates, even if an application for a certificate of environmental compatibility and public convenience and necessity have not been filed. However, these costs shall not include a rate of return.

Amend the bill further, SECTION 14, by striking Section 58-37-130 and inserting:

Section 58-37-130. The applicant or any person whose private rights are affected by an agency decision or action on an application for a permit for any energy infrastructure project may appeal that decision or action to the South Carolina Supreme Court. The Supreme Court shall hear these appeals as a direct appeal in accordance with South Carolina Appellate Court Rule 203. The Court shall provide for an expedited briefing and hearing of the appeal, in preference to all other nonemergency matters on its docket, and decide such appeals on an expedited basis. Any agency decision or action that is subject to a contested case review before the Administrative Law Court, pursuant to Section 1-23-600 et seq., shall be appealable under this section upon issuance of an appealable order by the Administrative Law Court.

Amend the bill further, SECTION 22, by striking Section 58-37-40(B)(1)(j) and inserting:

(j) .a report addressing updates to the utility’s transmission plan under the utility's open access transmission tariff pursuant to the federal jurisdictional planning process. In this report, the utility shall, when applicable, describe planned transmission improvements specific to siting of new resources expected to impact interconnection constraints or other operations of the systems. The utility shall also describe how it evaluated alternate transmission technologies when developing solutions for identified transmission needs for interconnecting resources. The utility’s transmission report must include how the utility evaluates transmission investments, including:

(i) a description of how the utility evaluated a range of transmission solutions, including non-wires alternatives, joint projects with neighboring and other regional utilities, other upgrades to existing facilities, and other best practices. Modeling may consider, as appropriate, grid-enhancing technologies and alternate transmission technologies such as static synchronous compensators, static Volt-Ampere Reactive (VAR) compensators, advanced power flow control devices, transmission switching, synchronous condensers, voltage source converters, advanced conductors, switchable reactors, and tower lifting in a manner consistent with common utility practice;

(ii) a description of how transmission factored into the utility’s evaluation of the range of future scenarios included in the fifteen-year time period of the utility's resource plan, including significant continued economic growth and the retirement of the utility’s coal generation;

(iii) a discussion of transmission considerations for facilities included in the utility's preferred resource plan for which there are particular sites specified;

(iv) information such that intervenors and stakeholders can pursue participation in local transmission planning collaborative activities which are held pursuant to orders from the Federal Energy Regulatory Commission; and

(v) any other information that the utility believes is relevant to its resource plan or future transmission investments.

Amend the bill further, SECTION 22, by striking Section 58-37-40(C)(1) and inserting:

(C)(1) The commission shall have a proceeding to review each electrical utility subject to subsection (A)(1) and the Public Service Authority's integrated resource plan. As part of the integrated resource plan filing, the commission shall allow intervention by interested parties. The procedural schedule shall include dates for completion of each phase of discovery, including discovery related to the integrated resource plan as filed, direct testimony of the applicant, direct testimony of the Office of Regulatory Staff and other parties and intervenors, and rebuttal testimony of the applicant. Except upon showing exceptional circumstances, all discovery shall be served in time to allow its completion, but not less than ten days prior to the hearing. The commission shall establish a procedural schedule to permit reasonable discovery after an integrated resource plan is filed in order to assist parties in obtaining evidence concerning the integrated resource plan, including the reasonableness and prudence of the plan and alternatives to the plan raised by intervening parties. No later than three hundred days after an electrical utility or the Public Service Authority files an integrated resource plan, the commission shall issue a final order approving, modifying, or denying the plan filed by the electrical utility or the Public Service Authority.

Amend the bill further, SECTION 23, by striking Section 58-3-260(H)(2) and inserting:

(2) conducting a site visit of a utility or Public Service Authority facility under construction or attending educational tours of utility or Public Service Authority plants or other facilities provided:

(a) the Executive Director of the Office of Regulatory Staff or his designee also attends the site visit or educational tour;

(b) a summary of the discussion is produced and posted on the commission’s website, along with copies of any written materials utilized, referenced, or distributed; and

(c) each party, person, commission, and commission employee who participated in the site visit or educational tour, within forty‑eight hours of the site visit or educational tour, files a certification with the Executive Director of the Office of Regulatory Staff that no commitment, predetermination, or prediction of any commissioner’s action as to any ultimate or penultimate issue or any commission employee’s opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party, nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue.

Amend the bill further, SECTION 26, by striking Sections 58-33-310 and 58-33-320 and inserting:

Section 58-33-310. Any party may appeal, in accordance with Section 1-23-380, from all or any portion of any final order or decision of the commission, including conditions of the certificate required by a state agency under Section 58-33-160 as provided by Section 58-27-2310. Any appeals may be called up for trial out of their order by either party. The commission shall issue all orders on rehearing or reconsideration within thirty days of the date the petition is filed. Any final order on the merits issued pursuant to this chapter shall be immediately appealable to the Supreme Court of South Carolina in accordance with South Carolina Appellate Court Rule 203. The commission must not be a party to an appeal.

Section 58-33-320. Except as expressly set forth in Section 58-33-310, no court of this State shall have jurisdiction to hear or determine any issue, case, or controversy concerning any matter which was or could have been determined in a proceeding before the commission under this chapter or to stop or delay the construction, operation, or maintenance of a major utility facility, except to enforce compliance with this chapter or the provisions of a certificate issued hereunder, and any such action shall be brought only by the Office of Regulatory Staff. Provided, however, nothing herein contained shall be construed to abrogate or suspend the right of any individual or corporation not a party to maintain any action which he might otherwise have been entitled.

Amend the bill further, SECTION 33, by striking Section 58-31-215(C) and inserting:

(C) There is hereby established the “Energy Investment and Economic Development Fund” to be held in an operating account by the Public Service Authority to further the provisions of this section and other energy investment needs. Subject to the approval of the Joint Bond Review Committee, the Energy Investment and Economic Development Fund may be funded by the amount required to be paid to the State pursuant to Section 58‑31‑110 less the annual costs billed by the Office of Regulatory Staff and the South Carolina Public Service Commission. The South Carolina Department of Commerce shall report, at least once annually and no later than September first, to the Joint Bond Review Committee as to the level and need for funding to advance the provisions of this section. If sufficient funding is allocated to the Energy Investment and Economic Development Fund, the Public Service Authority may execute a binding precedent agreement on behalf of the State pursuant to this section, provided such action is approved by the Joint Bond Review Committee. In no event shall the costs associated with serving as an anchor affect the rates and charges for electric or water service for the Public Service Authority’s customers.

Amend the bill further, SECTION 34.A., by adding:

Section 58-3-60(A) of the S.C. Code is amended to read:

(A) The commission is authorized and empowered to employ: a chief clerk and deputy clerk; a commission attorney and assistant commission attorneys; hearing officers; hearing reporters; and such other professional, administrative, technical, and clerical personnel as the commission determines to be necessary in the proper discharge of the commission's duties and responsibilities as provided by law. The chairman must organize and direct the work of the commission staff. The chief clerk shall receive a salary in an amount equal to ninety percent of the salary fixed for commission members, unless disapproved by the Public Utilities Review Committee. The salaries of the chairman, the commissioners, and the chief clerk shall not be construed as limiting the maximum salary which may be paid to other employees of the Public Service Commission. The commission staff shall not appear as a party in commission proceedings and shall not offer testimony on issues before the commission.

Amend the bill further, by striking SECTION 34.B and inserting:

B. This section is effective beginning with the fiscal year immediately following the next Public Service Commission election after the effective date of this act.

Amend the bill further, SECTION 35, by striking Section 58-41-50(B)(1) and inserting:

(B)(1) An electrical utility may file a proposed agreement regarding co‑located resources between the utility and a customer or multiple customers with an electric load in excess of 25 megawatts for the commission’s consideration. The proposed agreement must contain at least one of the following requirements:

(a) co‑location of electric generation or storage on the customer’s property provides bulk system benefits for all customers and benefits for the host customer;

(b) co‑location of renewable electric generation resources on the customer’s property provides bulk system benefits for all customers and the renewable attributes associated with such generation can be allocated to the host customer;

(c) co‑location of electric generation on the customer’s property would result in permitting and siting efficiencies to enable electric generation to come online earlier than otherwise could occur; or

(d) co‑location of electric generation resources on the customer’s property could be utilized as resiliency resources to serve the electric grid in times of need.

Amend the bill further, SECTION 35, by deleting Section 58-41-50(B)(2)(a).

Amend the bill further, SECTION 35, by striking Section 58-41-50(C)(1) and inserting:

(1) the proposed program was voluntarily agreed upon by the electrical utility and the customer or multiple customers,

Amend the bill further, SECTION 35, by striking Section 58-41-50(D) and inserting:

(D) For purposes of this section, “co‑located” or “co‑location” includes electric generation, storage, renewables, and associated facilities on a customer’s site as well as any location where the connection to the electrical utility enables resilient power supply to support the development of power supply to meet the customer’s needs. An agreement regarding co‑location may also include potential co‑ownership of the electric generation and associate facilities by the electrical utility and the customer. A customer participating in a co-location or co-ownership agreement shall not be considered an electrical utility.

Amend the bill further, by striking SECTION 37 and inserting:

SECTION 37. (A) To foster economic development and future jobs in this State resulting from the supply‑chains associated with the same while supporting the significant and growing energy and capacity needs of the State, enhance grid resiliency, and maintain reliability, the General Assembly finds that the State of South Carolina should take steps necessary to encourage the development of a diverse mix of long‑lead, clean generation resources that may include advanced small modular reactors, biomass as defined in Section 12-63-20(B)(2) of the S.C. Code, hydrogen‑capable resources, fusion energy and the Carolina Long Bay Project, and should preserve the option of efficiency development of such long‑lead resources with timely actions to establish or maintain eligibility for or capture available tax or other financial incentives or address operational needs.

(B) For an electrical utility to capture available tax or other financial or operational incentives for South Carolina ratepayers in a timely manner, the commission may find that actions by an electrical utility in pursuit of the directives in Section 58‑37‑35(A) are in the public interest, provided that the commission determines that such proposed actions are in the public interest and reasonably balance economic development and industry retention benefits, capacity expansion benefits, resource adequacy and diversification, emissions reduction levels, and potential risks, costs, and benefits to ratepayers and otherwise comply with all other legal requirements applicable to the electrical utility’s proposed action. For the South Carolina Public Service Authority, the Office of Regulatory Staff and the Public Service Authority’s board of directors shall apply the same principles described in this subsection in evaluating and approving actions proposed by the management of the Public Service Authority to achieve the objectives of this section.

Amend the bill further, by deleting SECTION 39.

Amend the bill further, by adding an appropriately numbered SECTION to read:

SECTION X. Chapter 33, Title 58 of the S.C. Code is amended by adding:

Section 58-33-200. For any construction project with a project budget of at least five hundred million dollars and in order to maintain the financial integrity of significant expenditures affecting ratepayers, the Office of Regulatory Staff shall retain an independent construction analyst who shall monitor the construction project on a regular basis and who shall provide to the Office of Regulatory Staff, the Public Service Commission, the Public Utilities Review Committee, and the Joint Bond Review Committee regular reports as to the status of the construction efforts as needed, but at least on a quarterly basis.

Renumber sections to conform.

Amend title to conform.

LUKE RANKIN for Committee.

statement of estimated fiscal impact

Explanation of Fiscal Impact

State Expenditure

The bill enacts the South Carolina Energy Security Act. The bill reduces the number of commissioners on PSC from seven to three. Also, the bill requires PSC members to receive a salary in an amount equal to 97.5 percent of the salary fixed for Associate Justices of the Supreme Court and requires commissioners to be full time and not engage in any other employment, business, profession, or vocation during the normal business hours of the commission. The bill also authorizes PSC to hire an independent third-party consultant to help with matters before the commission as well as sets requirements for this consultant’s engagement in the commission’s proceedings. Further, the bill provides additional requirements and considerations for PSC in reviewing and approving voluntary renewable energy programs. Additionally, the bill makes changes related to utilities’ avoided cost methodologies and related process in order to authorize competitive procurement programs for renewable energy, capacity, and storage as well as to permit competitive procurement of new renewable energy capacity and set requirements for non-competitive procurement programs. The bill also adds a process for the competitive procurement of renewable energy facilities. Further, the bill removes language related to PSC hiring third-party experts for these competitive procurement proceedings.

In addition, the bill requires PSC to take into consideration the economic impact of its regulatory measures and mandates that are to be followed by electrical utilities, including PSA. Further, the bill describes the state policy towards PSC in matters involving electrical utilities and PSA. The bill also establishes procedures and a schedule for certain testimony and discovery in contested proceedings. Further, the bill requires PSC to allow electrical utility customers to address the commission as public witnesses on issues related to customer service, utility operations, reliability, economic hardship, affordability, environmental concerns, or other matters that affect them individually. Also, the bill makes changes to the communication process between PSC and parties in order to modify requirements for allowable ex parte communications and briefings as well as to permit, under specific circumstances, PSC to have tours of utility plants or other facilities.

The bill further requires PSC to evaluate and approve electrical utilities’ integrated resource plans seeking to reduce emissions and modernize the electric grid that also include utilities’ transmission and distribution resource plans. The bill also requires all parties to the review and approval process of the integrated resource plan to bear their own costs in proceedings before the commission. Additionally, the bill requires PSC to provide for energy efficiency and demand-side resources through cost-effective energy efficient technologies and energy conservation programs to be developed by utilities as well as to review an annual report that is required from electrical utilities describing demand-side programs implemented by these utilities in the previous year. The bill also requires PSC to review each investor-owned electrical utility’s portfolio of demand-side management programs’ alignment with their integrated resource plans on at least a triennial basis. The bill makes further changes to permit programs and customer incentives to encourage or promote demand-side management programs for customer-sited distribution resources and to provide considerations for such programs. The bill also requires PSC to issue orders for such demand-side management programs as expeditiously as practicable and it also instructs the commission to ensure that such programs are cost-effective.

The bill specifies the state policy that promotes the development and operation of nuclear facilities, including small modular nuclear reactors. The bill permits PSC to establish a small modular nuclear reactor pilot program with guidance from the Nuclear Advisory Council and provides for the requirements of the pilot program. Also, the bill provides for several new considerations related to the certification of major utility facilities by PSC. The bill further imposes additional reporting requirements on the agency. Finally, in relation to agreements for energy efficiency and conservation measures, the bill establishes terms and rate recovery for financing agreements and installing energy efficiency and conservation measures.

**Public Service Commission.** PSC reports that the bill will result in a cost savings for the agency. Reducing the number of commission members from seven to three, adjusting the salary for the three commissioners, including the annual payout for former commissioners, and adjusting the subsistence for the commissioners will result in a cost savings of $516,966. The agency indicates an additional cost savings of $250,000 every other year due to the repeal of the statute allowing PSC to hire avoided cost consultants. Further, the agency indicates the need to hire 2.0 FTEs (Law Clerks) with total salary and fringe of $324,000 and expects training costs for six employees to total $84,450. This will result in a net cost savings of $358,516 in Other Funds beginning in FY 2024-25. PSC also indicates that the impact of the bill related to Section-37-20(C), according to which the commission is authorized to appoint a third-party administrator, is undetermined due to the lack of clarity on the specific entity that is to pay for the expenses associated with the third-party administrator.

**Office of Regulatory Staff.** The bill requires ORS to prepare a comprehensive state energy assessment and ten-year action plan and sets specific requirements for this plan. Additionally, the bill requires ORS to conduct a study to evaluate the potential costs and benefits of various administrator models for energy efficiency programs and other demand-side management programs with a focus on investor-owned electrical utilities serving more than 100,000 customers. The bill also permits ORS to retain the services of an expert or consultant with expertise and experience in the successful implementation of energy efficiency programs.

Further, the bill moves the Governor’s Nuclear Advisory Council from Admin’s supervision to that of the Executive Director of ORS and adds the development of a strategic plan to advance the development of small modular reactors to the list of the council’s duties. Also, the bill makes changes to the council’s membership and stipulates that the director of the council must be a full-time employee of ORS.

ORS indicates that it will need to hire 13.0 FTEs (3 Directors, 3 Engineers, 2 Analysts, 3 Legal Specialists, and 2 Auditors) to manage the new responsibilities of the bill that are required and are not subject to funding. The recurring salary, fringe, and administrative annual expenses for these Other Funds positions are expected to total $2,111,000 beginning in FY 2024-25. The agency will request an increase in Other Funds authorization for these expenses. ORS also indicates that it will need $791,000 in General Fund appropriations beginning in FY 2024-25 to establish and operate the Division of Consumer Advocacy. These expenses that are not subject to funding total $2,902,000. Separately, ORS indicates the agency will need $350,000 to conduct the study related to energy efficiency programs and other demand-side management programs, which are subject to funding. Further, ORS indicates that the agency will need 1.0 additional FTE to prepare the comprehensive energy assessment plan. The recurring salary, fringe, and administrative annual expenses for this position are expected to total $186,000 beginning in FY 2024-25. ORS also indicates the need to employ consultants at an expense of $500,000 to assist with the preparation of the comprehensive energy assessment plan. These expenses, which total $686,000, are also subject to funding. Overall, ORS expects total expenses of $1,036,000 that will be subject to funding. In summary, ORS’s expenses will total $2,111,000 in Other Funds and $1,827,000 in General Funds beginning in FY 2024-25 including all expenses.

ORS also expects that the Energy Office will need approximately $31,000 to develop and publish materials on demand-side management programs. However, ORS indicates that the Energy Office does not receive funding from the State pursuant to Section 48-52-470 and that the additional responsibilities required by the bill for the Energy Office would be subject to the office receiving additional federal funding from the U.S. Department of Energy.

**Department of Administration.** The bill moves the Governor’s Nuclear Advisory Council from Admin’s supervision to that of the Executive Director of ORS. Admin states that the bill will have no fiscal impact on the agency. We anticipate that Admin staff who provided support to the Council will be reallocated to other program areas. Currently, Proviso 93.11 of the FY 2023-24 Appropriations Act requires ORS to reimburse Admin for travel expenses associated with the Governor’s Nuclear Advisory Council.

**Governor’s Office.** The bill moves the Governor’s Nuclear Advisory Council from Admin’s supervision to that of the Executive Director of ORS and also adds the development of a strategic plan to advance the development of small modular reactors to the list of the council’s duties. Also, the bill makes changes to the council’s membership and stipulates that the director of the council must be a full-time employee of ORS. We anticipate that any expenses associated with the provisions of the bill can be managed with existing staff and appropriations. We will update this impact statement if the agency provides a different response.

**Department of Consumer Affairs.** This bill will have no expenditure impact on Consumer Affairs for the transfer of all duties, functions, responsibilities, appropriations, and full-time equivalent positions of the Division of Consumer Advocacy in Consumer Affairs related to appearances before PSC to ORS.

**Public Service Authority.** The bill encourages Dominion Energy South Carolina and PSA to evaluate the potential for the construction of a natural gas-fired combined cycle generation facility of up to 2,000 MW capacity. Also, the bill encourages Duke Energy Carolinas and Duke Energy Progress to determine the feasibility of constructing a second powerhouse as well as a hydrogen-capable natural gas generation facility. In addition, the bill permits PSA to jointly own electrical generation and transmission facilities with investor-owned electric utilities and the bill provides the requirements for joint ownership. The bill further encourages electrical utilities and PSA to consider deploying nuclear facilities and those pursuing deployment of such facilities are required to submit progress reports to PSC and the Public Utilities Review Committee.

The bill further requires PSC to evaluate and approve electrical utilities’ integrated resource plans seeking to reduce emissions and modernize the electric grid that also include utilities’ transmission and distribution resource plans. The bill also requires all parties to the review and approval process of the integrated resource plan to bear their own costs in proceedings before the commission.

PSA states that the bill will have no expenditure impact on the agency’s expenditures given its permissive nature. The agency indicates that it does not have plans to deploy nuclear facilities or a small modular nuclear reactor. PSA indicates that there are plans to build a natural gas-fired combined cycle generation facility even in the absence of legislation and notes that the bill would likely make the future implementation of the project much more cost effective. Further, PSA indicates it can manage the additional requirements related with the integrated resource plan reporting with existing staff and resources.

**Administrative Law Court.** The bill allows an order tolling any deadlines on a proceeding subject to an ex parte communication complaint at the ALC to the extent the proceeding was prejudiced so that PSC could not consider the matter impartially. The ALC indicates that this bill will have no expenditure impact on the agency since any expenses can be managed with existing staff and resources.

**Department of Commerce.** The bill authorizes PSA, in consultation with Commerce, to serve as an anchor subscriber of natural gas and pipeline capacity for the state. The bill also establishes the Energy Investment and Economic Development Fund to be held in an operating account by PSA to further the initiatives of increasing energy capacity and delivery in order to support the economic growth of the state. In this regard, the bill requires Commerce to report at least once per year to JBRC as to the level and need of funding.

The bill also establishes economic development rates for electric utilities that provide utility services for new commercial or industrial customers agreeing to locate their operations in the state or existing customers expanding their existing establishment under specific requirements. The bill identifies Commerce as an entity to whom electrical utilities can provide their rate proposal containing the terms and conditions to incentivize prospective customers to make capital investments and employ additional workforce in the electrical utility’s service territory. Prior to an electrical utility entering into agreements to provide energy infrastructure to transformational customers, the bill specifies that Commerce must first determine whether the utility’s proposed rates would increase the probability of attracting transformational customers to the state. Also, the bill lists considerations for PSC to determine whether the rates, terms, and conditions negotiated with a transformational customer are just and reasonable. Further, the bill specifies that Commerce, with input from PSA, may allocate or resell natural gas capacity procured for economic development needs upon approval of the Coordinating Council for Economic Development.

The new responsibility to allocate or resell natural gas capacity, would increase General Fund expenses of Commerce by $500,000 beginning in FY 2024-25 to hire third-party subject matter experts or contractors to conduct these sales on behalf of the department if necessary. Commerce reports that the department has no experience in this activity.

**University of South Carolina.** The bill establishes the EPI. The bill requires this institute to be established by USC. USC reports that they expect to incur additional recurring expenses of at least $750,000 starting in FY 2024-25. These expenses will be allocated towards salaries and benefits ($450,000), office space, equipment, and utilities ($200,000), and research and data dissemination ($100,000). The agency plans to request an increase in General Fund appropriations to cover these expenses. This is a preliminary estimate from USC. We will update this impact statement if USC revises this response.

**House of Representatives and Senate.** The bill specifies that the EPI will be governed by a board of six members or their designee including the Speaker of the House, the President of the Senate, the Chairman of the House Ways and Means Committee, the Chairman of the Senate Finance Committee, the Chairman of the House Labor, Commerce and Industry Committee, and the Chairman of the Senate Judiciary Committee.

The bill also establishes the EIEDF to be held in an operating account by PSA to further the initiatives of increasing energy capacity and delivery in order to support the economic growth of the state. In this regard, the bill requires Commerce to report at least once per year to JBRC as to the level and need of funding.

The House and Senate report that the bill will have no impact on the legislative bodies as they can manage the per diem, subsistence, and travel expenses of the members attending board meetings of the EPI as well as those of JBRC with existing funds. For reference, members would be reimbursed at the federal rate for mileage, $50 per diem, and $231.73 for subsistence on non-session days.

**Judicial.** The bill specifies that applicants whose private rights are affected by an agency’s decision or action on an application for a permit for any energy infrastructure project are allowed to appeal such a decision or action to the South Carolina Supreme Court and requires the Court to provide for an expedited briefing and hearing of appeal. In addition, the bill also permits any party to appeal all or any portion of any final order or decision by PSC to the Supreme Court of South Carolina without petition for rehearing or reconsideration and the bill requires the Court to provide for an expedited briefing and hearing of the appeal.Judicial indicates that, in the past decade, fewer than ten such appeals were filed with the Court of Appeals. Given the small number of cases impacted, Judicial anticipates that any expenditure increases would be minimal and could be managed within existing appropriations.

**Department of Health and Environmental Control.** The bill makes changes to the process by which DHEC, DNR, and PRT must review applications for certification of major utility facilities.

The bill further instructs all state agencies to give expedited review of applications for energy infrastructure projects as well as to assist applicants during the application process. Also, the bill instructs all state agencies to recognize the importance of reducing the environmental, aesthetic, and socioeconomic impacts incurred while supporting the safe, reliable, and economic provision of energy when energy infrastructure projects can be located in existing energy corridors or on brownfield energy sites in the state. The bill requires agencies to review all applications for sufficiency and provide applicants the list of any deficiencies and to make a decision within a specified time period.

DHEC will become the Department of Public Health and the Department of Environmental Services beginning July 1, 2024. DHEC indicates that it will need additional staff to process the expedited permits. However, the number of additional FTEs required will depend on the number of expedited permit requests, which is unknown. Also, DHEC expects that the fees collected from the expedited licensing program will offset a portion of the department’s cost for implementation of the program. Nevertheless, because expedited fees follow economic conditions, alternative funding will be needed to support staff during times of reduced demand for expedited permits. Therefore, the overall expenditure impact of this bill on DHEC is undetermined, and the agency will request both an increase in General Fund appropriations and an increase in Other Funds authorization to cover expenses associated with the expedited licensing process.

**Department of Natural Resources.** The bill makes changes to the process by which DHEC, DNR, and PRT must review applications for certification of major utility facilities. DNR reports that the bill will not have an impact on the agency because the changes to the process of certification of major utility facilities do not affect its role and responsibilities. As a result, the agency indicates it can manage these responsibilities with existing staff and resources.

**Department of Parks, Recreation, and Tourism.** The bill makes changes to the process by which DHEC, DNR, and PRT must review applications for certification of major utility facilities. PRT reports that the bill will not have an impact on the agency because the changes to the process of certification of major utility facilities do not affect its role and responsibilities. As a result, the agency indicates it can manage these responsibilities with existing staff and resources.

State Revenue

The bill authorizes PSA, in consultation with Commerce, to serve as an anchor subscriber of natural gas and pipeline capacity for the state. The bill also establishes the EIEDF to be held in an operating account by PSA to further the initiatives of increasing energy capacity and delivery in order to support the economic growth of the state. Subject to approval by JBRC, the EIEDF may be funded by the annual amount the agency is required to pay the State, net of the costs billed by ORS and PSC, which is currently credited to the General Fund. Based upon the Board of Economic Advisors’ General Fund Forecast as of November 16, 2023, RFA estimates that PSA will pay the state $17,807,000 in FY 2024-25. In addition, PSA estimates that the annual combined cost to ORS and PSC would not exceed $2,000,000. Therefore, if approved by JBRC, the bill will decrease General Fund revenue by approximately $15,807,000 beginning in FY 2024-25. Likewise, the bill will increase revenue of PSA by $15,807,000 for the EIEDF.

This bill specifies that Commerce, with input from PSA, may allocate or resell natural gas capacity procured for economic development needs upon approval of the Coordinating Council for Economic Development. The proceeds of any sales of natural gas capacity must be deposited in the General Fund. The increase in General Fund revenue from this portion of the bill is undetermined since the amount of natural gas that may be allocated or resold for economic development needs is unknown at this time.

This bill shifts $200,000 in General Fund appropriations from Consumer Affairs to ORS in FY 2024-25 since the bill transfers all duties, functions, responsibilities, appropriations, and full-time equivalent positions of the Division of Consumer Advocacy in Consumer Affairs related to appearances before PSC to ORS. Consumer Affairs further indicates that this is the amount that is currently delegated for expert witnesses to work on these matters. In addition, Consumer Affairs notes that the agency employes 4.0 FTEs in the Advocacy Division. However, none of these employees solely work on utility matters and, as a result, does not expect any FTEs to be transferred to ORS.

The bill instructs all state agencies to give expedited review of applications for energy infrastructure projects as well as to assist applicants during the application process. Also, the bill instructs all state agencies to recognize the importance of reducing the environmental, aesthetic, and socioeconomic impacts incurred while supporting the safe, reliable, and economic provision of energy when energy infrastructure projects can be located in existing energy corridors or on brownfield energy sites in the state. The bill requires agencies to review all applications for sufficiency and provide applicants the list of any deficiencies and to make a final decision within a specified time period.

Although the bill does not specify the list of agencies responsible for the review and approval of energy infrastructure projects, RFA has obtained a response from DHEC indicating that it will charge a fee for expedited permit requests, and the amount of the fee will be determined using stakeholder input. However, due to the unknown number of expedited permit requests, the revenue impact is undetermined. Nevertheless, the department indicates that any revenue from these fees will be used solely to offset the costs of DHEC’s expedited permitting program.

Local Expenditure

MASC indicates that the bill’s requirements for governmental agencies to provide an expedited review of projects will have an undetermined expenditure impact on municipal governments. MASC also indicates that the cost of review will depend on the scope of the project and type of local review/permit required.

Further, MASC states that since the bill does not provide a definition for the transmission and distribution resource plan that must be included in the utilities’ integrated resource plans, any potential impact on municipal electrical utilities is unknown.

Local Revenue

MASC indicates that while some municipalities may offer an expedited review for a fee, not all do. As a result, the revenue impact of the bill’s requirement of an expedited review of energy infrastructure bills on municipal governments is undetermined.

Introduced on February 15, 2024

State Expenditure

The bill enacts the South Carolina Ten-Year Energy Transformation Act. The bill reduces the number of commissioners in the PSC from seven to three. Also, the bill requires PSC members to receive a salary in an amount equal to 97.5 percent of the salary fixed for Associate Justices of the Supreme Court and requires commissioners to devote full time to their duties and not engage in any other employment, business, profession, or vocation during the normal business hours of the commission. The bill also authorizes the PSC to hire an independent third-party consultant to help with matters before the commission as well as sets requirements for this consultant’s engagement in the commission’s proceedings. Further, the bill provides additional requirements and considerations for PSC in reviewing and approving voluntary renewable energy programs. Additionally, the bill makes changes related to utilities’ avoided cost methodologies and related process in order to authorize competitive procurement programs for renewable energy, capacity, and storage as well as to permit competitive procurement of new renewable energy capacity and set requirements for non-competitive procurement programs. The bill also adds a process for the competitive procurement of renewable energy facilities. Further, the bill removes language related to PSC hiring third-party experts for these competitive procurement proceedings.

In addition, the bill requires the PSC to take into consideration the economic impact of its regulatory measures and mandates that are to be followed by electrical utilities, including the PSA. Further, the bill describes the state policy towards the PSC in matters involving electrical utilities and the PSA. The bill also establishes procedures and a schedule for certain testimony and discovery in contested proceedings. Further, the bill requires the PSC to allow electrical utility customers to address the commission as public witnesses on issues related to customer service, utility operations, reliability, economic hardship, affordability, environmental concerns, or other matters that affect them individually. Also, the bill makes changes to the communication process between the PSC and parties in order to modify requirements for allowable ex parte communications and briefings as well as to permit, under specific circumstances, the PSC to have tours of utility plants or other facilities.

The bill further requires the PSC to evaluate and approve electrical utilities’ integrated resource plans seeking to reduce emissions and modernize the electric grid that also include utilities’ transmission and distribution resource plans. The bill also requires all parties to the review and approval process of the integrated resource plan to bear their own costs in proceedings before the commission. Additionally, the bill requires the PSC to provide for energy efficiency and demand-side resources through cost-effective energy efficient technologies and energy conservation programs to be developed by utilities as well as to review an annual report that is required from electrical utilities describing demand-side programs implemented by these utilities in the previous year. The bill also requires the PSC to review each investor-owned electrical utility’s portfolio of demand-side management programs’ alignment with their integrated resource plans on at least a triennial basis. The bill makes further changes to permit programs and customer incentives to encourage or promote demand-side management programs for customer-sited distribution resources and to provide considerations for such programs. The bill also requires the PSC to issue orders for such demand-side management programs as expeditiously as practicable and it also instructs the commission to ensure that such programs are cost-effective.

The bill permits the PSC to approve requests for any electric supplier or the PSA to serve any transformational economic development project customer under specific conditions. The bill specifies the state policy that promotes the development and operation of nuclear facilities, including small modular nuclear reactors. The bill permits the PSC to establish a small modular nuclear reactor pilot program with guidance from the Nuclear Advisory Council and provides for the requirements of the pilot program. Also, the bill provides for several new considerations related to the certification of major utility facilities by the PSC. The bill further imposes additional reporting requirements on the agency. Finally, in relation to agreements for energy efficiency and conservation measures, the bill establishes terms and rate recovery for financing agreements and installing energy efficiency and conservation measures.

**Public Service Commission.** PSC reports that the bill will result in a cost savings for the agency. Reducing the number of commission members from seven to three, adjusting the salary for the three commissioners, including the annual payout for former commissioners, and adjusting the subsistence for the commissioners will result in a cost savings of $516,966. The agency indicates an additional cost savings of $250,000 every other year due to the repeal of the statute allowing PSC to hire avoided cost consultants. Further, the agency indicates the need to hire 2.0 FTEs (Law Clerks) with total salary and fringe of $324,000 and expects training costs for six employees to total $84,450. This will result in a net cost savings of $358,516 in Other Funds beginning in FY 2024-25.

**Office of Regulatory Staff.** The bill requires the ORS to prepare a comprehensive state energy assessment and ten-year action plan and sets specific requirements for this plan. ORS is further required to update this plan after five years and submit a report to the PSC and the Public Utilities Review Committee. The bill further specifies that ORS must take specific actions based on the comprehensive plan and aggregated data on availability of adequate, reliable, and economical supply of energy resources. The bill also requires ORS to engage directly with electrical utilities to assess the state’s electrical grid and transmission system needs and with natural gas providers to assess the state’s needs of natural gas supply, and to determine the state’s ability to address current and future energy needs in a cost-effective manner while maintaining system reliability and economic growth.

Additionally, the bill requires the ORS, with assistance from the Energy Office, to conduct a study to evaluate the potential costs and benefits of establishing a nonprofit entity to serve as a third-party administrator for energy efficiency programs and other demand-side management programs. The bill also permits ORS to retain the services of an expert or consultant with expertise and experience in the successful implementation of independently administered, ratepayer-funded energy efficiency programs.

Further, the bill moves the Governor’s Nuclear Advisory Council from Admin’s supervision to that of the Executive Director of the ORS and adds the development of a strategic plan to advance the development of small modular reactors to the list of the council’s duties. Also, the bill makes changes to the council’s membership and stipulates that the director of the council must be a full-time employee of the ORS.

ORS reports that the bill will have a significant impact on expenditures. The agency indicates that it will need to hire 15.0 new FTEs (7 leadership positions, 1 Engineer, 3 Analysts, 2 Legal Specialists, 1 Administrative position, and 1 Auditor) to manage the new responsibilities of the bill. The total recurring salary, fringe, and administrative annual expenses for these positions is expected to be $2,395,934 beginning in FY 2024-25. In addition, ORS indicates that non-recurring expenses are expected to total $1,210,295, and expenses that will occur every five years are expected to total $690,125. Both the non-recurring expenses and the expenses occurring every five years are associated with the comprehensive SC energy assessment and action plan requirement of the bill. Since the bill specifies that this requirement is subject to availability of funding, the agency expects to hire 4.0 temporary FTEs for the preparation of the comprehensive action plan and 2.0 temporary FTEs to update this plan every five years. The non-recurring expense of $1,210,295 includes $500,000 for hiring a consultant and the $690,125 occurring every five years includes $300,000 for hiring a consultant. The agency will request an increase in Other Funds authorization to cover these expenses. Further, the agency also expects that the Energy Office will need to hire 1.0 FTE with salary, fringe, and administrative annual expenses of $62,808. However, ORS indicates that the Energy Office does not receive funding from the State pursuant to Section 48-52-470 and that the additional responsibilities required by the bill for the Energy Office would be subject to the Office receiving additional funding from the U.S. Department of Energy.

**Department of Administration.** The bill moves the Governor’s Nuclear Advisory Council from Admin’s supervision to that of the Executive Director of the ORS. Admin states that the bill will have no fiscal impact on the agency. We anticipate that Admin staff who provided support to the Council will be reallocated to other program areas. Currently, Proviso 93.11 of the FY 2023-24 Appropriations Act requires ORS to reimburse Admin for travel expenses associated with the Governor’s Nuclear Advisory Council.

**Governor’s Office.** The bill moves the Governor’s Nuclear Advisory Council from Admin’s supervision to that of the Executive Director of the ORS and also adds the development of a strategic plan to advance the development of small modular reactors to the list of the council’s duties. Also, the bill makes changes to the council’s membership and stipulates that the director of the council must be a full-time employee of the ORS. We anticipate that any expenses associated with the provisions of the bill can be managed with existing staff and appropriations. We will update this impact statement if the agency provides a different response.

**Department of Consumer Affairs.** The bill removes Consumer Affairs from intervening in matters impacting consumers’ utility rates and the ability to advocate on behalf of consumers before the PSC and transfers these duties to the ORS. Consumer Affairs indicates that implementation of the bill is expected to generate a General Fund cost savings for the agency of approximately $200,000 as a result of removing responsibilities to intervene in utility rate filings. The agency further indicates that this is the amount that is currently delegated for expert witnesses to work on the aforementioned matters.

**Public Service Authority.** The bill encourages Dominion Energy South Carolina and the PSA to evaluate the potential for the construction of a natural gas-fired combined cycle generation facility of up to 2,000 MW capacity. Also, the bill encourages Duke Energy Carolinas and Duke Energy Progress to determine the feasibility of constructing a second powerhouse as well as a hydrogen-capable natural gas generation facility. In addition, the bill permits the PSA to jointly own electrical generation and transmission facilities with investor-owned electric utilities and the bill provides the requirements for joint ownership. The bill further encourages electrical utilities and the PSA to consider deploying nuclear facilities and those pursuing deployment of such facilities are required to submit progress reports to the PSC and the Public Utilities Review Committee.

The bill further requires the PSC to evaluate and approve electrical utilities’ integrated resource plans seeking to reduce emissions and modernize the electric grid that also include utilities’ transmission and distribution resource plans. The bill also requires all parties to the review and approval process of the integrated resource plan to bear their own costs in proceedings before the commission.

PSA states that the bill will have no expenditure impact on the agency’s expenditures given its permissive nature. The agency indicates that it does not have plans to deploy nuclear facilities or a small modular nuclear reactor. PSA indicates that there are plans to build a natural gas-fired combined cycle generation facility even in the absence of legislation and notes that the bill would likely make the future implementation of the project much more cost effective. Further, PSA indicates it can manage the additional requirements related with the integrated resource plan reporting with existing staff and resources.

**Administrative Law Court.** The bill allows an order tolling any deadlines on a proceeding subject to an ex parte communication complaint at the ALC to the extent the proceeding was prejudiced so that the PSC could not consider the matter impartially. ALC indicates that this bill will have no expenditure impact on the agency since any expenses can be managed with existing staff and resources.

**Department of Commerce.** The bill authorizes the PSA, in consultation with Commerce, to serve as an anchor subscriber of natural gas and pipeline capacity for the state. The bill also establishes the Energy Investment and Economic Development Fund to be held in an operating account by the PSA to further the initiatives of increasing energy capacity and delivery in order to support the economic growth of the state. In this regard, the bill requires Commerce to report at least once per year to the Joint Bond Review Committee as to the level and need of funding.

The bill also establishes economic development rates for electric utilities that provide utility services for new commercial or industrial customers agreeing to locate their operations in the state or existing customers expanding their existing establishment under specific requirements. The bill identifies Commerce as an entity to whom electrical utilities can provide their rate proposal containing the terms and conditions to incentivize prospective customers to make capital investments and employ additional workforce in the electrical utility’s service territory. Prior to an electrical utility entering into agreements to provide energy infrastructure to transformational customers, the bill specifies that Commerce must first determine whether the utility’s proposed rates would increase the probability of attracting transformational customers to the state. Also, the bill lists considerations for the PSC to determine whether the rates, terms, and conditions negotiated with a transformational customer are just and reasonable.

Commerce indicates that the bill will have no expenditure impact on the agency because it can manage the additional requirements with existing staff and resources. The agency also indicates that PSA has agreed to cover the majority of these responsibilities and that Commerce will work together with PSA on any reporting that will be due to the General Assembly.

**University of South Carolina.** The bill establishes the EPI. The bill requires this institute to be established by USC. USC reports that they expect to incur additional recurring expenses of at least $750,000 starting in FY 2024-25. These expenses will be allocated towards salaries and benefits ($450,000), office space, equipment, and utilities ($200,000), and research and data dissemination ($100,000). The agency plans to request an increase in General Fund appropriations to cover these expenses. This is a preliminary estimate from USC. We will update this impact statement if USC revises this response.

**House of Representatives and Senate.** The bill specifies that the EPI will be governed by a board of six members or their designee including the Speaker of the House, the President of the Senate, the Chairman of the House Ways and Means Committee, the Chairman of the Senate Finance Committee, the Chairman of the House Labor, Commerce and Industry Committee, and the Chairman of the Senate Judiciary Committee.

The bill also establishes the EIEDF to be held in an operating account by the PSA to further the initiatives of increasing energy capacity and delivery in order to support the economic growth of the state. In this regard, the bill requires Commerce to report at least once per year to the JBRC as to the level and need of funding.

The House and Senate report that the bill will have no impact on the legislative bodies as they can manage the per diem, subsistence, and travel expenses of the members attending board meetings of the EPI as well as those of the JBRC with existing funds. For reference, members would be reimbursed at the federal rate for mileage, $50 per diem, and $231.73 for subsistence on non-session days.

**Judicial.** The bill specifies that applicants whose private rights are affected by an agency’s decision or action on an application for a permit for any energy infrastructure project are allowed to appeal such a decision or action to the South Carolina Supreme Court and requires the Court to provide for an expedited briefing and hearing of appeal. In addition, the bill also permits any party to appeal all or any portion of any final order or decision by the PSC to the Supreme Court of South Carolina without petition for rehearing or reconsideration and the bill requires the Court to provide for an expedited briefing and hearing of the appeal.Judicial indicates that, in the past decade, fewer than ten such appeals were filed with the Court of Appeals. Given the small number of cases impacted, Judicial anticipates that any expenditure increases would be minimal and could be managed within existing appropriations.

**Department of Health and Environmental Control.** The bill makes changes to the process by which DHEC, DNR, and PRT must review applications for certification of major utility facilities.

The bill further instructs all state agencies to give expedited review of applications for energy infrastructure projects as well as to assist applicants during the application process. Also, the bill instructs all state agencies to recognize the importance of reducing the environmental, aesthetic, and socioeconomic impacts incurred while supporting the safe, reliable, and economic provision of energy when energy infrastructure projects can be located in existing energy corridors or on brownfield energy sites in the state. The bill requires agencies to review all applications for sufficiency and provide applicants the list of any deficiencies and to make a decision within a specified time period.

DHEC will become the Department of Public Health and the Department of Environmental Services beginning July 1, 2024. DHEC indicates that it will need additional staff to process the expedited permits. However, the number of additional FTEs required will depend on the number of expedited permit requests, which is unknown. Also, DHEC expects that the fees collected from the expedited licensing program will offset a portion of the department’s cost for implementation of the program. Nevertheless, because expedited fees follow economic conditions, alternative funding will be needed to support staff during times of reduced demand for expedited permits. Therefore, the overall expenditure impact of this bill on DHEC is undetermined, and the agency will request both an increase in General Fund appropriations and an increase in Other Funds authorization to cover expenses associated with the expedited licensing process.

**Department of Natural Resources.** The bill makes changes to the process by which DHEC, DNR, and PRT must review applications for certification of major utility facilities. DNR reports that the bill will not have an impact on the agency because the changes to the process of certification of major utility facilities do not affect its role and responsibilities. As a result, the agency indicates it can manage these responsibilities with existing staff and resources.

**Department of Parks, Recreation, and Tourism.** The bill makes changes to the process by which DHEC, DNR, and PRT must review applications for certification of major utility facilities. PRT reports that the bill will not have an impact on the agency because the changes to the process of certification of major utility facilities do not affect its role and responsibilities. As a result, the agency indicates it can manage these responsibilities with existing staff and resources.

State Revenue

The bill authorizes the PSA, in consultation with Commerce, to serve as an anchor subscriber of natural gas and pipeline capacity for the state. The bill also establishes the EIEDF to be held in an operating account by the PSA to further the initiatives of increasing energy capacity and delivery in order to support the economic growth of the state. Subject to approval by the JBRC, the EIEDF may be funded by the annual amount the agency is required to pay the State, net of the costs billed by the ORS and PSC, which is currently credited to the General Fund. Based upon the Board of Economic Advisors’ General Fund Forecast as of November 16, 2023, RFA estimates that PSA will pay the state $17,807,000 in FY 2024-25. In addition, PSA estimates that the annual combined cost to the ORS and PSC would not exceed $2,000,000. Therefore, if approved by JBRC, the bill will decrease General Fund revenue by approximately $15,807,000 beginning in FY 2024-25. Likewise, the bill will increase revenue of PSA by $15,807,000 for the EIEDF.

The bill instructs all state agencies to give expedited review of applications for energy infrastructure projects as well as to assist applicants during the application process. Also, the bill instructs all state agencies to recognize the importance of reducing the environmental, aesthetic, and socioeconomic impacts incurred while supporting the safe, reliable, and economic provision of energy when energy infrastructure projects can be located in existing energy corridors or on brownfield energy sites in the state. The bill requires agencies to review all applications for sufficiency and provide applicants the list of any deficiencies and to make a final decision within a specified time period.

Although the bill does not specify the list of agencies responsible for the review and approval of energy infrastructure projects, RFA has obtained a response from DHEC indicating that it will charge a fee for expedited permit requests, and the amount of the fee will be determined using stakeholder input. However, due to the unknown number of expedited permit requests, the revenue impact is undetermined. Nevertheless, the department indicates that any revenue from these fees will be used solely to offset the costs of DHEC’s expedited permitting program.

Local Expenditure

MASC indicates that the bill’s requirements for governmental agencies to provide an expedited review of projects will have an undetermined expenditure impact on municipal governments. MASC also indicates that the cost of review will depend on the scope of the project and type of local review/permit required.

Further, MASC states that since the bill does not provide a definition for the transmission and distribution resource plan that must be included in the utilities’ integrated resource plans, any potential impact on municipal electrical utilities is unknown.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

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A bill

To amend the South Carolina Code of Laws by enacting the “South Carolina Ten‑Year Energy Transformation Act”; By amending Section 58‑3‑20, relating to the membership, election, and qualifications of the public service commission, so as to change the number of commissioners from seven to three to be elected by the General Assembly from the state at large; By amending section 58‑3‑140, relating to the Public Service Commission’s powers to regulate public utilities, so as to establish considerations and state policy for the commission’s decision‑making process, to establish a schedule for certain testimony and discovery in contested proceedings, to permit electrical utility customers to address the commission as public witnesses, and to establish requirements for an independent third-party consultant hired by the commission; By amending section 58‑3‑250, relating to service of orders and decisions on parties, so as to make a technical change; By amending Section 58‑4‑10, relating to the office of regulatory staff and its representation of public interest before the commission, so as to establish its considerations for public interest; By adding Section 58‑4‑150 so as to require the office of regulatory staff to prepare a comprehensive state energy assessment and action plan and to establish requirements for this plan; by adding Chapter 38 to Title 58 so as to establish the South Carolina Energy Policy Institute; by adding Section 58‑33‑195 so as to encourage Dominion Energy, the Public Service Authority, Duke Energy Carolinas, and Duke Energy Progress to evaluate certain electrical generation facilities and provide for considerations related to these facilities; By adding Section 58‑31‑205 so as to permit the Public Service Authority to jointly own electrical generation and transmission facilities with investor‑owned electric utilities, and to provide requirements for joint ownership; By amending Section 58‑27‑650, relating to reassignment of electric suppliers’ service areas, so as to permit the commission to approve a request for any electric supplier to serve any transformational economic development project customer under certain conditions; by amending Article 9 of Chapter 7, Title 13, relating to the Governor’s nuclear advisory council, so as to as establish the council in the office of regulatory staff, to provide for its duties and membership, and to provide for the council’s director; by amending Section 37‑6‑604, relating to the consumer advocate’s intervention on matters filed at the commission, so as to transfer these duties to the Office of Regulatory Staff; By adding Section 58‑33‑196 so as to encourage consideration of deployment of nuclear facilities and to provide related requirements; By adding Section 58‑37‑70 so as to permit a small modular nuclear pilot program and to establish requirements; By adding Article 3 to Chapter 37, Title 58 so as to provide for state agency review of energy infrastructure project applications and to provide a sunset; by amending Section 58‑40‑10, relating to the definition of “customer‑generator”, so as to establish characteristics for a “customer‑generator”; by amending Section 58‑41‑30, relating to voluntary renewable energy programs, so as to provide additional requirements and considerations for these programs; by amending Section 58‑41‑10, relating to definitions, so as to add the definition of “energy storage facilities”; by amending Section 58‑41‑20, relating to proceedings for electrical utilities’ avoided cost methodologies and related processes, so as to authorize competitive PROCUREMENT programs for renewable energy, capacity, and storage, to permit competitive procurement of new renewable energy capacity and establish requirements for non‑competitive procurement programs, and to delete language regarding the commission hiring third‑party experts for these proceedings; by adding Section 58‑41‑25 so as to provide for a process for competitive procurement of renewable energy facilities; by amending Section 58‑33‑20, relating to definitions, so as to add the definition “like facility”; by amending Article 3 of Chapter 33, Title 58, relating to certification of major utility facilities, so as to provide for a like facility, to establish requirements and considerations for proposed facilities, to provide what actions may be taken without permission from the commission, and technical changes; By amending Section 58‑37‑40, relating to integrated resources plans, so as to add consideration of a utility’s transmission and distribution resource plan, to establish procedural requirements and evaluation by the commission, and require parties to bear their own costs; By amending Section 58‑3‑260, relating to communications between the commission and parties, so as to modify requirements for allowable ex parte communications and briefings, and to permit commission tours of utility plants or other facilities under certain circumstances; By amending Section 58‑3‑270, relating to ex parte communication complaint proceedings at the administrative law court, so as to permit an order tolling any deadlines on a proceeding subject to a complaint to the extent the proceeding was prejudiced so that the commission could not consider the matter impartially; by adding Chapter 43 to Title 58 so as to establish economic development rates for electrical utilities; By amending Section 58‑33‑310, relating to an appeal from a final order or decision of the commission, so as to require a final order issued pursuant to Chapter 33, Title 58 be immediately appealable to the South Carolina Supreme Court and to provide for an expedited hearing; By amending Section 58‑33‑320, relating to joint hearings and joint investigations, so as to make a conforming change; By adding Section 58‑4‑160 so as to require the office of regulatory staff to conduct a study to evaluate establishing a third‑party administrator for energy efficiency and demand-side management programs; By amending Section 58‑37‑10, relating to definitions, so as to add a reference to “demand‑side management program” and provide definitions for “cost‑effective” and “demand‑side management pilot program”; By amending Section 58‑37‑20, relating to commission procedures encouraging energy efficiency programs, so as to expand commission considerations for cost‑effective, demand‑side management programs, and require each investor‑owned electrical utility to submit an annual report to the commission regarding its demand‑side management programs; By amending Section 58‑37‑30, relating to reports on demand‑side activities, so as to make a conforming change; By adding Section 58‑37‑35 so as to permit programs and customer incentives to encourage or promote demand‑side management programs for customer-sited distribution resources, and to provide considerations for these programs; By amending Section 58‑37‑50, relating to agreements for energy efficiency and conservation measures, so as to establish certain terms and rate recovery for agreements for financing and installing energy efficiency and conservation measures, and for application to a residence occupied before the measures are taken; By adding section 58‑31‑215 so as to authorize the Public Service Authority, in consultation with the Department of Commerce, to serve as an anchor subscriber of natural gas and pipeline capacity for this state, to establish the “Energy Investment and Economic Development Fund”, and to provide for related requirements; by amending Section 58‑3‑70, relating to compensation of public service commission members, so as to establish salaries in amounts equal to ninety‑seven and one‑half percent of Supreme Court associate justices.

Whereas, South Carolina is achieving remarkable economic development success which is bringing jobs and prosperity to its citizens; and

Whereas, from January to December 2023, the state announced total capital investments of 9.22 billion dollars and over 14,000 jobs, the second largest amount in state history; and

Whereas, in 2022, the state announced 120 projects creating over 14,000 new jobs with 10.27 billion dollars in new capital investment, the largest amount in state history; and

Whereas, since 2017, the state has announced over 36.4 billion dollars in new investments and 86,378 new jobs; and

Whereas, according to the U.S. Census Bureau, South Carolina led the nation in population growth in 2023; and

Whereas, the rapidly expanding population and record‑breaking economic development successes necessitate a strategic and forward-thinking approach to developing new energy infrastructure capable of meeting the energy needs of South Carolina's residents and supporting the continued prosperity of the state; and

Whereas, sustaining this success in economic development requires an electric system that can grow and modernize to meet the demands that a prosperous and developing economy places on it; and

Whereas, the South Carolina General Assembly recognizes that the convergence of escalating population growth, record-breaking economic success, and the aging of existing energy infrastructure has created a critical juncture, demanding immediate and decisive action to avert an impending energy crisis; and

Whereas, the urgency of addressing this situation is underscored by the interconnected challenges of meeting surging energy demand, ensuring grid reliability, and fortifying the state's resilience against potential disruptions, thereby compelling the imperative for the timely construction of new energy plants to safeguard the continued well-being and economic vitality of South Carolina; and

Whereas, in light of these facts, it is important that the General Assembly take action to ensure that generation and transmission providers are able to plan, site, and construct new and replacement generation and transmission resources in a timely and cost-effective manner, utilizing procedures that are fair, prompt, efficient, and guided by an informed Public Service Commission; and

Whereas, the General Assembly has determined that certain aspects of the current regulatory structure in South Carolina can be revised to reduce the cost, delay, and uncertainty of planning, siting, and constructing new generation and transmission resources serving customers in this state; and

Whereas, the General Assembly further finds that the current circumstances present a unique opportunity to replace or limit reliance on the Williams Generating Station operated by Dominion Energy South Carolina, Inc. (“DESC”) in Bushy Park, South Carolina; and the Winyah Generating Station operated South Carolina Public Service Authority (“SCPSA”) in Georgetown, South Carolina, and perhaps other units as well, through a joint venture between these utilities; and

Whereas, DESC owns the site of the retired Canadys coal units in Colleton County (the “Canadys site”) which represent an environmentally well‑characterized brownfield site with unique attributes, including electric transmission infrastructure on‑site, proximity to a major switching station interconnecting the DESC and SCPSA transmission systems serving coastal South Carolina, and reasonable proximity to natural gas supplies which can be accessed through existing natural gas rights of way; and

Whereas, modern combined‑cycle units provide dispatchability and operating flexibility that will allow DESC and SCPSA systems to continue to add large amounts of flexible resources to their systems without jeopardizing cost-efficient and reliable service to customers; and

Whereas, the integrated resource planning by both utilities consistently indicates the need for and benefit of additional combined‑cycle natural gas resources under multiple planning scenarios; and

Whereas, by pursuing replacement resources as a joint project, DESC and SCPSA can build larger, more fuel‑efficient, lower‑emitting units, and can reduce the capital cost per MW of these units by as much as 25% or more compared to building single, stand-alone units sized to meet their individual needs alone while at the same time reducing the environmental and land-use impact of the natural gas pipeline and transmission infrastructure required to support separate units; and

Whereas, the joint project can provide a unique opportunity to anchor the expansion of natural gas pipelines serving certain coastal counties of South Carolina where economic development is currently hampered by the lack of such supplies, thereby increasing jobs, prosperity and public welfare in those areas and can do so with minimal environmental disruption; and

Whereas, in light of the unique circumstances presented by the shared needs of DESC and SCPSA for replacement generation in the Charleston and Georgetown areas, the unique benefits of a partnership between them for this purpose, and the unique benefits of the Canadys site as the location for a joint resource, the General Assembly finds that these circumstances support amending the enabling act of the SCPSA to authorize it in a joint venture to develop and share in the output of one or more combined cycle natural gas units to be located at the Canadys site and encourages the utility to seek, as soon as practicable, a certificate as defined under the terms of the Utility Facility Siting and Environmental Protection Act for DESC to construct and operate combined cycle natural gas units to be located at the Canadys site; and

Whereas, Duke Energy Carolinas Bad Creek Pumped Storage facility, including ongoing uprates, is an approximate 1,640 MW energy storage facility located in Oconee County South Carolina; and

Whereas, Duke Energy Carolina has identified the opportunity to approximately double the output of the Bad Creek Pumped Storage facility by constructing new pump turbines, generators, and a new powerhouse; and

Whereas, by increasing the generating capacity at the Bad Creek facility, Duke Energy Carolinas can approximately double its existing peak hourly storage capacity; and

Whereas, in light of the unique circumstances presented by the potential expansion of Duke Energy Carolinas’ energy storage capacity by expanding the Bad Creek facility without construction of a new reservoir, and considering the unique benefits for customers served by Duke Energy Carolinas’ electrical system such an expansion represents, the General Assembly encourages the utility to complete evaluations related to expanding the Bad Creek facility to double its output; and

Whereas, in light of the unique circumstances presented in the plans of Duke Energy Carolinas LLC and Duke Energy Progress LLC to secure approximately 7,000 MW of natural gas generation facilities for the benefit of their customers in South Carolina, the General Assembly encourages the utilities to undertake such activities as may be necessary to pursue and facilitate additional natural gas generation to serve its customers in this state; and

Whereas, the South Carolina General Assembly recognizes the potential for substantial economic and environmental benefits through the implementation of robust energy efficiency and demand‑side management initiatives; and

Whereas, investing in energy efficiency and demand‑side management initiatives not only reduces overall energy consumption but also alleviates the strain on existing electric generation infrastructure, leading to cost savings for consumers, businesses, and the state; and

Whereas, the promotion of energy efficiency and demand‑side management initiatives offers a prudent and cost‑effective approach to address increasing energy demands, thereby lessening the necessity for construction of new electric‑generation facilities in the future, and contributing to a more sustainable and resilient energy future for South Carolina; and

Whereas, the South Carolina General Assembly acknowledges the transformative potential of advanced nuclear generation, such as small modular reactors (SMRs), understanding that their compact size addresses significant challenges associated with traditional nuclear power, offering the promise of expedited and cost-effective plant construction, coupled with enhanced safety in operational practices, along with offering reliable carbon-free energy generation that can operate nearly 24/7; and

Whereas, the South Carolina General Assembly recognizes the strategic importance of investigating in and pursuing advanced nuclear technologies such as small modular reactors and molten salt reactors at this time, understanding that proactive engagement in research and development positions the state to capitalize on future opportunities when SMRs become economically and technologically viable; and

Whereas, the SC Nexus for Advanced Resilient Energy consortium, developed in collaboration with our research universities, technical colleges, state agencies, the Savannah River National Laboratory, economic development non-profits, and private businesses, won the U.S. Department of Commerce’s Economic Development Administration’s designation as one of the Regional Technology and Innovation Hubs; and

Whereas, the South Carolina General Assembly recognizes establishing an Energy Policy Institute is a pivotal step towards supporting the efforts of SC Nexus and for guiding informed decision‑making for the state's energy future; and

Whereas, understanding the complexity of energy issues, the establishment of an Energy Policy Institute is essential to equipping the state with the necessary expertise and resources to make well‑informed choices, fostering a comprehensive understanding of intricate energy matters; and

Whereas, SC Nexus will assist the state as a global leader in advanced energy by developing, testing, and deploying exportable energy technologies and understanding that new manufactures of those technologies can locate their operations at a place of their choosing, an Energy Policy Institute is integral to positioning the state strategically for economic development success by ensuring the economic benefits resulting from SC Nexus remain in South Carolina, and ensuring that energy policies align with the state's growth objectives and policy goals, while simultaneously safeguarding the interests of ratepayers and promoting a sustainable and resilient energy landscape; and

Whereas, it is imperative to direct the Office of Regulatory Staff (ORS) to conduct a comprehensive energy assessment and formulate a ten‑year energy action plan not only to identify additional actions to take over the next decade to address the critical need to ensure an adequate and reliable power supply but also to serve as a proactive forum to thoroughly examine unresolved issues vital to achieving economic development success within the dynamic and evolving energy sector; and

Whereas, the South Carolina General Assembly determines that comprehensive legislation is needed to promote the development of new and reliable energy infrastructure resources, fostering resilient and reliable energy infrastructure critical to the economic success of the state of South Carolina. Now, therefore,

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

SECTION 1. This act may be cited as the “South Carolina Energy Security Act”.

SECTION 2. Section 58-3-20 of the S.C. Code is amended to read:

Section 58-3-20. (A) The commission is composed of seventhree members to be elected by the General Assembly in the manner prescribed by this chapter. Each member must have:

(1) a baccalaureate or more advanced degree from:

(a) a recognized institution of higher learning requiring face-to-face contact between its students and instructors prior to completion of the academic program;

(b) an institution of higher learning that has been accredited by a regional or national accrediting body; or

(c) an institution of higher learning chartered before 1962; and

(2) a background of substantial duration and an expertise in at least one of the following:

(a) energy issues;

(b) telecommunications issues;

(c) consumer protection and advocacy issues;

(d) water and wastewater issues;

(e) finance, economics, and statistics;

(f) accounting;

(g) engineering; or

(h) law.

(B)(1) Beginning in 2004, the members of the Public Service Commission must be elected to staggered terms. In 2004, the members representing the Second, Fourth, and Sixth Congressional Districts must be elected for terms ending on June 30, 2006, and until their successors are elected and qualify. Thereafter, members representing the Second, Fourth, and Sixth Congressional Districts must be elected to terms of four years and until their successors are elected and qualify. In 2004, the members representing the First, Third, and Fifth Congressional Districts and the State at large must be elected for terms ending on June 30, 2008, and until their successors are elected and qualify. Thereafter, members representing the First, Third, and Fifth Congressional Districts and the State at large must be elected to terms of four years and until their successors are elected and qualify. Notwithstanding the provisions of this section, members representing the First, Third, and Fifth Congressional Districts shall serve until the expiration of their terms, and in 2013, members representing the First, Third, and Fifth Congressional Districts must be elected for terms ending on June 30, 2016, and until their successors are elected and qualified.

(2) In the event there are Seven Congressional Districts, the member elected from the State at large shall serve until the expiration of his term, and in 2013, a member representing the Seventh Congressional District must be elected for a term ending on June 30, 2016, and until his successor is elected and qualified. Thereafter, the member representing the Seventh Congressional District must be elected to terms of four years and until his successor is elected and qualified. Upon the election and qualification of the member representing the Seventh Congressional District, the at-large member elected to satisfy the requirements of subsection (C) immediately shall cease to be a member of the commission.

(C) (B)(1)The General Assembly must provide for the election of the seventhree-member commission and elect its members based upon the congressional districts established by the General Assembly pursuant to the latest official United States Decennial Census. If the number of congressional districts is less than seven, additional members must be elected at large to provide for a seven-member commission. In the event the congressional districts established by the General Assembly are under review by a court for compliance with statutory or constitutional requirements, an election scheduled pursuant to this section shall not be held until a final determination is made by the courts regarding the congressional districts. The inability to hold an election due to judicial review of the congressional districts does not constitute a vacancy on the commission and the commissioners serve until their successors are elected and qualify. The commission members must be elected to terms of four years and until their successors are elected and qualify.

(2) The commission members must be elected from the state at large; however, membership on the commission should reflect all segments of the population of the State, to the greatest extent possible.

(D)(C) The Governor may fill vacancies in the office of commissioner until the successor in the office for a full term or an unexpired term, as applicable, has been elected by the General Assembly. In cases where a vacancy occurs on the commission when the General Assembly is not in session, the Governor may fill the vacancy by an interim appointment. The Governor must report the interim appointment to the General Assembly and must forward a formal appointment at its next ensuing regular session.

SECTION 3. Section 58-3-140 of the S.C. Code is amended to read:

Section 58-3-140. (A)(1) Except as otherwise provided in Chapter 9 of this title, the commission is vested with power and jurisdiction to supervise and regulate the rates and service of every public utility in this State and to fix just and reasonable standards, classifications, regulations, practices, and measurements of service to be furnished, imposed, or observed, and followed by every public utility in this State.

(2) The commission must promulgate regulations to establish safety, maintenance, and inspection standards for the public utilities and may assess fines for public utilities that violate these standards.

(B)(1) The commission, in conducting its analysis and making a decision in matters involving electrical utilities, must consider the economic impact to the State when fixing just and reasonable standards, classifications, regulations, practices, and measurements of service to be furnished, imposed, or observed, and followed by every electrical utility in this State.

(2) The General Assembly declares the rates, services, and operations of electrical utilities are a matter of public interest and the availability of an adequate, reliable, and economical supply of electric power and natural gas to the people and economy of South Carolina is a matter of public policy. When exercising its powers under this section, the commission must balance the public interest in determining the rates, services, and operations of electrical utilities. It is the policy of this State for the commission, in matters involving electrical utilities, to:

(a) ensure South Carolina customers have access to an adequate, reliable, and economical supply of energy resources;

(b) sustain growth in industrial and economic development by ensuring an electric generation, transmission, and distribution system that can grow and modernize to meet the demands that a prosperous and developing economy places on it;

(c) provide fair regulation of electrical utilities in the interest of the public in a manner that maintains the financial integrity of the electrical utility by assuring a sufficient and fair rate of return, supports economic development and industry retention, and provides just and reasonable rates to be established for entities providing electrical utility services to customers in this State while promoting adequate, reliable, and economical utility service to all of the citizens and residents of this State;

(d) provide the State and the public with a well‑regulated electrical utility environment;

(e) assure that resources necessary to meet future growth through the provision of adequate, reliable electrical utility service include use of the entire spectrum of demand‑side options, including but not limited to, conservation, load management, and energy efficiency programs as additional sources of energy supply and energy demand reduction;

(f) provide just and reasonable rates and charges for electrical utility services without undue preferences or advantages, or unfair or destructive competitive practices and consistent with long‑term management and conservation of energy resources by avoiding wasteful, uneconomic generation and uses of energy;

(g) assure that facilities necessary to meet future growth can be financed by the utilities operating in this State on terms which are reasonable and fair to both the customers and existing investors of such utilities, and to that end, to authorize fixing of rates in such a manner as to result in lower costs of new facilities and lower rates over the operating lives of such new facilities;

(h) recognize the important role of utilities in economic development and industry retention and the necessity for utilities to maintain the ability to finance continued investment in, and operation and maintenance of, the electric system, rapid restoration of power after major storms and outages, rate designs, and infrastructure necessary to attract and retain businesses and jobs to South Carolina, the ability to obtain financing at attractive rates, and to ensure a viable workforce for providing electricity and to attract such utility workers at market‑competitive wages;

(i) seek to encourage and promote harmony between public utilities, their users, and the environment;

(j) foster the continued service of electrical utilities on a well‑planned and coordinated basis that is consistent with the level of energy needed for the protection of public health and safety and for the promotion of the general welfare, economic development, and industry retention;

(k) seek to adjust the rate of growth of regulated energy supply facilities serving the State to the policy requirements of statewide economic development and industry retention;

(l) encourage the continued study and research on new and innovative rate designs which will protect the State, the public, the ratepayers and the utilities;

(m) facilitate the construction of facilities in and the extension of natural gas service to unserved and underserved areas in order to promote the public welfare throughout the State;

(n) further the development of cleaner energy technologies on a cost‑effective basis to protect the natural resources of this State, promote the health and well‑being of the people of this State, and attract investments, create employment opportunities, drive economic growth, and foster innovation in this State; and

(o) accomplish regulatory processes and issue orders in a timely manner.

(B)(C) The commission must develop and publish a policy manual which must set forth guidelines for the administration of the commission. All procedures must incorporate state requirements and good management practices to ensure the efficient and economical utilization of resources.

(C)(D) The commission must facilitate access to its general rate request orders in contested matters involving more than one hundred thousand dollars by publishing an order guide which indexes and cross-references orders by subject matter and case name. The order guide must be made available for public inspection.

(D)(E) The commission must promulgate regulations to require the direct testimony of witnesses appearing on behalf of utilities and of witnesses appearing on behalf of persons having formal intervenor status, such testimony to be reduced to writing and prefiled with the commission in advance of any hearing. In contested case proceedings, the applicant seeking relief from the commission shall have the right to prefile rebuttal testimony responsive to the direct prefiled testimony of other parties. The commission may allow supplemental testimony in cases where new matters arise after the filing of direct testimony, provided that parties shall have the right to respond to such supplemental testimony. The procedural schedule for each contested case proceeding shall include dates for completion of each phase of discovery, including discovery related to the application or other initial pleading as filed, direct testimony of the applicant, direct testimony of the Office of Regulatory Staff and other parties and intervenors, rebuttal testimony of the applicant, and surrebuttal testimony but only if allowed by the commission upon motion that there is material new information for which surrebuttal testimony is required. The commission must act on a motion to allow surrebuttal testimony within three business days. Except upon showing of exceptional circumstances or surprise, all discovery must be completed not less than ten days prior to the hearing.

(F) The commission may convene public hearings to allow electrical utility customers to address the commission as public witnesses without intervening in the proceedings and without subjecting themselves to discovery or prefiling testimony. Public witnesses may address the commission on issues related to customer service, utility operations, reliability, economic hardship, affordability, environmental concerns, or other matters that affect them. The electrical utility and the Office of Regulatory Staff shall work to investigate and resolve individual service issues raised by public witnesses.

(G) Any other provision of law notwithstanding, to the extent the commission is authorized by the General Assembly to employ an independent third‑party consultant to assist the commission in its duties with respect to a matter before the commission, such consultant may only rely upon evidence introduced by a party to that proceeding into the record subject to the requirements of the South Carolina Administrative Procedures Act. Further, the commission may not give any consultant employed by the commission party status in a proceeding before the commission.

(E)(H) Nothing in this section may be interpreted to repeal or modify specific exclusions from the commission's jurisdiction pursuant to Title 58 or any other title.

(F)(I) When required to be filed, tariffs must be filed with the office of the chief clerk of the commission and, on that same day, provided to the Executive Director of the Office of Regulatory Staff.

SECTION 4. Section 58-3-250(B) of the S.C. Code is amended to read:

(B) A copy of every final order or decision under the seal of the commission must be served by electronic service, or registered or certified mail, upon all parties to the proceeding or their attorneys. Service of every final order or decision upon a party or upon the attorney must be made by emailing a copy of the order to the party's email address provided to the commission or by mailing a copy to the party's last known address. If no email or other address is known, however, service shall be made by leaving a copy with the chief clerk of the commission. The order takes effect and becomes operative when served unless otherwise designated and continues in force either for a period designated by the commission or until changed or revoked by the commission. If, in the judgment of the commission, an order cannot be complied with within the time designated, the commission may grant and prescribe additional time as is reasonably necessary to comply with the order and, on application and for good cause shown, may extend the time for compliance fixed in its order.

SECTION 5. Section 58-4-10 of the S.C. Code is amended to read:

Section 58-4-10. (A) There is hereby created the Office of Regulatory Staff as a separate agency of the State with the duties and organizations as hereinafter provided.

(B) Unless and until it chooses not to participate, the Office of Regulatory Staff must be considered a party of record in all filings, applications, or proceedings before the commission. The regulatory staff must represent the public interest of South Carolina before the commission. For purposes of this chapter only, “public interest” means a balancing of:

(1) the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer,;

(2) economic development and job attraction and retention in South Carolina; and

(3) preservation of the financial integrity of the State’s public utilities to the extent necessary to provide for the of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

(C) The Office of Regulatory Staff is subject to the provision of Section 58-3-260 prohibiting ex parte communications with the commission, and any advice given to the commission by the regulatory staff must be given in a form, forum, and manner as may lawfully be given by any other party or person.

SECTION 6. Chapter 4, Title 58 of the S.C. Code is amended by adding:

Section 58-4-150. (A) To further advance and expand upon Executive Order 2023‑18 which established the PowerSC Energy Resources and Economic Development Interagency Working Group, the Office of Regulatory Staff, in consultation with a stakeholder group that includes representatives of consumer, environmental, manufacturing, forestry, and agricultural organizations, natural gas and electrical utilities, the South Carolina Public Service Authority, and other affected state agencies, shall prepare a comprehensive South Carolina energy assessment and action plan, hereinafter referred to as “the plan”. This plan must identify recommended actions over a ten‑year period to ensure the availability of adequate, reliable, and economical supply of electric power and natural gas to the people and economy of South Carolina. For purposes of this section, natural gas and electrical utilities also includes any investor‑owned electrical utility, a public utility as defined in Section 58‑5‑10, the Public Service Authority, electric cooperatives, and any consolidated political subdivision that owns or operates in this State equipment or facilities for generating, transmitting, delivering, or furnishing electricity, but does not include an entity that furnishes electricity only to itself, its residents, or tenants when such current is not resold or used by others.

(B) The Office of Regulatory Staff, in collaboration with the electrical utilities and the South Carolina Public Service Authority, shall aggregate data and analyses from their most recent integrated resource plans approved by the commission, and include any updates or associated filings and other available data in order to create a statewide comprehensive view of the availability of an adequate, reliable, and economical supply of energy resources to the people and economy of South Carolina.

(C) The plan must detail factors, and make recommendations, essential to adequate, reliable, and economical supply of energy resources for the people and economy of South Carolina, including but not limited to:

(1) projections of energy consumption in South Carolina, including the use of fuel resources and costs of electricity and generation resources across the electrical utilities’ and the South Carolina Public Service Authority’s balancing authority areas used to serve the State;

(2) the adequacy of electricity generation, transmission, and distribution resources in this State to meet projections of energy consumption;

(3) the adequacy of infrastructure utilized by natural gas industries in providing fuel supply to electric generation plants or otherwise for end‑use customers;

(4) the overall needs of the South Carolina electric grid and transmission system and details from the plans of each electrical utility and the South Carolina Public Service Authority to meet current and future energy needs in a cost‑effective, reliable, economic, and environmental manner;

(5) an assessment of state and local impediments to expanded use of generation or distributed resources and recommendations to reduce or eliminate such impediments;

(6) how energy efficiency, demand‑side management programs, and conservation initiatives across the electrical utilities’ and the South Carolina Public Service Authority’s balancing authority areas may be expanded to lower bills and reduce electric consumption;

(7) details regarding potential siting of energy resource and transmission facilities in order to identify any disproportionate adverse impact of such activities on the environment, agricultural community, land use, and economically disadvantaged or minority communities;

(8) details regarding commercial and industrial consumer clean energy goals and options available to such customers to achieve these goals, including:

(a) an analysis of the barriers commercial and industrial consumers face in making such investments in this State;

(b) an analysis of any electric and natural gas regulatory barriers to the recruitment and retention of commercial and industrial customers in this State; and

(c) recommendations to address any barriers identified in items (a) and (b) in a manner that is consistent with the public interest and which is not duly impactful to nonparticipating customers as it pertains to rate and system impacts, and which is not unduly impactful to entities providing public utility services.

(C) In preparing the plan the Office of Regulatory Staff may retain an outside expert to assist with compiling this report.

(D) In addition to the information required by this section, the plan must include recommendations for legislative, regulatory, or other public and private actions to best ensure a reliable and reasonably priced energy supply in South Carolina that supports the continued growth and success of this State. In forming these recommendations, the Office of Regulatory Staff must confer with the stakeholder group to ensure the recommendations would likely achieve the intended result for the electric grid, electric generation, and natural gas resources serving South Carolina customers.

(E) The plan must be submitted to the Public Utilities Review Committee for approval.

(F) The provisions of this section are subject to funding.

SECTION 7. Title 58 of the S.C. Code is amended by adding:

CHAPTER 38

South Carolina Energy Policy Institute

Section 58-38-10. This chapter is known as and may be cited as the “South Carolina Energy Policy Research and Economic Development Institute” or “EPI”.

Section 58-38-20. The General Assembly finds that:

(1) It is in the public interest of South Carolina to establish an Energy Policy Research and Economic Development Institute, also referred to as EPI, to support the efforts of the Advanced Resilient Energy Nexus, also referred to as SC Nexus, and research and propose solutions to address major challenges in the complex and evolving area of energy generation and storage.

(2) Research and documenting reliable data is essential for thoughtful consideration of the complex issues and concerns impacting energy generation and storage and the need for timely, substantive, and thorough advice from the EPI to the South Carolina General Assembly is critical to continue to position this State as a global leader.

(3) Advancement through the EPI of the broad collaboration through the SC Nexus will assist the State as a global leader in advanced energy by developing, testing, and deploying exportable electricity technologies. It will also allow the State to leverage the region’s dynamic and growing manufacturing base, superior research capabilities, and demonstrated record of public‑private collaboration to innovate and commercialize emerging energy storage materials and manufacturing techniques, including a demonstrative microgrid implementation that integrates renewable energy and storage into the state’s electricity systems.

(4) The topography of South Carolina, with its coastal plains and low country, confronts further complications. While the State possesses renewable energy resources like hydropower potential from its rivers and lakes and biomass from wood and landfill gas, the lack of sustainable energy production exacerbates the energy deficit. It is critical that South Carolina provide safe, reliable, and affordable energy.

(5) The industrial sector in South Carolina accounts for approximately one‑third of the state’s total energy use and heavily depends on energy consumption. Continued economic development and industry retention depends upon safe, reliable, and affordable energy generation.

(6) South Carolina will need to continue moving toward reliable power from emerging energy sources to ensure continued economic growth and secure energy for residential usage.

(7) The EPI shall collaborate across South Carolina in coordination with SC Nexus, Savannah River National Laboratory, energy utility providers, private industry, and workforce development to deliver advice on policy creation aligned with the state’s distinctive needs and opportunities. EPI shall support and collaborate with SC Nexus, a consortium of public and private entities, formed within the South Carolina Department of Commerce concerning power generation, transmission, and storage.

Section 58-38-30. (A) The EPI shall be established by the University of South Carolina to serve as an expert and reliable advisory resource for state policymakers, government, and industry. This institute shall bring together a coalition of experts from various domains within the energy ecosystem, individuals and organizations specializing in innovating public policy approaches, as well as specialists from across higher education, including but not limited to, the University of South Carolina, Clemson University, and South Carolina State University. The EPI shall aid South Carolina in developing a strategic long‑term approach to address energy‑related challenges and economic development opportunities for the State of South Carolina.

(B) The EPI shall be governed by a board of six members which shall provide oversight and guidance to the EPI. This board shall be composed of:

(1) Speaker of the House of Representatives or his designee;

(2) President of the Senate or his designee;

(3) Chairman of the Ways and Means Committee of the House of Representatives, or his designee;

(4) Chairman of the Finance Committee of the Senate or his designee;

(5) Chairman of the Labor, Commerce and Industry Committee of the House of Representatives or his designee; and

(6) Chairman of the Judiciary Committee of the Senate or his designee.

Section 58-38-40. (A) Annual deliverables for the EPI shall align with the goals and priorities of critical state objectives and legislative needs of South Carolina as determined by the board.

(B) The EPI shall prepare concise and informative documents that outline the key energy policy issues in South Carolina for members of the South Carolina General Assembly. These briefs shall offer evidence‑based recommendations and their potential impacts to assist the legislature in decision making.

(C) The EPI shall provide in‑depth research on various aspects of energy policy relevant to South Carolina, at the direction of the board.

(D) The EPI shall provide stakeholder engagement reports, including identification and engagement with relevant stakeholders in the energy sector, including industry representatives, environmental groups, consumer advocates, and community organizations. The EPI shall compile reports on stakeholder perspectives, concerns, and suggestions to aid the legislature in understanding different viewpoints.

(E) The EPI shall evaluate the economic implications of different energy policy options, including the potential costs and benefits to the state’s economy, job market, industry competitiveness, and underdeveloped communities. The EPI must use modeling techniques to estimate direct and indirect impacts on various sectors.

(F) The EPI shall develop practical framework recommendations for implementing energy policies in South Carolina, considering regulatory mechanisms, enforcement mechanisms, and coordination between different government agencies. These frameworks must address potential challenges and propose strategies for successful implementation.

(G) The EPI may host fellowships by which entities could offer the time and services of employees by which the EPI could leverage the knowledge, experience, and participation of such entities.

SECTION 8. Article 3, Chapter 33, Title 58 of the S.C. Code is amended by adding:

Section 58-33-195. (A)(1) The General Assembly finds:

(a) The Public Service Commission, hereinafter referred to as “the commission”, issued Order No. 2023‑860 approving Dominion Energy South Carolina, Inc.’s integrated resource plan, and Order No. 2024‑171 approving the South Carolina Public Service Authority’s integrated resource plan. The commission determined these integrated resource plans represented the most reasonable and prudent means to meet each utility’s energy and capacity needs as of the time each integrated resource plan was reviewed.

(b) Dominion Energy South Carolina, Inc.’s integrated resource plan identified a natural gas combined cycle unit as the optimum replacement unit for the Williams Station, which Dominion Energy South Carolina, Inc. intends to retire in 2030, assuming replacement capacity is available at that time. Dominion Energy South Carolina, Inc. proposed to locate this natural gas combined cycle unit facility at the site of its now retired Canadys coal plant, and Dominion Energy South Carolina, Inc. is pursuing a plan to build it jointly with the Public Service Authority under a Memorandum of Understanding, also referred to as the “Joint Resource”.

(c) The commission found that Dominion Energy South Carolina, Inc.’s Reference Build Plan replacing the Williams Station with the Joint Resource best meets the criterion of “consumer affordability and least cost” pursuant to Section 58‑37‑40(C)(2)(b).

(d) The commission found that the Public Service Authority’s Preferred Portfolio, referred to as “Supplemental”, as the preferred plan to guide the Public Service Authority’s generation and transmission planning over the next three years, with updates as necessary, represented the most reasonable and prudent means of meeting the Public Service Authority’s energy and capacity needs.

(e) The commission found the Supplemental is the most cost‑effective and least ratepayer‑risk resource portfolio to meet the Public Service Authority’s total capacity and energy requirements, while maintaining safe and reliable electric service.

(f) The commission determined the Public Service Authority sufficiently considered alternatives to the natural gas combined cycle unit.

(g) The commission found that the Supplemental allows the Public Service Authority to meet the electric power needs of its retail and wholesale customers reliably and affordably, reduces its carbon footprint, and adds flexibility and innovation to support a growing state economy.

(2) The General Assembly encourages Dominion Energy South Carolina, Inc. and the Public Service Authority to jointly complete evaluations related to the Joint Resource and to use such information as may be necessary from such evaluations to make a filing as soon as practicable with the commission to obtain a certificate pursuant to Article 3 of this chapter. The General Assembly instructs all governmental agencies to provide accelerated consideration of any action required to permit or authorize construction and operation of the facilities subject to this section in preference to all other pending nonemergency applications or requests. The General Assembly finds adding natural gas generation capacity at the retired Canadys coal site would advance the economy and general welfare of the State based on current conditions and information as of the effective date of this Act. However, this subsection does not exempt the entities from complying with the requirements of the Utility Facility Siting and Environmental Protection Act, including the requirement to seek commission approval for a certificate of environmental compatibility and public convenience and necessity nor does this subsection limit the commission’s independent decision‑making authority. The entities are further encouraged to use existing rights of way to the greatest extent practicable.

(B) The General Assembly hereby encourages Duke Energy Carolinas, LLC to complete evaluations for constructing a second powerhouse using the existing reservoir at Bad Creek Pumped Hydro Station in Oconee County, South Carolina, which will approximately double the size and peak hourly capacity of the facility, and to use such information as may be necessary from such evaluations to make a filing as soon as practicable with the commission to obtain a certificate pursuant to Article 3 of this chapter. The General Assembly further encourages Duke Energy Carolinas, LLC to complete evaluations as to what may be necessary to interconnect such an expansion of Bad Creek Pumped Hydro Station to the electric grid or otherwise deliver electric power from Duke Energy Carolinas, LLC to its customers, and to include such information as may be necessary from such evaluations in a filing to the commission pursuant to Section 58‑33‑110 or as otherwise required by law. The General Assembly instructs all governmental agencies to provide accelerated consideration of any action required to permit or otherwise authorize construction and operation of the facilities subject to this subsection in preference of all other pending nonemergency applications or requests.

(C) The General Assembly hereby encourages Duke Energy Carolinas, LLC and Duke Energy Progress, LLC to complete evaluations for constructing hydrogen capable natural gas generation or otherwise to place into service such natural gas generation within the utilities’ balancing areas serving South Carolina, and to use such information from the evaluations as may be necessary to make a filing as soon as practicable with the commission to obtain a certification pursuant to Article 3 of this chapter or as otherwise required by law. The General Assembly further encourages Duke Energy Carolinas, LLC and Duke Energy Progress, LLC to determine what facilities may be necessary to interconnect such natural gas generation to the electric grid or otherwise deliver electric power from the utilities to its customers, and to include such information in any filing to the commission pursuant to Section 58‑33‑110 or as otherwise required by law. The General Assembly instructs all governmental agencies to provide accelerated consideration of any action required to permit or otherwise authorize construction or operation of the facilities subject to this subsection in preference of all other pending nonemergency applications or requests.

(D)(1) In the event any of the projects described in subsections (A), (B), or (C) are approved, the Office of Regulatory Staff, using its authority provided in Title 58, must continuously monitor the project or projects. This includes, but is not limited to, a review of the construction in progress, such as meeting projected timelines and financial projections are met. The Office of Regulatory Staff must provide monthly updates, in writing, to the commission and to the members of the General Assembly. Each electrical utility and the Public Service Authority must cooperate to the fullest extent with the Office of Regulatory Staff.

(2) The commission may, on its own motion, schedule a hearing to address concerns raised by the Office of Regulatory Staff in its written monthly review to the commission.

(3) The commission shall consider the Office of Regulatory Staff’s written monthly reviews in any future matters concerning any facility described in this section.

SECTION 9. .Article 1, Chapter 31, Title 58 of the S.C. Code is amended by adding:

Section 58-31-205. (A) The Public Service Authority shall have the power to jointly own, as tenants‑in‑common or through a limited liability company, with investor-owned electric utilities of electrical generation and transmission facilities, the power to plan, finance, acquire, own, operate, and maintain an interest in such plants and facilities necessary or incidental to the generation and transmission of electric power and the power to make plans and enter into such contracts as are necessary or convenient for the planning, financing, acquisition, construction, ownership, operation, and maintenance of such plants and facilities. However, the Public Service Authority shall own a percentage of such plants and facilities equal to the percentage of the money furnished or the value of property supplied by the Public Service Authority for the acquisition and construction of the plants and facilities. The Public Service Authority shall also own and control a like percentage of the electrical output thereof.

(B) The Public Service Authority shall be severally liable in proportion to its ownership share of such plants and facilities acquired pursuant to this section for the acts, omissions, or obligations performed, omitted, or incurred by the operator or other owners of the plants and facilities while acting as the designated agent of the Public Service Authority for the purposes of constructing, operating, or maintaining the plants and facilities, or any of them.However, the Public Service Authority shall not be otherwise liable, jointly or severally, for the acts, omissions, or obligations of other owners of the plants and facilities, nor shall any money or property of the Public Service Authority be credited or otherwise applied to the account of the operator or other owners of the plants and facilities, or be charged with any debt, lien, or mortgage as a result of any debt or obligation of the operator or other owners of the plants and facilities.

SECTION 10. Article 9, Chapter 7, Title 13 of the S.C. Code is amended to read:

Article 9

Governor’s Nuclear Advisory Council

Section 13-7-810. There is hereby established a Nuclear Advisory Council in the Department of Administration, Office of Regulatory Staff, which shall be responsible to the Executive Director of the Department of Administration Office of Regulatory Staff and report to the Governor.

Section 13-7-820. The duties of the council, in addition to such other duties as may be requested by the Governor, shall be:

(1) to provide advice and recommendations to the Governor on issues involving the use, handling, and management of the transportation, storage, or disposal of nuclear materials within South Carolina, or such use, handling, transportation, storage, or disposal of nuclear materials outside of the State which may affect the public health, welfare, safety, and environment of the citizens of South Carolina;

(2) to provide advice and recommendations to the Governor regarding matters pertaining to the Atlantic Compact Commission;

(3) to provide advice and recommendations to the Governor regarding the various programs of the United States Department of Energy pertaining to nuclear waste;

(4) to meet at the call of the chair or at a minimum twice a year; and

(5) to engage stakeholders and develop a strategic plan to advance the development of advanced nuclear generation including small modular reactors, molten salt reactors, and spent nuclear fuel recycling facilities to serve customers in this State in the most economical manner at the earliest reasonable time possible.

Section 13-7-830. The recommendations described in Section 13-7-620 13‑7‑820 shall be made available to the General Assembly and the Governor.

Section 13-7-840. The council shall consist of nineten members. One at-large member shall be appointed by the Speaker of the House of Representatives and one at-large member shall be appointed by the President of the Senate. SevenEight members shall be appointed by the Governor as follows: two shall be actively involved in the area of environmental protection; one shall have experience in the generation of power by nuclear means; one shall have experience in the field of nuclear activities other than power generation; two shall be scientists or engineers from the faculties of institutions of higher learning in the State; and onetwo shall be from the public at large; of which one shall be appointed to serve as the chairman and director of the Nuclear Advisory Council. The terms of the members of the council appointed by the Governor shall be coterminous with that of the appointing Governor, but they shall serve at the pleasure of the Governor.

Vacancies of the council shall be filled in the manner of the original appointment.

Section 13-7-850. The Governor shall designate the chairman from the membership. When on business of the council, members shall be entitled to receive such compensation as provided by law for boards and commissions.

Section 13-7-860. Staff support for the council shall be provided by the Department of AdministrationOffice of Regulatory Staff. The Director of the Nuclear Advisory Council must be a full‑time employee of the Office of Regulatory Staff.

SECTION 11. Section 37-6-604(C) of the S.C. Code is amended to read:

(C) TheAs of July 1, 2025, the Consumer Advocate shall be provided notice of any matter filed at the Public Service Commission that Advocate’s duties regarding intervention in matters that could impact consumers’ utility rates, and may intervene as a party and ability to advocate for the interest of consumers before the Public Service Commission and appellate courts in such matters as the Consumer Advocate deems necessary and appropriate are transferred to the Office of Regulatory Staff in order to promote efficiency and avoid duplication of duties.

SECTION 12. .Article 3, Chapter 33, Title 58 of the S.C. Code is amended by adding:

Section 58-33-196. Electrical utilities and the Public Service Authority are encouraged to explore the potential for deploying advanced nuclear facilities including, but not limited to, small modular nuclear facilities at suitable sites. Suitable sites may include sites of current nuclear facilities, sites where nuclear facilities have been proposed but not constructed, and other brownfield sites, such as coal‑generation sites. Any utility pursuing deployment of such nuclear facilities must provide annual progress reports to the commission and the Public Utilities Review Committee; this report may be in writing or in the form of testimony in an appropriate proceeding. The utility must provide estimates of the cost of the studies including, but not limited to, planning, licensing, and project development to the commission. If the commission finds such estimated costs are reasonable, prudent, and in the public interest, such costs may be recoverable through rates as they are incurred. Nothing in this section relieves an electrical utility of the burden of filing for a certificate under this article and obtaining appropriate approvals from the commission before commencing construction.

SECTION 13. .Chapter 37, Title 58 of the S.C. Code is amended by adding:

Section 58-37-70. (A) It is the policy of this State to promote the development and operation of advanced nuclear facilities, including small modular nuclear reactors, in the most economical manner and at the earliest reasonable time possible. These facilities are intended to provide electricity that is reliable, resilient, secure, and free of carbon dioxide emissions, as well as promote this state’s economic development and industry retention.

(B) As used in this section:

(1) “Electrical utility” has the same meaning as provided in Section 58‑27‑10(7) and includes the South Carolina Public Service Authority.

(2) “Site” means the geographic location of one or more small modular nuclear reactors.

(3) “Small modular nuclear reactor” means an advanced nuclear reactor that produces nuclear power and has a power capacity of up to 500 megawatts per reactor.

(C) The commission may establish a small modular nuclear reactor pilot program, if such a program is endorsed by the Nuclear Advisory Council. A pilot program must include the following requirements:

(1) any entity that holds a current license from the U.S. Nuclear Regulatory Commission to construct or operate at least one existing nuclear electrical generating facility at the time of the application may apply to the commission for a certificate of public convenience and necessity pursuant to the Utility Facility Siting and Environmental Protection Act;

(2) a certificate may be granted if obtaining a certification of public convenience and necessity would permit the applicant to apply for, use, or leverage at least thirty percent of the construction costs of the small modular nuclear reactor by utilizing any benefits or incentives available to lower the capital or operating costs including, but not limited to, governmental funds, tax credits, grants, and loan guarantees;

(3) the costs and benefits of a small modular nuclear reactor are reasonable and prudent compared to the levelized costs of electricity generation from other resources, applying any governmental tax credits and incentives. Factors that must be considered in levelized costs include fuel factors, economic and environmental benefits, and costs associated with any relative externalities;

(4) no more than three small modular nuclear reactors may receive a permit pursuant to this pilot program.

(D) An application for this pilot program must include:

(1) if the project’s location:

(a) is on or adjacent to an existing or former coal electrical generation site;

(b) is on or adjacent to an existing nuclear facility;

(c) enables coal plant retirement or emissions reduction in the electrical utility’s or the South Carolina Public Service Authority’s balancing area; or

(d) supports diversity in energy production, reliability, and energy security;

(2) if the project is subject to competitive procurement or solicitation for services and equipment;

(3) a demonstration that the program’s costs and benefits are reasonable and prudent and in the interest of South Carolina customers; and

(4) any other information the commission may wish to include in the application.

Nothing in this subsection limits any factors that the commission may consider in its determination of an application.

(E)(1) Reasonable and prudent costs incurred for a small modular nuclear reactor approved pursuant to this section shall be recoverable. In the event an electrical utility abandons a small modular nuclear reactor approved by the commission before its commercial operation, the electrical utility must provide a fulsome accounting to the commission of the circumstances of abandonment. Capital costs may only be recovered if the commission determines that the decision to abandon was reasonable, prudent, and in the public interest; however, these costs shall not include a rate of return. The commission may impose conditions it determines to be necessary to protect customers against unreasonable construction, development, or operational risk including, but not limited to, reporting, inspection, and the potential of requiring the utility to hire an independent third‑party construction monitor to evaluate the prudency of the utility’s actions and associated expense during the development of the project and construction of the reactor.

(2) The commission must not allow any cost recovery related to a small modular nuclear reactor outside of a rate case.

(F)(1) In addition to the small modular nuclear facility pilot program, electrical utilities and the South Carolina Public Service Authority are encouraged to evaluate the potential for deploying nuclear facilities at suitable sites within this State. A “suitable site” may include sites of current nuclear facilities, sites where nuclear facilities have been proposed but not constructed, and brownfield sites, such as coal generation sites.

(2) When evaluating the potential of a nuclear facility, the applicant must provide notice and annual progress reports to the Public Utilities Review Committee, the Nuclear Advisory Council, and the commission. When available, the applicant must also provide cost estimates of the studies related to a potential nuclear facility to serve customers in South Carolina. This includes, but is not limited to, planning, licensing, and project development, the anticipated timeline of an early site permit, and current possibilities or barriers to co‑ownership of such facilities, and available federal benefits which may defray costs of these facilities.

(3) In the event the commission finds cost estimates pursuant to item (2) are reasonable and prudent, the costs may be recoverable through rates, even if an application for a certificate of environmental compatibility and public convenience and necessity have not been filed. However, these costs shall not include a rate of return.

(G) Nothing in this section relieves an electrical utility or the South Carolina Public Service Authority of the burden of filing for a certificate pursuant to this article and obtaining appropriate approvals from the commission before commencing construction.

SECTION 14. Chapter 37, Title 58 of the S.C. Code is amended by adding:

Article 3

Energy Infrastructure Projects

Section 58-37-100. As used in this article:

(1) “Agency” means any agency, department, board, commission, or political subdivision of this State. However, it does not include the Public Service Commission, except for Sections 58‑37‑110 and 58‑37‑120.

(2) “Application” means a written request made to an agency for grant of a permit or approval of an action of matter within the agency’s jurisdiction pertaining to an energy infrastructure project.

(3) “Brownfield energy site” means an existing or former electrical generating site or other existing or former industrial site.

(4) “Energy corridor” means a corridor in which a utility or the South Carolina Public Service Authority has:

(a) transmission lines with a rated voltage of at least 110 kilovolts, including the substations, switchyards, and other appurtenant facilities associated with such lines; or

(b) high pressure natural gas transmission pipelines and the metering, compression stations, valve station, and other appurtenant facilities associated with such lines.

(5) “Energy corridor project” means an energy infrastructure project that involves the expansion of electric or natural gas delivery capacity in whole or in principal part within an existing energy corridor.

(6) “Energy infrastructure project” means the construction, placement, authorization, or removal of energy infrastructure including, but not limited to, electric transmission and generation assets, natural gas transmission assets, and all associated or appurtenant infrastructure and activities, including communications and distribution infrastructure.

(7) “Permit” means a permit, certificate, approval, registration, encroachment permit, right of way, or other form of authorization.

(8) “Person” means an individual, corporation, association, partnership, trust, agency, or the State of South Carolina.

Section 58-37-110. (A) Given the importance of sufficient, reliable, safe, and economical energy to the health, safety, and well‑being of the citizens of South Carolina and to the state’s economic development and prosperity, the General Assembly finds that the prompt siting, permitting, and completion of energy infrastructure projects, energy corridor projects, and brownfield electrical generation projects are crucial to the welfare of the State.

(B) All state agencies are instructed to give expedited review of applications for energy infrastructure projects, to provide reasonable and constructive assistance to applicants to allow the applicants to comply with state law and regulatory requirements as expeditiously as possible, and to be guided by the policy goals established in subsection (A).

(C) All state agencies are instructed to give due weight to the reduction in the environmental, aesthetic, and socioeconomic impacts that are incurred to support the safe, reliable, and economic provision of energy to the people of South Carolina when energy infrastructure projects can be located in existing energy corridors or on brownfield energy sites, and shall consider the relative reductions in such impacts compared to greenfield projects in evaluating projects in existing energy corridors or on brownfield energy sites.

Section 58-37-120. (A) Any agency presented with an application for a permit for an energy infrastructure project shall issue a decision on the application no later than six months after the date the application is received by the agency. If the agency fails to take final action within six months of receipt of the application, the application shall be deemed approved, and the agency shall promptly issue documentation that the applicant may reasonably request establishing that the agency has granted the relief requested.

(B) Upon receipt of an application, the agency shall promptly review it for sufficiency and shall provide the applicant with a list of all deficiencies within thirty days of receipt. The identification of by the agency of deficiencies in the application shall not toll the six‑month period for agency determination.

Section 58-37-130. The applicant or any person whose private rights are affected by an agency decision or action on an application for a permit for any energy infrastructure project may appeal that decision or action to the South Carolina Supreme Court. The Supreme Court shall hear these appeals as a direct appeal in accordance with the South Carolina Appellate Court Rules. The Court shall provide for an expedited briefing and hearing of the appeal, in preference to all other nonemergency matters on its docket, and decide such appeals on an expedited basis.

Section 58-37-140. The provisions of this article shall expire ten years after its effective date.

SECTION 15. Section 58-40-10(C) of the S.C. Code is amended to read:

(C) “Customer-generator” means the owner, operator, lessee, or customer-generator lessee of an electric energy generation unit which:

(1) generates or discharges electricity from a renewable energy resource, including an energy storage device configured to receive electrical charge solely from an onsite renewable energy resource;

(2) has an electrical generating system with a capacity of:

(a)(i) not more than the lesser of one thousand kilowatts (1,000 kW AC) or one hundred percent of contract demand if a nonresidential customer; or

(ii) after June 1, 2024, not more than the lesser of five thousand kilowatts (5,000kW AC) or one hundred percent of contract demand for a nonresidential customer, provided the customer‑generator is on a time‑of‑use rate schedule and any excess energy produced by the customer‑generator is credited and reset at the end of each monthly period; or

(iii) more than five thousand kilowatts (5,000kW AC) if agreed to by the customer‑generator and the electrical utility, provided that the electrical utility submits the agreement to the commission for consideration and approval if the commission finds the agreement to contain appropriate ratemaking provisions and is in the public interest; or

(b) not more than twenty kilowatts (20 kW AC) if a residential customer;

(3) is located on a single premises owned, operated, leased, or otherwise controlled by the customer;

(4) is interconnected and operates in parallel phase and synchronization with an electrical utility and complies with the applicable interconnection standards;

(5) is intended primarily to offset part or all of the customer-generator's own electrical energy requirements; and

(6) meets all applicable safety, performance, interconnection, and reliability standards established by the commission, the National Electrical Code, the National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, Underwriters Laboratories, the federal Energy Regulatory Commission, and any local governing authorities.

SECTION 16. Section 58-41-30 of the S.C. Code is amended to read:

Section 58-41-30. (A) The ability to utilize clean energy resources for electric power generation is important to attract prospective commercial or industrial entities to invest in South Carolina and to encourage and incent robust economic growth in the State.

(B) The commission shall be responsive to the clean energy needs of customers and the economic development and industry retention implications for the State when reviewing and approving voluntary clean energy programs. The commission shall consider updates to these voluntary renewable energy programs on an ongoing basis.

(C) Within one hundred and twenty days of the effective date of this chapter, subject to subsection (F), each electrical utility shall file a proposed voluntary renewable energy program for review and approval by the commission, unless as of July 1, 2024, the electrical utility already has a voluntary renewable energy program that conforms with the requirements of this section on file with the commission. The commission shall conduct a proceeding to review the program and establish reasonable terms and conditions for the program. Interested parties shall have the right to participate in the proceeding. The commission maymust periodically hold additional proceedings to update the program evaluate whether updates to the programs are necessary. At a minimum, each electrical utility must submit to the commission a program for which the program shall provide that:

(1) the participating customer shall have the right to select the renewable energy facility and negotiate with the renewable energy supplier on the price to be paid by the participating customer for the energy, capacity, and clean energy environmental attributes of the renewable energy facility and the term of such agreement so long as such terms are consistent with the voluntary renewable program service agreement as approved by the commission;

(2) the renewable energy contract and the participating customer agreement must be of equal duration;

(3) in addition to paying a retail bill calculated pursuant to the rates and tariffs that otherwise would apply to the participating customer, reduced by the amount of the generation credit, a participating customer shall reimburse the electrical utility on a monthly basis for the amount paid by the electrical utility to the renewable energy supplier pursuant to the participating customer agreement and renewable energy contract, plus an administrative fee approved by the commission; and

(4) eligible customers must be allowed to bundle their demand under a single participating customer agreement and renewable energy contract and must be eligible annually to procure an amount of capacity as approved by the commission.

(D) The commission must approve voluntary renewable energy programs, in addition to those provided for in subsection (C), where the participating customer purchases clean energy environmental attributes of new or existing renewable energy facilities owned and operated and recovered on a cost‑of‑service basis by the electrical utility or otherwise supplies through the execution of agreements with third parties within the utility’s balancing authority area. Voluntary renewable energy programs shall also facilitate behind‑the‑meter options for customers and access to renewable energy resource generation.

(B)(E) The commission may approve a program that provides for options that include, but are not limited to, both variable and fixed generation credit options.

(C)(F) The commission may shall limit the total portion of each electrical utility's voluntary renewable energy program that is eligible for the program at a level consistent with the public interest and shall provide standard terms and conditions for the participating customer agreement and the renewable energy contract, subject to commission review and approval.

(D)(G) A participating customer shall bear the burden of any reasonable costs associated with participating in a voluntary renewable energy program. An electrical utility may not charge any nonparticipating customers for any costs incurred pursuant to the provisions of this section. Purchased power costs incurred by an electrical utility as a result of subsection (C) shall be recovered in the electrical utility’s fuel clause pursuant to Section 58‑27‑865.

(E)(H) A renewable energy facility may be located anywhere in the electrical utility's service territory within the utility's balancing authority.

(F) If the commission determines that an electrical utility has a voluntary renewable energy program on file with the commission as of the effective date of this chapter, that conforms with the requirements of this section, the utility is not required to make a new filing to meet the requirements of subsection (A).

SECTION 17. .Section 58-41-10 of the S.C. Code is amended by adding:

(17) “Energy storage facilities” means any commercially available technology that is capable of absorbing energy and storing it for a period of time for use at a later time including, but not limited to, electrochemical, thermal, and electromechanical technologies.

SECTION 18. Section 58-41-20 of the S.C. Code is amended to read:

Section 58-41-20. (A) As soon as is practicable after the effective date of this chapter, the commission shall open a docket for the purpose of establishing each electrical utility's standard offer, avoided cost methodologies, form contract power purchase agreements, commitment to sell forms, and any other terms or conditions necessary to implement this section. Within six months after the effective date of this chapter, and at least once every twenty-four months thereafter, the commission shall approve each electrical utility's standard offer, avoided cost methodologies, form contract power purchase agreements, commitment to sell forms, and any other terms or conditions necessary to implement this section. Within such proceeding the commission shall approve one or more standard form power purchase agreements for use for qualifying small power production facilities not eligible for the standard offer. Such power purchase agreements shall contain provisions, including, but not limited to, provisions for force majeure, indemnification, choice of venue, and confidentiality provisions and other such terms, but shall not be determinative of price or length of the power purchase agreement. The commission may approve multiple form power purchase agreements to accommodate various generation technologies and other project-specific characteristics. This provision shall not restrict the right of parties to enter into power purchase agreements with terms that differ from the commission-approved form(s). Any decisions by the commission shall be just and reasonable to the ratepayers of the electrical utility, in the public interest, consistent with PURPA and the Federal Energy Regulatory Commission's implementing regulations and orders, and nondiscriminatory to small power producers; and shall strive to reduce the risk placed on the using and consuming public.

(1) Proceedings conducted pursuant to this section shall be separate from the electrical utilities' annual fuel cost proceedings conducted pursuant to Section 58-27-865.

(2) Proceedings shall include an opportunity for intervention, discovery, filed comments or testimony, and an evidentiary hearing.

(B) In implementing this chapter, the commission shall treat small power producers on a fair and equal footing with electrical utility-owned resources by ensuring that:

(1) rates for the purchase of energy and capacity fully and accurately reflect the electrical utility's avoided costs;

(2) power purchase agreements, including terms and conditions, are commercially reasonable and consistent with regulations and orders promulgated by the Federal Energy Regulatory Commission implementing PURPA; and

(3) each electrical utility's avoided cost methodology fairly accounts for costs avoided by the electrical utility or incurred by the electrical utility, including, but not limited to, energy, capacity, and ancillary services provided by or consumed by small power producers including those utilizing energy storage equipment. Avoided cost methodologies approved by the commission may account for differences in costs avoided based on the geographic location and resource type of a small power producer's qualifying small power production facility.

(C) The avoided cost rates offered by an electrical utility to a small power producer not eligible for the standard offer must be calculated based on the avoided cost methodology most recently approved by the commission. In the event that a small power producer and an electrical utility are unable to mutually agree on an avoided cost rate, the small power producer shall have the right to have any disputed issues resolved by the commission in a formal complaint proceeding. The commission may require mediation prior to a formal complaint proceeding.

(D) A small power producer shall have the right to sell the output of its facility to the electrical utility at the avoided cost rates and pursuant to the power purchase agreement then in effect by delivering an executed notice of commitment to sell form to the electrical utility. The commission shall approve a standard notice of commitment to sell form to be used for this purpose that provides the small power producer a reasonable period of time from its submittal of the form to execute a power purchase agreement. In no event, however, shall the small power producer, as a condition of preserving the pricing and terms and conditions established by its submittal of an executed commitment to sell form to the electrical utility, be required to execute a power purchase agreement prior to receipt of a final interconnection agreement from the electrical utility.

(E)(1) Electrical utilities shall file with the commission power purchase agreements entered into pursuant to PURPA, resulting from voluntary negotiation of contracts between an electrical utility and a small power producer not eligible for the standard offer.

(2) The commission is authorized to open a generic docket for the purposes of creating programs approve programs proposed by electrical utilities for the competitive procurement of energy and capacity from renewable energy facilities and, at the electrical utility’s option, associated co‑located energy storage by an electrical utility within the utility's balancing authority area if the commission determines such action to be in the public interest.

(3) In establishing standard offer and form contract power purchase agreements, the commission shall consider whether such power purchase agreements should prohibit any of the following:

(a) termination of the power purchase agreement, collection of damages from small power producers, or commencement of the term of a power purchase agreement prior to commercial operation, if delays in achieving commercial operation of the small power producer's facility are due to the electrical utility's interconnection delays; or

(b) the electrical utility reducing the price paid to the small power producer based on costs incurred by the electrical utility to respond to the intermittent nature of electrical generation by the small power producer.

(F)(1) Electrical utilities, subject to approval of the commission, shall offer to enter into fixed price power purchase agreements with small power producers for the purchase of energy and capacity at avoided cost, with commercially reasonable terms and a duration of ten years. The commission may also approve commercially reasonable fixed price power purchase agreements with a duration longer than ten years, which must contain additional terms, conditions, and/or rate structures as proposed by intervening parties and approved by the commission, including, but not limited to, a reduction in the contract price relative to the ten year avoided cost. Notwithstanding any other language to the contrary, the commission will make such a determination in proceedings conducted pursuant to subsection (A). The avoided cost rates applicable to fixed price power purchase agreements entered into pursuant to this item shall be based on the avoided cost rates and methodologies as determined by the commission pursuant to this section. The terms of this subsection apply only to those small power producers whose qualifying small power production facilities have active interconnection requests on file with the electrical utility prior to the effective date of this act. The commission may determine any other necessary terms and conditions deemed to be in the best interest of the ratepayers. This item is not intended, and shall not be construed, to abrogate small power producers' rights under PURPA that existed prior to the effective date of the act.

(2) Once an electrical utility has executed interconnection agreements and power purchase agreements with qualifying small power production facilities located in South Carolina with an aggregate nameplate capacity equal to twenty percent of the previous five-year average of the electrical utility's South Carolina retail peak load, that electrical utility shall offer to enter into fixed price power purchase agreements with small power producers for the purchase of energy and capacity at avoided cost, with the terms, conditions, rates, and terms of length for contracts as determined by the commission in a separate docket or in a proceeding conducted pursuant to subsection (A). The commission is expressly directed to consider the potential benefits of terms with a longer duration to promote the state's policy of encouraging renewable energy.

(3) Any electrical utility administering a program for the competitive procurement of renewable energy resources and associated co‑located energy storage facilities that have been approved by the commission pursuant to Section 58‑41‑25 that is open to qualifying small power production facilities within the electrical utility’s balancing authority area in South Carolina may competitively procure new renewable energy capacity pursuant to that competitive solicitation process as a means of complying with the Public Utility Regulatory Policies Act. Further, the commission must establish a five‑year term for energy purchased at administratively established avoided cost rates outside of competitive procurement of renewable energy resources, with the exception of voluntarily negotiated agreements to serve the public interest, for any electrical utility administering a program for the competitive procurement of renewable energy resources and associated co‑located energy storage facilities that has been approved by the commission if the commission determines that doing so will incentivize participation in the competitive procurement process.

(G) Nothing in this section prohibits the commission from adopting various avoided cost methodologies or amending those methodologies in the public interest.

(H) Unless otherwise agreed to between the electrical utility and the small power producer, a power purchase agreement entered into pursuant to PURPA may not allow curtailment of qualifying facilities in any manner that is inconsistent with PURPA or implementing regulations and orders promulgated by the Federal Energy Regulatory Commission.

(I) The commission is authorized to employ, through contract or otherwise, third-party consultants and experts in carrying out its duties under this section, including, but not limited to, evaluating avoided cost rates, methodologies, terms, calculations, and conditions under this section. The commission is exempt from complying with the State Procurement Code in the selection and hiring of a third-party consultant or expert authorized by this subsection. The commission shall engage, for each utility, a qualified independent third party to submit a report that includes the third party's independently derived conclusions as to that third party's opinion of each utility's calculation of avoided costs for purposes of proceedings conducted pursuant to this section. The qualified independent third party is subject to the same ex parte prohibitions contained in Chapter 3, Title 58 as all other parties. The qualified independent third party shall submit all requests for documents and information necessary to their analysis under the authority of the commission and the commission shall have full authority to compel response to the requests. The qualified independent third party's duty will be to the commission. Any conclusions based on the evidence in the record and included in the report are intended to be used by the commission along with all other evidence submitted during the proceeding to inform its ultimate decision setting the avoided costs for each electrical utility. The utilities may require confidentiality agreements with the independent third party that do not impede the third-party analysis. The utilities shall be responsive in providing all documents, information, and items necessary for the completion of the report. The independent third party shall also include in the report a statement assessing the level of cooperation received from the utility during the development of the report and whether there were any material information requests that were not adequately fulfilled by the electrical utility. Any party to this proceeding shall be able to review the report including the confidential portions of the report upon entering into an appropriate confidentiality agreement. The commission and the Office of Regulatory Staff may not hire the same third-party consultant or expert in the same proceeding or to address the same or similar issues in different proceedings.

(J) (I) Each electrical utility's avoided cost filing must be reasonably transparent so that underlying assumptions, data, and results can be independently reviewed and verified by the parties and the commission. The commission may approve any confidentiality protections necessary to allow for independent review and verification of the avoided cost filing.

SECTION 19. Chapter 41, Title 58 of the S.C. Code is amended by adding:

Section 58-41-25. (A) Unless an electrical utility makes an application pursuant to subsection (F) or (G), electrical utilities may file for commission approval of a program for the competitive procurement of renewable energy facilities which may also include, at the utility’s option, associated co‑located energy storage facilities, also referred to as “eligible facilities”, or purchase one‑hundred percent of the output from such eligible facilities, including all energy, capacity, ancillary services, and environmental and renewable attributes. Eligible facilities may be located anywhere in the electrical utility’s balancing authority area to meet needs for new generation and energy storage resources identified by the electrical utility’s integrated resource plan and associated filings. The commission may not grant approval unless the commission finds and determines that the electrical utility satisfied the requirements of this section and the proposed program is just and reasonable and in the best interests of the electrical utility’s customers.

(B) An electrical utility’s competitive procurement program filed pursuant to this section must describe the solicitation process, eligibility criteria, timelines, bid evaluation methodology, and identify whether resources procured are intended to also service customer‑directed renewable energy procurement programs. The program must be designed to procure renewable energy facilities and at the utility’s election, associated co‑located energy storage resources, or the output of those facilities, subject to the following requirements:

(1) renewable energy facilities, and if applicable, energy storage resources, or their output, must be procured via a competitive solicitation process open to all market participants that meet minimum stated eligibility requirements;

(2) the electrical utility shall issue public notification of its intention to issue a competitive solicitation to procure renewable energy facilities and associated co‑located energy storage facilities, if applicable, at least ninety days prior to the release of the solicitation, including identifying the proposed target procurement volume, procurement process, and timeline for administering the solicitation;

(3) renewable energy facilities eligible to participate in competitive procurement are those that use renewable generation resources identified in Section 58‑39‑120(F), which must also satisfy that electrical utility’s capacity, energy, or operational needs, as identified by the electrical utility, and take into account the required operating characteristics of the needed capacity;

(4) energy storage facilities, if included by the electrical utility in the solicitation, must be associated equipment located at the same site as the renewable energy facility;

(5) electrical utilities may seek to ensure that their procurement of eligible facilities results in a reasonable balance of ownership of eligible facilities between such utility, including its affiliates and unrelated market participants, and may offer self‑developed proposals. However, if an electrical utility or its affiliate seek to participate in the procurement, the electrical utility’s program must include an independent evaluator to evaluate all bids offered and to ensure they are fairly and competitively evaluated. For purposes of this section, “independent evaluator” means an independent third party retained by the electrical utility that has no ownership in the electrical utility or a market participant and has the skills and experience necessary to oversee the solicitation process and provide the utility with an independent evaluation of all proposals for ultimate selection. At the conclusion of the solicitation, the independent evaluator shall report to the commission on the openness and fairness of the bid evaluation process and certify that the selection of proposals adhered to the evaluation methodology and requirement of the program.

(C) An electrical utility must make the following publicly available at least forty‑five days prior to each competitive solicitation:

(1) pro‑forma contract to inform prospective market participants of the procurement terms and conditions for the output purchased by the electrical utility from eligible resources. The pro‑forma contract must:

(a) provide for the purchase of renewable energy, capacity, and environmental and renewable attributes from renewable energy facilities owned and operated by third parties that commit to allow the procuring electrical utility rights to dispatch, operate, and control the solicited renewable energy facilities in the same manner as the electrical utility’s own generating resources;

(b) include standardized and commercially reasonable requirements for contract performance security; and

(c) define limits and compensation for resource dispatch and curtailments.

In the event an electrical utility chooses to procure output from co‑located storage, the pro‑forma contract must also cover similar terms and conditions as specified herein for those eligible facilities.

(2) pro‑forma agreements to govern the procurement of eligible facilities by the electrical utility from market participants;

(3) bid evaluation methodology that ensures all bids are treated equitably, including price and non‑price evaluation criteria; and

(4) interconnection requirements, including specification of how bids without existing interconnection agreements will be treated for purposes of evaluation.

(D) After bids are submitted and evaluated, the electrical utility will elect the winning bids based upon the public evaluation methodology.

(E) An electrical utility shall file with the commission a public report summarizing the results of each competitive solicitation within thirty days of finalizing the contract with the winning bidder. The report must include, at a minimum, a summary of the bids received and an anonymized list of the project awards, including size, location, and average award price and tenor.

(F) Nothwithstanding the requirements in subsections (B) and (C), the results of all other competitive procurement programs undertaken by an electrical utility within its balancing authority area outside of South Carolina that will serve customers in the electrical utility’s balancing authority area within South Carolina and are open to equal participation by eligible facilities located within South Carolina may be approved by the commission if the commission determines such programs enable economic*,* reliable, and safe operation of the electricity grid in a manner consistent with the public interest. For purposes of this section, “public interest” shall also include the ability of customers to subscribe to customer programs which leverage the competitively procured solar and potential storage contemplated within this section. Any electrical utility that requests acceptance of a system‑wide procurement pursuant to this section must demonstrate to the commission that the utility has adhered to subsection (D) as defined in that specific competitive procurement program and submit the post solicitation report to the commission, as required by subsection (E).

(G) The commission may determine that a competitive procurement program within an electrical utility’s balancing authority area outside of South Carolina that serves customers in the utility’s area within South Carolina and is open to equal participation by eligible facilities located within South Carolina satisfies the requirements of this section.

(H) Electrical utilities are permitted to recover costs incurred pursuant to this section, including reasonable and prudent administrative costs to develop and propose procurements under this section, and if approvedby the commission, the costs resulting from such procurements through rates established pursuant to Section 58‑27‑865 or otherwise through rates established pursuant to Section 58‑27‑870. If the commission denies an application made pursuant to subsection (F) or (G) of this section, and the utility continues with the procurement, then the utility must allocate all costs and benefits associated with the resources being procured away from South Carolina customers.

(I) An electrical utility administering a program for the competitive procurement of renewable energy resources and storage facilities that has been approved by the commission pursuant to Section 58‑41‑25 that is open to qualifying small power production facilities located in South Carolina may utilize such programs as means to satisfy its purchase obligations for avoidable capacity from qualifying small power production facilities under the Public Utility Regulatory Policies Act, consistent with Section 58‑41‑20(F)(3).

SECTION 20.A.Section 58-33-20 of the S.C. Code is amended by adding:

(10) The term “like facility” with reference to generation facilities and without limitation, includes a facility or facilities that are proposed to provide capacity on a site currently or previously used for siting electric generation that replaces the capacity of a facility or facilities that are being retired, downrated, mothballed, or dedicated to standby or emergency service at the same site, limited to facilities no more than 300 megawatts, so long as those new facilities will provide an amount of effective load‑carrying capacity that in whole or in part will serve to replace the capacity to be lost as a result of retirement, and includes associated transmission facilities needed to deliver power from that facility to customers. A “like facility” with reference to transmission facilities, and without limitation, includes any facility that represents the rebuilding, reconductoring, paralleling, increasing voltage, adding circuits or otherwise reconfiguring of an existing transmission line or other transmission facilities including, without limitation, projects to increase the capacity of such facilities, provided such facilities are: (a) located materially within a utility right of way or corridor; (b) located materially within a new right of way or corridor; or (c) substantially located on the property of a customer, prospective customer, or the State.

B. Section 58-33-20(2)(a) of the S.C. Code is amended to read:

(2) The term “major utility facility” means:

(a) electric generating plant and associated facilities designed for, or capable of, operation at a capacity of more than seventy-five megawatts or that requires a footprint of more than one hundred twenty‑five acres of land.

SECTION 21. Article 3, Chapter 33, Title 58 of the S.C. Code is amended to read:

Article 3

Certification of Major Utility Facilities

Section 58-33-110. (1) No person shall commence to construct a major utility facility without first having obtained a certificate issued with respect to such facility by the Commission. The replacement of an existing facility with a like facility, as determined by the Commission, shall not constitute construction of a major utility facility. Upon application for a determination by the Commission that a proposed utility facility constitutes a like facility replacement, the Commission must issue a written order approving or denying the application within sixty days of filing. If the Commission fails to issue a written order within sixty days of the application’s filing, the application shall be deemed as approved. Any facility, with respect to which a certificate is required, shall be constructed, operated and maintained in conformity with the certificate and any terms, conditions and modifications contained therein. A certificate may only be issued pursuant to this chapter; provided, however, any authorization relating to a major utility facility granted under other laws administered by the Commission shall constitute a certificate if the requirements of this chapter have been complied with in the proceeding leading to the granting of such authorization.

(2) A certificate may be transferred, subject to the approval of the Commission, to a person who agrees to comply with the terms, conditions and modifications contained therein.

(3) A certificate may be amended.

(4) This chapter shall not apply to any major utility facility:

(a) the construction of which is commenced within one year after January 1, 1972; or

(b) for which, prior to January 1, 1972, an application for the approval has been made to any federal, state, regional, or local governmental agency which possesses the jurisdiction to consider the matters prescribed for finding and determination in subsection (1) of Section 58-33-160.

(c) for which, prior to January 1, 1972, a governmental agency has approved the construction of the facility and indebtedness has been incurred to finance all or part of the cost of such construction;

(d) which is a hydroelectric generating facility over which the Federal Power CommissionFederal Energy Regulatory Commission has licensing jurisdiction; or

(e) which is a transmission line or associated electrical transmission facilities constructed by the South Carolina Public Service Authority,: (i) for which construction either is commenced within one year after January 1, 2022,; or (ii) which is necessary to maintain system reliability in connection with the closure of the Winyah Generating Station, provided that such transmission is not for generation subject to this chapter; or (iii) which is necessary to serve an identified commercial or industrial customer to promote economic development or industry retention as determined by the South Carolina Public Service Authority and agreed to by the Office of Regulatory Staff where such agreement is documented in a letter by the Office of Regulatory Staff to the Public Utilities Review Committee and the commission.

(5) Any person intending to construct a major utility facility excluded from this chapter pursuant to subsection (4) of this section or Section 58‑33‑20(10) may elect to waive the exclusion by delivering notice of the waiver to the Commission. This chapter shall thereafter apply to each major utility facility identified in the notice from the date of its receipt by the Commission.

(6) The Commission shall have authority to waive the normal notice and hearing requirements of this chapter and to issue a certificate on an emergency basis if it finds that immediate construction of a major utility facility is justified by public convenience and necessity; provided, that the Public Service Commission shall notify all parties concerned under Section 58-33-140 prior to the issuance of such certificate; provided, further, that the Commission may subsequently require a modification of the facility if, after giving due consideration to the major utility facility, available technology and the economics involved, it finds such modification necessary in order to minimize the environmental impact.

(7) The Commission shall have authority, where justified by public convenience and necessity, to grant permission to a person who has made application for a certificate under Section 58-33-120 to proceed with initial clearing, excavation, dredging and construction.; provided, , No permission from the Commission shall be required to proceed with initial clearing, excavation, dredging, and initial construction of any facility which constitutes a component of the preferred generation plan in an integrated resource plan or update approved by the Commission pursuant to Chapter 37 of this title, or any like facility; provided that in engaging in such clearing, excavation, dredging or construction, the person shall proceed at his own risk, and such permission shall not in any way indicate approval by the Commission of the proposed site or facility.

(8)(a) Notwithstanding the provisions of item (7), and not limiting the provisions above, a person may not commence construction of a major utility facility for generation in the State of South Carolina without first having made a demonstration In seeking a certificate, the applicant must provide credible information demonstrating that the facility to be built has been compared to other generation options in terms of cost, reliability, schedule constraints, fuel cost and availability, transmission constraints and costs, ancillary services capabilities, current and reasonably expected future environmental costs and restrictions, that the facility supports system efficiency and reliability in light of those considerations, and any other regulatory implications deemed legally or reasonably necessary for consideration by the commission. The commission is authorized to adopt rules for such evaluation of other generation options.

(b) The commission may, upon a showing of a need, require a commission-approved process that includes Office of Regulatory Staff may provide to the commission a report that includes any or all of the following:

(i) the an assessment of an unbiased independent evaluator retained by the Office of Regulatory Staff as to reasonableness of any certificate sought under this section for new generation;

(ii) a report from the independent evaluator to the commission regarding the transparency, completeness, and integrity of bidding processes, if any;

(iii) an assessment of whether there was a reasonable period for interested parties to review and comment on proposed requests for proposals, bid instructions, and bid evaluation criteria, if any, prior to finalization and issuance, subject to any trade secrets that could hamper future negotiations; however, the independent evaluator may access all such information;

(iv) independent evaluator access and review of final bid evaluation criteria and pricing information for any and all projects to be evaluated in comparison to the request for proposal bids received;

(v) access through discovery, subject to appropriate confidentiality, attorney-client privilege or trade secret restrictions, for parties to this proceeding to documents developed in preparing the certificate of public convenience and necessity application;

(vi) (iv) a demonstration that an assessment of whether the facility is consistent with an integrated resource plan or update approved by previously filed with the commission or is otherwise justified by generation planning modeling comparable to that filed as part of the utility’s integrated resource plan but updated with current data concerning system loads, fuel prices, environmental regulations, location‑specific transmission costs, updated construction costs and updated construction timelines, updated costs of gas supply facilities, if any, and other relevant costs, schedules or inputs establishing that the facility in question supports system economy and reliability; and

(vii) (v) an assessment detailing the treatment of utility affiliates in the same manner as compared to nonaffiliates participating in the request for proposal process, if any.

(9) The applicant may, but must not be required to, issue requests for proposals or otherwise conduct market procurement activities in support of the showings required pursuant to this chapter.

(10) Not withstanding any other provision in this section, an electrical utility serving customers in this state may seek a certificate of public convenience and necessity when building a major utility facility, as defined in Section 58‑33‑20(2), in another state but within the electrical utility’s balancing area serving customers in South Carolina. In such a case, the provisions of Sections 58‑33‑120, 58‑33‑140, and 58‑33‑160(1)(b), (c), and (e) shall not apply, but all other requirements of this section affecting customers in this state shall apply. In addition:

(a) an applicant for a certificate shall file an application with the commission in such form as the commission may prescribe. The application must contain the following information:

(i) a description of the location and of the major utility facility to be built;

(ii) a summary of any studies which have been made by or for the applicant of the environmental impact of the major utility facility;

(iii) a statement explaining the need for the major utility facility;

(iv) any other information the applicant may consider relevant or as the commission may by regulation require. A copy of the report referred to in item (8)(b) must be filed with the commission, if ordered by the commission, and shall be available for public information.

(b) The parties to a proceeding for a certificate pursuant to this section shall include:

(i) the applicant;

(ii) the Office of Regulatory Staff; and

(iii) intervenors with standing as approved by the commission.

(c) If the commission denies an application made pursuant to this section and the utility continues to build such major utility facility, the utility must allocate all costs and benefits associated with the major utility facility away from the utility’s South Carolina customers.

Section 58-33-120. (1) An applicant for a certificate shall file an application with the commission, in such form as the commission may prescribe. The application must contain the following information:

(a) a description of the location and of the major utility facility to be built;

(b) a summary of any studies which have been made by or for applicant of the environmental impact of the facility;

(c) a statement explaining the need for the facility; and

(d) any other information as the applicant may consider relevant or as the commission may by regulation or order require. A copy of the study referred to in item (b) above shall be filed with the commission, if ordered, and shall be available for public information.

(2) Each application shall be accompanied by proof of service of a copy of the application on the Office of Regulatory Staff, the chief executive officer of each municipality, and the head of each state and local government agency, charged with the duty of protecting the environment or of planning land use, in the area in the county in which any portion of the facility is to be located. The copy of the application shall be accompanied by a notice specifying the date on or about which the application is to be filed.

(3) Each application also must be accompanied by proof that public notice was given to persons residing in the municipalities entitled to receive notice under subsection (2) of this section, by the publication of a summary of the application, and the date on or about which it is to be filed, in newspapers of general circulation as will serve substantially to inform such persons of the application.

(4) Inadvertent failure of service on, or notice to, any of the municipalities, government agencies, or persons identified in subsections (2) and (3) of this section may be cured pursuant to orders of the commission designed to afford them adequate notice to enable their effective participation in the proceeding. In addition, the commission may, after filing, require the applicant to serve notice of the application or copies thereof, or both, upon such other persons, and file proof thereof, as the commission may deem appropriate.

(5) An application for an amendment of a certificate shall be in such form and contain such information as the commission shall prescribe. Notice of the application shall be given as set forth in subsections (2) and (3) of this section.

Section 58-33-130. (1) Upon the receipt of an application complying with Section 58-33-120, the Commission shall promptly fix a date for the commencement of a public hearing, not less than sixty nor more than ninety days after the receipt, and shall conclude the proceedings as expeditiously as practicable complete the hearing and issue an order on the merits within one hundred eighty days of receipt of the application.

(2) The testimony presented at the hearing may be presented in writing or orally, provided that the Commission may make rules designed to exclude repetitive, redundant or irrelevant testimony; however, all expert testimony must be prefiled with the Commission, with responsive expert testimony of non‑applicants being received with enough time for the applicant to meaningfully respond, and in no case would expert testimony be filed less than twenty days before the hearing.

(2)(3) On an application for an amendment of a certificate, the Commission shall hold a hearing in the same manner as a hearing is held on an application for a certificate if the proposed change in the facility would result in any significant increase in any environmental impact of the facility or a substantial change in the location of all or a portion of the facility; provided, that the Public Service Commission shall forward a copy of the application to all parties upon the filing of an application.

Section 58-33-140. (1) The parties to a certification proceeding shall include:

(a) the applicant;

(b) the Office of Regulatory Staff, the Department of Health and Environmental Control, the Department of Natural Resources, and the Department of Parks, Recreation and Tourism;

(c) each municipality and government agency entitled to receive service of a copy of the application under subsection (2) of Section 58-33-120 if it has filed with the commission a notice of intervention as a party within thirty days after the date it was served with a copy of the application; and

(d) any person residing in a municipality entitled to receive service of a copy of the application under subsection (2) of Section 58-33-120, any domestic nonprofit organization, formed in whole or in part to promote conservation or natural beauty, to protect the environment, personal health, or other biological values, to preserve historical sites, to promote consumer interest, to represent commercial and industrial groups, or to promote the orderly development of the area in which the facility is to be located; or any other person, if such a person or organization has petitioned the commission for leave to intervene as a party, within thirty days after the date given in the published notice as the date for filing the application, and if the petition has been granted by the commission for good cause shown.

(2) Any person may make a limited appearance in the sixty days after the date given in the published notice as the date for filing the application. No person making a limited appearance shall be a party or shall have the right to present oral testimony or argument or cross-examine witnesses.

(3) The commission may, in extraordinary circumstances for good cause shown, and giving consideration to the need for timely start of construction of the facility, grant a petition for leave to intervene as a party to participate in subsequent phases of the proceeding, filed by a municipality, government agency, person, or organization which is identified in paragraphs (b) or (c) of subsection (1) of this section, but which failed to file a timely notice of intervention or petition for leave to intervene, as the case may be.

Section 58-33-150. A record shall be made of theany hearing and of all testimony taken and the cross-examination thereon. Upon request of a party, either before or after the decision, a State agency which proposes to or does require a condition to be included in the certificate as provided for in Section 58-33-160 shall furnish for the record all factual findings, documents, studies, rules, regulations, standards, or other documentation, supporting the condition. The Commission may provide for the consolidation of the representation of parties having similar interests.

Section 58-33-160. (1) The Commission shall render a decision upon the record either granting or denying the application as filed, or granting it upon such terms, conditions or modifications of the construction, operation or maintenance of the major utility facility as the Commission may deem appropriate; such conditions shall be as determined by the applicable State agency having jurisdiction or authority under statutes, rules, regulations or standards promulgated thereunder, and the conditions shall become a part of the certificate. The Commission may notmust grant a certificate for the construction, operation and maintenance of a major utility facility, either as proposed or as modified by the Commission, unless it shall find and determineif it finds and determines that the applicant has shown:

(a) The basis of the need for the facility.

(b) The nature of the probable environmental impact.

(c) That the impact of the facility upon the environment is justified, considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations.

(d) That the facilities will serve the interests of system economy and reliability, and in the case of generating facilities, will do so considering reasonably available alternatives and their associated costs, risks, and operating attributes.

(e) That there is reasonable assurance that the proposed facility will conform to applicable State and local laws and regulations issued thereunder, including any allowable variance provisions therein, except that the Commission may refuse to apply any local law or local regulation if it finds that, as applied to the proposed facility, such law or regulation is unreasonably restrictive in view of the existing technology, or of factors of cost or economics or of the needs of consumers whether located inside or outside of the directly affected government subdivisions.

(f) That public convenience and necessity require the construction of the facility.

(2) If the Commission determines that the location of all or a part of the proposed facility should be modified, it may condition its certificate upon such modification, provided that the municipalities and persons residing therein affected by the modification shall have been given reasonable notice.

(3) A copy of the decision and any opinion order shall be served by the Commission upon each party.

Section 58-33-170. In rendering a decision on an application for a certificate, the Commission shall issue an opinionorder stating its reasons for the action taken. If the Commission has found that any regional or local law or regulation, which would be otherwise applicable, is unreasonably restrictive pursuant to paragraph (e) of subsection (1) of Section 58-33-160, it shall state in its opinion order the reasons therefor.

Section 58-33-180. (A)(1) In addition to the requirements of Articles 1, 3, 5, and 7 of Chapter 33, Title 58, a certificate for the construction of a major utility facility shall be granted only if the Public Service Authority demonstrates and proves by a preponderance of the evidence and the commission finds:

(a)(1) the construction of a major utility facility constitutes a more cost-effective means for serving direct serve and wholesale customers than other feasibly available long-term power supply alternatives and provides less ratepayer risk while maintaining safe and reliable electric service than other feasibly available long-term power supply alternatives; and

(b)(2) energy efficiency measures; demand-side management; renewable energy resource generation; available long-term power supply alternatives, or any combination thereof, would not establish or maintain a more cost-effective and reliable generation system and that the construction and operation of the facility is in the public interest.

(2)(B) Available long-term power supply alternatives may include, but are not limited to, power purchase agreements, competitive procurement of renewable energy, joint dispatch agreements, market purchases from an existing regional transmission organization, joining or creating a new regional transmission organization, using best available technology for energy generation, transmission, storage and distribution, or any combination thereof.

(3)(C) The commission shall consider any previous analysis performed pursuant to Section 58-37-40 in acting upon any petition by the Public Service Authority pursuant to this section. The commission shall also take into account the Public Service Authority's resource and fuel diversity, reasonably anticipated future operating costs, arrangements with other electric utilities for interchange of power, pooling of plants, purchase of power and other alternative methods for providing reliable, efficient, and economical electric service.

(B)(D)The Public Service Authority shall file an estimate of construction costs in such detail as the commission may require. No certificate shall be granted unless the commission has approved the estimated construction costs and made a finding that construction will be consistent with the Authority's commission-approved plan for expansion of electric generating capacity.

Section 58-33-185. (A) The Public Service Authority may not enter into a contract for the acquisition of acquire a major utility facility without approval of the Public Service Commission of South Carolina, provided that the approval is required only to the extent the transaction is not subject to the exclusive jurisdiction of the Federal Energy Regulatory Commission or any other federal agency.

(B)(1) In acting upon any petition by the Public Service Authority pursuant to this section, the Public Service Authority must prove by a preponderance of the evidence that the proposed transaction constitutes a more cost-effective means for serving direct serve and wholesale customers than other feasibly available long-term power supply alternatives and provides less ratepayer risk while maintaining safe and reliable electric service than other feasibly available long-term power supply alternatives. The commission shall consider any previous analysis performed pursuant to Section 58-37-40 in acting upon any petition by the Public Service Authority pursuant to this section. The commission shall also take into account the Public Service Authority's arrangements with other electric utilities for interchange of power, pooling of plants, purchase of power and other alternative methods for providing reliable, efficient, and economical electric service.

(2) Available long-term power supply alternatives may include, but not be limited to, power purchase agreements of a different duration than proposed, competitive procurement of renewable energy, joint dispatch agreements, market purchases from an existing regional transmission organization, joining or creating a new regional transmission organization, using best available technology for energy generation, transmission, storage and distribution, or any combination thereof.

(C) Application for the approval of the commission shall be made by the Public Service Authority and shall contain a concise statement of the proposed action, the reasons therefor, and such other information as may be required by the commission.

(D) Upon the receipt of an application, the commission shall promptly fix a date for the commencement of a public hearing, not less than sixty nor more than ninety days after the receipt, and shall conclude the proceedings as expeditiously as practicable. The commission shall establish notice requirements and proceedings shall include an opportunity for intervention, discovery, filed comments or testimony, and an evidentiary hearing.

(E) The commission shall render a decision upon the record either granting or denying the application as filed, or granting it upon such terms, conditions or modifications as the commission may deem appropriate.

(F)(1) The commission may not grant approval unless it shall find and determine that the Public Service Authority satisfied all requirements of this section and the proposed transaction is in the best interests of the retail and wholesale customers of the Public Service Authority.

(2) The commission also may require compliance with any provision of Article 3, Chapter 33, Title 58 that the commission determines necessary to grant approval.

Section 58-33-190. (1) The Public Service Authority may not enter into a contract for the purchase of power with a duration longer than ten years without approval of the Public Service Commission of South Carolina, provided that the approval is required only to the extent the transaction is not subject to the exclusive jurisdiction of the Federal Energy Regulatory Commission or any other federal agency. This section does not apply to purchases of renewable power through a commission approved competitive procurement process.

(2) The commission shall consider any previous analysis performed pursuant to Section 58-37-40 in acting upon any petition by the Public Service Authority pursuant to this section. The commission shall also take into account the Public Service Authority's resource and fuel diversity, reasonably anticipated future operating costs, arrangements with other electric utilities for interchange of power, pooling of plants, purchase of power, and other alternative methods for providing reliable, efficient, and economical electric service.

(3) The commission may not grant approval unless it shall find and determine that the proposed transaction is in the best interests of the retail and wholesale customers of the Public Service Authority.

SECTION 22. Section 58-37-40 of the S.C. Code is amended to read:

Section 58-37-40. (A) Electrical utilities, electric cooperatives, municipally owned electric utilities, and the South Carolina Public Service Authority must each prepare an integrated resource plan. An integrated resource plan must be prepared and submitted at least every three years. Nothing in this section may be construed as requiring interstate natural gas companies whose rates and services are regulated only by the federal government or gas utilities subject to the jurisdiction of the commission to prepare and submit an integrated resource plan.

(1) Each electrical utility with one hundred thousand or more customer accounts and the Public Service Authority must submit its integrated resource plan to the commission. The integrated resource plan must be posted on the electrical utility's website and on the commission's website.

(2) Electric cooperatives, electric utilities with less than one hundred thousand customer accounts, and municipally owned electric utilities shall each submit an integrated resource plan to the State Energy Office. Each integrated resource plan must be posted on the State Energy Office's website. If an electric cooperative, electric utility with less than one hundred thousand customer accounts, or municipally owned utility has a website, its integrated resource plan must also be posted on its website. For distribution, electric cooperatives that are members of a cooperative that provides wholesale service, the integrated resource plan may be coordinated and consolidated into a single plan provided that nonshared resources or programs of individual distribution cooperatives are highlighted. Where plan components listed in subsection (B)(1) and (2) of this section do not apply to a distribution or wholesale cooperative or a municipally owned electric utility as a result of the cooperative or the municipally owned electric utility not owning or operating generation resources, the plan may state that fact or refer to the plan of the wholesale power generator. Where plan components listed in subsection (B)(1) and (2) of this section do not apply to an electrical utility with less than one hundred thousand customer accounts as a result of its own generation resources being comprised of more than seventy-five percent renewable energy or because it purchases wholesale load balancing generation services, then the plan may state that fact or refer to the plan of the wholesale power generator. For purposes of this section, a wholesale power generator does not include a municipally created joint agency if that joint agency receives at least seventy-five percent of its electricity from a generating facility owned in partnership with an electrical utility and that electrical utility:

(a) generally serves the area in which the joint agency's members are located; and

(b) is responsible for dispatching the capacity and output of the generated electricity.

(3) The South Carolina Public Service Authority shall submit its integrated resource plan to the commission. The Public Service Authority shall develop a public process allowing for input from all stakeholders prior to submitting the integrated resource plan. The integrated resource plan must be developed in consultation with the electric cooperatives and municipally owned electric utilities purchasing power and energy from the Public Service Authority and consider any feedback provided by retail customers and shall include the effect of demand-side management activities of the electric cooperatives and municipally owned electric utilities that directly purchase power and energy from the Public Service Authority or sell power and energy generated by the Public Service Authority. The integrated resource plan must be posted on the commission's website and on the Public Service Authority's website.

(4)(a) In addition to the requirements of Section 58-37-40(B), the Public Service Authority's integrated resource plan shall include an analysis of long-term power supply alternatives and enumerate the cost of various resource portfolios over various study periods including a twenty-year study period and, by comparison on a net present value basis, identify the most cost-effective and least ratepayer-risk resource portfolio to meet the Public Service Authority's total capacity and energy requirements while maintaining safe and reliable electric service.

(b) In addition to the requirements of Section 58-37-40(B), the commission shall review and evaluate the Public Service Authority's analysis of long-term power supply alternatives and various resource portfolios over various study periods including a twenty-year study period and, by comparison on a net present value basis, identify the most cost-effective and lowest ratepayer-risk resource portfolio to meet the Public Service Authority's total capacity and energy requirements while maintaining safe and reliable electric service. The commission's evaluation shall include, but not be limited to:

(i) evaluating the cost-effectiveness and ratepayer-risk of self-build generation and transmission options compared with various long-term power supply alternatives, including power purchase agreements, competitive procurement of renewable energy, joint dispatch agreements, market purchases from an existing regional transmission organization, joining or creating a new regional transmission organization, using best available technology for energy generation, transmission, storage and distribution, or any combination thereof. In evaluating and identifying the most cost-effective and least ratepayer-risk resource portfolio, the commission shall strive to reduce the risk to ratepayers associated with any generation and transmission options while maintaining safe and reliable electric service; and

(ii) an analysis of any potential cost savings that might accrue to ratepayers from the retirement of remaining coal generation assets.

(c) The Authority's integrated resource plan must provide the information required in Section 58-37-40(B) and must be developed in consultation with the electric cooperatives, including Central Electric Power Cooperative, and municipally owned electric utilities purchasing power and energy from the Public Service Authority, and consider any feedback provided by retail customers and shall include the effect of demand-side management activities of the electric cooperatives, including Central Electric Power Cooperative, and municipally owned electric utilities that directly purchase power and energy from the Public Service Authority or sell power and energy generated by the Public Service Authority. The Integrated Resource Plan of the South Carolina Public Service Authority shall include and evaluate at least one resource portfolio, which will reflect the closure of the Winyah Generating Station by 2028, designed to provide safe and reliable electric service while meeting a net zero carbon emission goal by the year 2050.

(B)(1) An integrated resource plan shall include all of the following:

(a) a long-term forecast of the utility's sales and peak demand under various reasonable scenarios;

(b) the type of generation technology proposed for a generation facility contained in the plan and the proposed capacity of the generation facility, including fuel cost sensitivities under various reasonable scenarios;

(c) projected energy purchased or produced by the utility from a renewable energy resource;

(d) a summary of the electrical transmission investments planned by the utility;

(e) several resource portfolios developed with the purpose of fairly evaluating the range of demand-side, supply-side, storage, and other technologies and services available to meet the utility's service obligations. Such portfolios and evaluations must include an evaluation of low, medium, and high cases for the adoption of renewable energy and cogeneration, energy efficiency, and demand response measures, including consideration of the following:

(i) customer energy efficiency and demand response programs;

(ii) facility retirement assumptions; and

(iii) sensitivity analyses related to fuel costs, environmental regulations, and other uncertainties or risks;

(f) data regarding the utility's current generation portfolio, including the age, licensing status, and remaining estimated life of operation for each facility in the portfolio;

(g) plans for meeting current and future capacity needs with the cost estimates for all proposed resource portfolios in the plan;

(h) an analysis of the cost and reliability impacts of all reasonable options available to meet projected energy and capacity needs; and

(i) a forecast of the utility's peak demand, details regarding the amount of peak demand reduction the utility expects to achieve, and the actions the utility proposes to take in order to achieve that peak demand reduction; and

(j) a report addressing updates to the utility’s transmission plan under the utility’s open‑access transmission tariff pursuant to the federal jurisdiction planning process. In this report, the utility shall describe if applicable planned transmission improvements may enable specific siting of new resources or provide expected and planned impacts to other resource interconnection constraints or operations of the systems. The utility shall also describe how it evaluated alternate transmission technologies when developing solutions for identified transmission needs for interconnecting resources.

(2) An integrated resource plan may include distribution resource plans or integrated system operation plans.

(C)(1) The commission shall have a proceeding to review each electrical utility subject to subsection (A)(1) and the Public Service Authority's integrated resource plan. As part of the integrated resource plan filing, the commission shall allow intervention by interested parties. The procedural schedule shall include dates for completion of each phase of discovery, including discovery related to the integrated resource plan as filed, direct testimony of the applicant, direct testimony of the Office of Regulatory Staff and other parties and intervenors, and rebuttal testimony of the applicant. Except upon showing exceptional circumstances, all discovery shall be served in time to allow its completion, but not less than ten days prior to the hearing. The commission shall establish a procedural schedule to permit reasonable discovery after an integrated resource plan is filed in order to assist parties in obtaining evidence concerning the integrated resource plan, including the reasonableness and prudence of the plan and alternatives to the plan raised by intervening parties. No later than three hundred days after an electrical utility files an integrated resource plan, the commission shall issue a final order approving, modifying, or denying the plan filed by the electrical utility or the Public Service Authority.

(2) The commission shall approve an electrical utility's or the Public Service Authority's integrated resource plan if the commission determines that the proposed integrated resource plan represents the most reasonable and prudent means of meeting the electrical utility's or the Public Service Authority's energy and capacity needs as of the time the plan is reviewed. To determine whether the integrated resource plan is the most reasonable and prudent means of meeting energy and capacity needs, the commission, in its discretion, shall consider whether the plan appropriately balances the following factors. In reviewing an integrated resource plan, the commission shall give due consideration as to the resources and actions necessary for the utility to fulfill compliance and reliability obligations pursuant to the Federal Energy Regulatory Commission, the North American Electric Reliability Corporation, the Southeastern Electric Reliability Council, and the Nuclear Regulatory Commission requirements, as well as environmental requirements applicable to resources serving customers in this state. Matters related to the scope and sufficiency of an electrical utility’s demand‑side plans and activities shall be considered exclusively in proceedings conducted pursuant to Section 58‑37‑20. In reviewing an integrated resource plan, the commission shall focus its review on the decisions which the applicant must make in the near term based on the triennial integrated resource plan under consideration at the time and shall approve a plan if it finds that the plan appropriately balances the following factors:

(a) resource adequacy and capacity to serve anticipated peak electrical load, including the need for electric capacity and energy required to support economic development and industry retention in the electrical utility’s or the Public Service Authority’s service territory and to meet applicable planning reserve margins;

(b) consumer affordability and least reasonable cost, considering the resources needed to support economic development and industry retention, and other risks and benefits;

(c) compliance with applicable state and federal environmental regulations;

(d) power supply reliability;

(e) commodity price risks;

(f) diversity of generation supply; and

(g) the efficiencies and optimum plans for any electrical utility system spanning state lines located within the electrical utility’s or the Public Service Authority’s balancing authority area; and

(h) other foreseeable conditions that the commission determines to be for the public’s interest.

(3) In modifying or rejecting an electrical utility’s or the Public Service Authority’s integrated resource plan, the commission shall only require revisions that are reasonably anticipated to materially change resource procurement decisions to be made on the basis of the integrated resource plan under review. If the commission modifies or rejects an electrical utility's or the Public Service Authority's integrated resource plan, the electrical utility or the Public Service Authority, within sixty days after the date of the final order, shall submit a revised plan addressing concerns identified by the commission and incorporating commission-mandated revisions to the integrated resource plan to the commission for approval. Within sixty days of the electrical utility's or the Public Service Authority's revised filing, the Office of Regulatory Staff shall review the electrical utility's or the Public Service Authority's revised plan and submit a report to the commission assessing the sufficiency of the revised filing. Other parties to the integrated resource plan proceeding also may submit comments. No later than sixty days after the Office of Regulatory Staff report is filed with the commission, the commission at its discretion may determine whether to accept the revised integrated resource plan or to mandate further remedies that the commission deems appropriate.

(4) The submission, review, and acceptance of an integrated resource plan by the commission, or the inclusion of any specific resource or experience in an accepted integrated resource plan, shall not be determinative of the reasonableness or prudence of the acquisition or construction of any resource or the making of any expenditure. An electrical utility shall retain the burden of proof to show that all of its investments and expenditures are reasonable and prudent when seeking cost recovery in rates.

(D)(1) An electrical utility and the Public Service Authority shall each submit annual updates to its integrated resource plan to the commission. An annual update must include an update to the electric utility's or the Public Service Authority's base planning assumptions relative to its most recently accepted integrated resource plan, including, but not limited to: energy and demand forecast, commodity fuel price inputs, renewable energy forecast, energy efficiency and demand-side management forecasts, changes to projected retirement dates of existing units, along with other inputs the commission deems to be for the public interest. The electrical utility's or Public Service Authority's annual update must describe the impact of the updated base planning assumptions on the selected resource plan.

(2) The Office of Regulatory Staff shall review each electrical utility's or the Public Service Authority's annual update and submit a report within ninety days to the commission providing a recommendation concerning the reasonableness of the annual update. After reviewing the annual update and the Office of Regulatory Staff report, the commission may accept the annual update or direct the electrical utility or the Public Service Authority to make changes to the annual update that the commission determines to be in the public interest within sixty days from the submittal of the Office of Regulatory Staff’s report.

(E) Intervenors shall bear their own costs of participating in proceedings before the commission.

(E)(F) The commission is authorized to promulgate regulations to carry out the provisions of this section.

SECTION 23. Section 58-3-260 of the S.C. Code is amended to read:

Section 58-3-260. (A) For purposes of this section:

(1) “Proceeding” means a contested case, generic proceeding, or other matter to be adjudicated, decided, or arbitrated by the commission.

(2) “Person” means a party to a proceeding pending before the commission, a member of the Office of Regulatory Staff, a representative of a party to a proceeding pending before the commission, individuals, corporations, partnerships, limited liability companies, elected officials of state government, and other public and elected officials.

(3) “Communication” means the transmitting of information by any mode including, but not limited to, oral, written, or electronic.

(4) “Allowable ex parte communication briefing” means any communication that is conducted pursuant to the procedure outlined in subsection (C)(6) of this section.

(5) “Communication of supplemental legal citation” means the submission, subsequent to the submission of post-hearing briefs or proposed orders in a proceeding, of statutes, regulations, judicial or administrative decisions that are enacted, promulgated, or determined after the submission of post-hearing briefs or proposed orders.

(6) “Issue” means a specific request for relief or for other action from the commission in a pending or anticipated matter, legal or regulatory arguments, and policy considerations. “Issue” does not include:

(a) general information concerning the operations, administration, planning, projects, customer service, storms or storm response, accidents, outages, or investments of an entity regulated by the commission that is not confidential and proprietary and is available to the public; or

(b) any confidential information that affects energy security, such as physical or cybersecurity matters, provided that such information is also provided to the Executive Director of the Office of Regulatory Staff.

Any communication pursuant to subitems (a) or (b) that does not contain a specific request for relief or for other action from the commission in a pending matter or anticipated matter and is provided to the commission must be in writing and must be posted on the commission’s website with any confidential information redacted.

(B)(1) Except as otherwise provided herein or unless required for the disposition of ex parte matters specifically authorized by law, a commissioner, hearing officer, or commission employee shall not communicate, directly or indirectly, regarding any issue that is an issue in any proceeding or can reasonably be expected to become an issue in any proceeding with any person without notice and opportunity for all parties to participate in the communication, nor shall any person communicate, directly or indirectly, regarding any issue that is an issue in any proceeding or can reasonably be expected to become an issue in any proceeding with any commissioner, hearing officer, or commission employee without notice and opportunity for all parties to participate in the communication.

(2) Commissioners must limit their consideration of matters before them to the record presented by the parties and may not rely on material not presented in the record by the parties.

(C) The following communications are exempt from the prohibitions of subsection (B) of this section:

(1) a communication concerning compliance with procedural requirements if the procedural matter is not an area of controversy in a proceeding;

(2) statements made by a commission employee who is or may reasonably be expected to be involved in formulating a decision, rule, or order in a proceeding, where the statements are limited to providing publicly available information about pending proceedings;

(3) inquiries relating solely to the status of a proceeding, unless the inquiry: (a) states or implies a view as to the merits or outcome of the proceeding; (b) states or implies a preference for a particular party or which states why timing is important to a particular party; (c) indicates a view as to the date by which a proceeding should be resolved; or (d) is otherwise intended to address the merits or outcome or to influence the timing of a proceeding;

(4) a communication made by or to commission employees that concerns judicial review of a matter that has been decided by the commission and is no longer within the commission's jurisdiction; however, if the matter is remanded to the commission for further action, the provisions of this section shall apply during the period of the remand;

(5) where circumstances require, ex parte communications for scheduling, administrative purposes, or emergencies that do not deal with substantive matters or issues on the merits are authorized provided:

(a) the commissioner, hearing officer, or commission employee reasonably believes that no party will gain a procedural or tactical advantage as a result of the ex parte communication; and

(b) the commissioner, hearing officer, or commission employee makes provision promptly to notify all other parties of the substance of the ex parte communication and, where possible, allows an opportunity to respond;

(6)(a) subject to the provisions of Chapter 4 of Title 30, communications, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding for the purposes of an allowable ex parte communication briefing if:

(i) the Executive Director of the Office of Regulatory Staff or his designee attends the briefing and files a written certification, within seventy-two hours of the briefing, attaching copies of all statements and all other matters filed by all persons pursuant to subsubitems (ii), (iii), and (iv) of this subsection, with the chief clerk of the commission that such briefing was conducted in compliance with the provisions of this section and that each party, person, commissioner, or commission employee present has complied with the reporting and certification requirements of subsubitems (ii), (iii), and (iv); and within twenty-four hours of the submission by the executive director, the commission posts on its web site the written certification, statements, and other matters filed by the executive director;

(ii) each party, person, commissioner, and commission employee present files a written, certified statement with the Executive Director of the Office of Regulatory Staff within forty-eight hours of the briefing accurately summarizing the discussions in full and attaching copies of any written materials utilized, referenced, or distributed;

(iii) each party, person, commissioner, and commission employee present, within forty-eight hours of the briefing, files a certification with the Executive Director of the Office of Regulatory Staff that

(i) in the course of such briefing, no commissioner or commission employee shall make anyno commitment, predetermination, or prediction of any commissioner's action as to any ultimate or penultimate issue or any commission employee's opinion or recommendation as to any ultimate or penultimate issue in any proceeding, was requested by any person or party nor shall any person request any commitment, predetermination, or prediction wasto be given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue;

(ii) the Executive Director of the Office of Regulatory Staff or his designee must attend the briefing and certify that the commissioners and commission employees complied with the provisions in subitem (i);

(iv)(iii) each commissioner or commission employee present at the allowable ex parte communication briefing grants to every other party or person requesting an allowable ex parte communication briefing on the same or similar matter that is or can reasonably be expected to become an issue in a proceeding, similar access and a reasonable opportunity to communicate, directly or indirectly, regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding under the provisions of subsection (C)(6) of this section and files a written, certified statement with the Executive Director of the Office of Regulatory Staff within forty-eight hours of the briefing stating that the commissioner or commission employee will comply with this provision;

(v)(iv) the commission posts must post on its web site, at least five business days prior to the proposed briefing, a notice of each request for an allowable ex parte communication briefing that includes the date and time of the proposed briefing, the name of the person or party who requested the briefing, the name of each commissioner and commission employee whom the person or party has requested to brief, and the subject matter to be discussed at the briefing;

(v) the commission must post on its web site within three business days after the briefing, all nonconfidential materials and documents provided to the commission as part of the ex parte briefing and a statement signed by the chief clerk of the commission that the provisions of this subsection have been followed, including the justification for actions taken to preserve the confidentiality of any confidential information provided to the commission;

(vi) the person or party initially seeking the briefing requestsmust request the briefing with sufficient notice, as required in subsubitem (v)(iv), to allow the initial briefing to be held at least twenty business days prior to the hearing in the proceeding at which the matter that is the subject of the briefing is or can reasonably be expected to become an issue, and the initial briefing must be held at least twenty business days prior to the hearing in the proceeding; and

(vii) any person or party desiring to have a briefing on the same or similar matter as provided for in subsubitem (vi) shall be entitled to request requests a briefing so long as the request is made with sufficient time for notice, as required in subsubitem (v)(iv), to allow the briefing to be held at least ten business days prior to the hearing in the proceeding at which the matter that is the subject of the briefing is or can reasonably be expected to become an issue, and any such briefing must be held at least ten business days prior to the hearing in the proceeding;

(b) any person or party may object to the attendance of the Executive Director of the Office of Regulatory Staff at an allowable ex parte communication briefing on the grounds of bias or a conflict of interest on the part of the executive director. Any such objection must be made in writing and must be filed with the executive director no later than twenty-four hours prior to the scheduled briefing. If the objecting person or party and the executive director agree upon a neutral person, that person shall serve in the executive director's stead and shall comply with the reporting and certification requirements of the executive director contained in subsubitem (i) and the executive director shall comply with the requirements contained in subsubitems (ii) and (iii). The costs of such person's services shall be charged to the party requesting the briefing and may be an allowable cost of the proceedings. If the objecting person or party and the executive director cannot agree upon a neutral person, the objecting person or party shall petition the Administrative Law Court for the appointment of a neutral person to serve in the executive director's stead, and the petition shall be given priority over all other matters within the jurisdiction of the Administrative Law Court. In the petition, the objecting party shall set forth the specific grounds supporting the objecting person's or party's allegation of bias or conflict on the part of the executive director and shall generally describe the matters to be discussed at the briefing. It shall not be sufficient grounds that the executive director is or is likely to be a party to a proceeding. The executive director shall be given an opportunity to respond. Part of the executive director's response shall include recommendations as to the experience required of the person to act in his stead. Upon a showing of actual bias or conflict of interest, the administrative law judge shall designate a person to act in the executive director's stead and that person shall comply with the reporting and certification requirements of the executive director contained in subsubitem (i) and the executive director shall comply with the requirements contained in subsubitems (ii) and (iii). Such person must have the expertise to act in the executive director's stead. The decision of the administrative law judge shall be considered interlocutory and not immediately appealable and may be appealed with the final order of the commission. The costs of such person's services shall be charged to the party requesting the briefing and may be an allowable cost of the proceedings;

(c) should the Executive Director of the Office of Regulatory Staff desire to conduct an allowable ex parte communication briefing, the chief clerk of the commission shall appoint a neutral person who shall serve in the executive director's stead and that person shall comply with the reporting and certification requirements of the Executive Director of the Office of Regulatory Staff contained in subsubitem (i). The Executive Director of the Office of Regulatory Staff shall comply with the requirements contained in subsubitems (ii) and (iii);

(d)(b) nothing in subsection (C)(6) of this section requires any commissioner or commission employee to grant a request for an allowable ex parte communication briefing, except as provided in subsection (C)(6)(a)(iv)(iii) of this section;

(7) a communication of supplemental legal citation if the party files copies of such documents, without comment or argument, with the chief clerk of the commission and simultaneously provides copies to all parties of record;

(8) subject to the provisions of Chapter 4 of Title 30, communications between and among commissioners regarding matters pending before the commission; provided, further, that any commissioner, hearing officer, or commission employee may receive aid from commission employees if the commission employees providing aid do not:

(a) receive ex parte communications of a type that the commissioner, hearing officer, or commission employee would be prohibited from receiving; or

(b) furnish, augment, diminish, or modify the evidence in the record.

(D) If before serving in a proceeding, a commissioner, hearing officer, or commission employee receives an ex parte communication of a type that may not properly be received while serving, the commissioner, hearing officer, or commission employee must disclose the communication in the following manner: a commissioner, hearing officer, or a commission employee who receives an ex parte communication in violation of this section must promptly after receipt of the communication or, in the case of a communication prior to a filing, as soon as it is known to relate to a filing, place on the record of the matter all written and electronic communications received, all written and electronic responses to the communications, and a memorandum stating the substance of all oral communications received, all responses made, and the identity of each person from whom the commissioner, hearing officer, or commission employee, as appropriate, received an ex parte communication and must advise all parties that these matters have been placed on the record. Within ten days after receipt of notice of the ex parte communication, any party who desires to rebut the contents of the communication must request and shall be granted the opportunity to rebut the contents. Parties affected by a violation may agree to a resolution of any claim regarding such violation, including the waiver of a hearing and the waiver of the obligation to report violations under subsection (I) of this section.

(E) Any person who makes an inadvertent ex parte communication must, as soon as it is known to relate to an issue in a proceeding, disclose the communication by placing on the record of the matter the communication made, if written or electronic, or a memorandum stating the substance of an inadvertent oral communication, and the identity of each person to whom the inadvertent ex parte communication was made or given. Within ten days after receipt of notice of the ex parte communication, any party who desires to rebut the contents of the communication must request and shall be granted the opportunity to rebut the contents. If no party rebuts the inadvertence of the ex parte communication within ten days after notice of the ex parte communication, the ex parte communication shall be presumed inadvertent. Parties affected by a violation may agree to a resolution of any claim regarding such violation, and the provisions of subsection (J) of this section shall not apply.

(F) If necessary to eliminate the effect of an ex parte communication received in violation of this section, a commissioner, hearing officer, or commission employee who receives the communication may be disqualified by the commission, and the portions of the record pertaining to the communication may be sealed by protective order.

(G) Nothing in this section alters or amends Section 1-23-320(i).

(H) Nothing in this section prevents a commissioner, hearing officer, or commission employee from:

(1) attending educational seminars sponsored by state, regional, or national organizations and seminars not affiliated with any utility regulated by the commission; however, the provisions of this section shall apply to any communications that take place outside any formal sessions of any seminars or group presentations; or

(2) conducting a site visit of a utility facility under construction or attending educational tours of utility plants or other facilities provided:

(a) the Executive Director of the Office of Regulatory Staff or his designee also attends the site visit or educational tour;

(b) a summary of the discussion is produced and posted on the commission’s website, along with copies of any written materials utilized, referenced, or distributed; and

(c) each party, person, commission, and commission employee who participated in the site visit or educational tour, within forty‑eight hours of the site visit or educational tour, files a certification with the Executive Director of the Office of Regulatory Staff that no commitment, predetermination, or prediction of any commissioner’s action as to any ultimate or penultimate issue or any commission employee’s opinion or recommendation as to any ultimate or penultimate issue in any proceeding was requested by any person or party, nor any commitment, predetermination, or prediction was given by any commissioner or commission employee as to any commission action or commission employee opinion or recommendation on any ultimate or penultimate issue.

(I) Subject to any privilege under Rule 501 of the South Carolina Rules of Evidence, any commissioner, hearing officer, commission employee, party, or any other person must report any wilful violation of this section on the part of a commissioner, hearing officer, or commission employee to the review committee.

(J) Any commissioner, hearing officer, commission employee, or person who wilfully violates the provisions of this section is guilty of a misdemeanor and, upon conviction, must be fined not more than two hundred fifty dollars or imprisoned for not more than six months. If a commissioner wilfully communicates with any party or person or if any person or party wilfully communicates with a commissioner regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding less than ten business days prior to the scheduled hearing on the merits, during the hearing or after the hearing but prior to the issuance of a final order, including an order on rehearing, in a proceeding where such facts, law, or other matter is or can reasonably be expected to become an issue, the commissioner shall be removed from office. If a hearing officer or commission employee wilfully communicates with any party or person or any party or person wilfully communicates with a hearing officer or commission employee regarding any fact, law, or other matter that is or can reasonably be expected to become an issue in a proceeding less than ten days prior to the scheduled hearing on the merits, during the hearing or after the hearing but prior to the issuance of a final order, including an order on rehearing, in a proceeding where such facts, law, or other matter is or can reasonably be expected to become an issue, the hearing officer or commission employee shall be terminated from employment by the commission. For purposes of this section: (1) “wilful” means an act done voluntarily and intentionally with the specific intent to do something the law forbids, or with specific intent to fail to do something the law requires to be done, that is to say with bad purpose either to disobey or disregard the law, and (2) a violation of the provisions of this section must be proved by clear and convincing evidence before a commissioner, hearing officer, or commission employee can be removed from office or terminated from employment.

SECTION 24. Section 58-3-270(E) of the S.C. Code is amended to read:

(E) The administrative law judge assigned to the ex parte communication complaint proceeding by the Administrative Law Court may issue an order tolling any deadlines imposed by any state statute for a decision by the commission on the proceeding that is the subject of the ex parte communication complaint but only to the extent that the allegations of the complaint are verified and if found to be true would indicate that the proceeding was prejudiced to the extent that the commission is unable to consider the matter in the proceeding impartially. The administrative law judge assigned to the ex parte communication complaint proceeding by the Administrative Law Court must conduct a hearing and must issue a decision within sixty days after the complaint is filed.

SECTION 25. The General Assembly hereby finds and declares that:

(1) the economic and financial well‑being of South Carolina and its citizens depends upon continued economic development and industry retention and opportunities for job attraction and retention; and

(2) the cost of electricity and the availability of clean energy sources for electricity are important factors in the decision for a commercial and industrial entity to locate, expand, or maintain their existing establishments in South Carolina; and

(3) competitive electric rates, terms, and conditions, and the ability to utilize clean energy sources for electric power generation are necessary to attract prospective commercial or industrial entities to invest in South Carolina and to encourage and incent robust economic development growth and industry retention in this State; and

(4) electrical utilities are critical economic development and industry retention partners for South Carolina by offering affordable power that has helped to attract jobs and associated development.

Title 58 of the S.C. Code is amended by adding*:*

CHAPTER 43

Economic Development Rates

Section 58-43-10. Unless otherwise specified, for purposes of this chapter:

(1) “Commission” means the Public Service Commission.

(2) “Contract” has the same meaning as the term is used in Section 58‑27‑980.

(3) “Electrical utility” has the same meaning as provided in Section 58‑27-10(7).

(4) “Marginal cost” means the electrical utility’s marginal cost for producing energy.

(5) “Qualifying customer” means either:

(a) an existing commercial or industrial customer with a combined firm and interruptible contract demand greater than 20 megawatts that agrees to a new or extended electric service contract with a term of five years of more; or

(b) a commercial or industrial customer that agrees to locate its operations in South Carolina or expands its existing establishment, and such location or expansion results in the minimum of:

(i) 500 kilowatts at one point of delivery;

(ii) fifty new employees; and

(iii) capital investment for $400,000 following the electrical utility’s approval for service.

(6) “Rate proposal” means a written document that identifies the rates, terms, and conditions for electric service offered by an electrical utility to a prospective customer.

(7) “Renewable energy facility” means a solar array or other facility constructed by or on behalf of a qualifying customer for the exclusive purpose of supplementing electrical power generation from a renewable energy source for its economic development location, expansion, or retention.

(8) “Transformational customer” means a commercial or industrial customer that agrees to locate its operations in South Carolina or expand its existing establishment, and such location or expansion results in the addition of a minimum of:

(a) 50 megawatts at one point of delivery;

(b) 500 new employees;

(c) capital investment of $100,000,000 following the electrical utility’s approval for service; and

(d) who is designated by the South Carolina Department of Commerce as a business which will bring substantial benefit to the economy of South Carolina and its citizens, such that it is in the public interest to have such transformational customer located in this State.

Section 58-43-20. (A) When considering whether the rates, terms, and conditions negotiated with economic development prospects are just and reasonable, the commission shall give full weight and consideration to the economic development benefits to the electrical utility’s customers that result from prospective commercial or industrial entities locating or expanding their activities in South Carolina.

(B) Nothwithstanding any other provision of law, an electrical utility may provide the South Carolina Department of Commerce or a prospective qualifying customer or transformational customer with a rate proposal containing terms and conditions to incentivize the prospective customer to make capital investments and employ additional workforce in the electrical utility’s service territory. The rate proposal initially provided by an electrical utility may differ from the final contract, rate, terms, and conditions with the qualifying customer or transformational customer.

(C) An electrical utility may offer special rates, terms, and conditions to a qualifying customer or transformational customer, including rates that are lower than the rates that the customer otherwise would be charged. The agreement with the customer must be for a term not exceeding ten years and the electrical utility may offer the customer interruptible and real‑time pricing options and riders for other clean energy attributes which may support the qualifying customer’s or transformational customer’s needs. However, rates for qualifying customers may not be lower than the electrical utility’s marginal cost of providing service to the customer and rates for transformational customers may not be lower than twenty‑five percent less than the electrical utility’s marginal cost of providing service to the customer.

(D) Rates, terms, and conditions negotiated with qualifying and transformational customers shall be deemed just and reasonable if:

(1) for qualifying customers, the terms of this section are met;

(2) for transformational customers, the commission determines that:

(a) the economic development rate offered significantly impacts the customer’s decision to locate or expand in South Carolina;

(b) the financial value realized by the electrical utility’s system from the transformational customer being on the electrical utility’s system for ten years is greater than or equal to the financial value of the rate incentive given to the transformational customer;

(c) measures have been taken to avoid or reduce cross‑customer class subsidization; and

(d) the consequences of offering the economic development rate are beneficial to the system as a whole considering all customer classes.

The commission must either approve or deny an application pursuant to this section within sixty days.

(E) Nothing in this chapter shall otherwise restrict the commission’s authority to regulate rates and charges or review contracts entered into pursuant to this section or to otherwise supervise the operations of electrical utilities.

(F) The construction of a proposed renewable energy facility by or on behalf of a qualifying customer to support electric power generation at its location must comply with federal, state, and local laws and ordinances.

(G) Consistent with federal, state, and local laws and ordinances, the electrical utility may expedite interconnection of a proposed renewable energy facility to be constructed by a qualifying or transformational customer to support electrical power generation at its location where high‑quality and reliable electric service are not adversely impacted.

(H) In the event a qualifying customer or transformational customer leaves this State or terminates its operations in this State during the ten‑year contract period, such customer must reimburse the electrical utility and its customers the difference between standard rates and the rates paid during the term of the agreement between the electrical utility and its customers.

(I) For facilities designated as high priority sites by the South Carolina Department of Commerce, an electrical utility may enter into agreements to provide energy infrastructure to such sites if the South Carolina Department of Commerce determines it will increase the probability of attracting transformational customers to this State. Costs of such infrastructure shall be accounted for and recorded as an element of rate base for inclusion in general rates by the electrical utility provided the commission finds such costs are reasonable and prudent and shall not include a rate of return until the facilities are placed into service for a customer.

(J) An electrical utility shall not be required to adjust its cost of service in a rate proceeding as a result of a rate, agreement, or infrastructure provided pursuant to this section in any matter that would impute revenue at a level higher than received by the electrical utility from a qualifying customer or transformational customer or would otherwise reduce the electrical utility’s revenue as a result of entering into contracts with qualifying customers or transformational customers pursuant to this section.

(K) If an electrical utility offers special rates, terms, and conditions to a qualifying customer or a transformational customer, any electrical utility in South Carolina may also offer all directly competing existing customers in its service territory in this State with similar special rates, terms, and conditions at the time the agreement is entered into with the qualifying customer or transformational customer to the extent the directly competing existing customer is able to substantiate its status as a directly competing existing customer. For purposes of this section, customers are “directly competing” if they make the same end‑product, or offer the same service, for the same general group of customers. Customers that only produce component parts of the same end‑product are not directly competing customers.

SECTION 26. Sections 58-33-310 and 58-33-320 of the S.C. Code are amended to read:

Section 58-33-310. Any party may appeal, in accordance with Section 1-23-380, from all or any portion of any final order or decision of the commission, including conditions of the certificate required by a state agency under Section 58-33-160 as provided by Section 58-27-2310. Any appeals may be called up for trial out of their order by either party. Any final order on the merits issued pursuant to this chapter shall be immediately appealable to the Supreme Court of South Carolina, without petition for rehearing or reconsideration. The Supreme Court shall provide for expedited briefing and hearing of the appeal in preference to all other nonemergency matters. The commission must not be a party to an appeal.

Section 58-33-320. Except as expressly set forth in Section 58-33-310, no court of this State shall have jurisdiction to hear or determine any issue, case, or controversy concerning any matter which was or could have been determined in a proceeding before the commission under this chapter or to stop or delay the construction, operation, or maintenance of a major utility facility, except to enforce compliance with this chapter or the provisions of a certificate issued hereunder, and any such action shall be brought only by the Office of Regulatory Staff. Provided, however, that subject to Section 58‑33‑175, nothing herein contained shall be construed to abrogate or suspend the right of any individual or corporation not a party to maintain any action which he might otherwise have been entitled.

SECTION 27. Chapter 4, Title 58 of the S.C. Code is amended by adding:

Section 58-4-160. (A)(1) The Office of Regulatory Staff must conduct a study to evaluate the potential costs and benefits of the various administrator models for energy efficiency programs and other demand‑side management programs funded by, or potentially funded by, electrical utilities in this State. This study must be conducted on each electrical utility in this State. For purposes of this section, administrator models for energy efficiency programs shall include the following models: utility administrator, state or government agency administrator, an independent third‑party administrator, and a hybrid administrator.

(2) For purposes of this section only, “electrical utility” means an investor‑owned electrical utility that serves more than 100,000 customers in this State.

(B) This study must consider which administrator model would most meaningfully improve programs offered by the electrical utility.

(C) The study must also evaluate which administrator model offers the best opportunities to increase cost and energy savings, improve the quality of services rendered, reduce ratepayer costs, or more effectively serve low‑income customers, within a program portfolio that is cost effective overall, as compared to similar program administration by individual electrical utilities, or to increase the cost effectiveness of energy efficiency program portfolios. This study must consider, but is not limited to, the following:

(1) whether third‑party administration subject to a pay for performance contract and independent third‑party evaluation, measurement, and verification could reduce administrative costs, as compared to separate administration of energy efficiency programs by individual electrical utilities;

(2) whether a system benefit charge or other funding or financing mechanism would more efficiently, effectively, and fairly fund energy efficiency and other demand side management programs through an administrator;

(3) which administrator model provides the best mechanism to increase ratepayer energy savings in the case of electrical utilities that have experienced lower historical performance in terms of annual and cumulative energy savings as a percentage of retail sales;

(4) which administrator model provides the best mechanism to increase ratepayer energy savings in the case of electrical utilities that have experienced high historical performance in terms of annual and cumulative energy savings as a percentage of retail sales;

(5) the legal and practical implications of implementing the various administrator models for an electrical utility with a multistate balancing authority area;

(6) which administrator model could most enhance an electrical utility’s delivery of nonenergy benefits, such as resiliency, reliability, health, economic development, industry retention, energy security, and pollution reduction; and

(7) which administrator model could most effectively pursue nonratepayer funding including, but not limited to, federal, state, or local governmental support, as a means of either reducing reliance of ratepayer funds or increasing the scope, reach, or effectiveness of energy efficiency and demand side management programs.

(D) This study must be conducted with public input from stakeholders through written comments and at least one public forum.

(E) The Office of Regulatory Staff is authorized to retain the services of an expert or consultant with expertise and experience in the successful implementation of energy efficiency administrator programs. The Office of Regulatory Staff is exempt from the procurement code for the purposes of retaining services for this study.

(F) The provisions of this section are subject to funding. However, the Office of Regulatory Staff must initiate the study within one year from receipt of necessary funding and complete its report within six months. Upon completion of this study, the Office of Regulatory Staff must provide its report to the General Assembly and the commission. This report may include a recommendation as to which administrator model should be established for each electrical utility, draft legislation, and requirements that should be established.

SECTION 28. Section 58-37-10 of the S.C. Code is amended to read:

Section 58-37-10. As used in this chapter unless the context clearly requires otherwise:

(1) “Demand-side activity” or “demand‑side management program” means a program conducted or proposed by a producer, supplier, or distributor of energy for the reduction or more efficient use of energy requirements of the producer's, supplier's, or distributor's customers, through measures, including, but not limited to, conservation and energy efficiency, load management, cogeneration, and renewable energy technologies.

(2) “Integrated resource plan” means a plan which contains the demand and energy forecast for at least a fifteen-year period, contains the supplier's or producer's program for meeting the requirements shown in its forecast in an economic and reliable manner, including both demand-side and supply-side options, with a brief description and summary cost-benefit analysis, if available, of each option which was considered, including those not selected, sets forth the supplier's or producer's assumptions and conclusions with respect to the effect of the plan on the cost and reliability of energy service, and describes the external environmental and economic consequences of the plan to the extent practicable. For electrical utilities subject to the jurisdiction of the South Carolina Public Service Commission, this definition must be interpreted in a manner consistent with the integrated resource planning requirements pursuant to Section 58‑37‑40 and any process adopted by the commission. For electric cooperatives subject to the regulations of the Rural Electrification AdministrationUtilities Service, this definition must be interpreted in a manner consistent with any integrated resource planning process prescribed by Rural Electrification Administration Utilities Service regulations.

(3) “Cost‑effective” means that the net present value of benefits of a program or portfolio exceeds the net present value of the costs of the program or portfolio. A cost‑effective program or portfolio must pass any two of the following tests:

(a) utility cost test;

(b) total resource cost test;

(c) participant cost test; or

(d) ratepayer impact measure test.

In evaluating the cost‑effectiveness of a program or portfolio, a utility or program administrator must present the results of all four tests. In calculating cost‑effectiveness, a utility must use a standard utility practice for determining the percentage of energy savings that would or would not have been achieved through customer adoption of an efficiency behavior or technology without any incentive allowed pursuant to this chapter to install and utilize the technology as part of the associated demand‑side management program. The utility must designate the expected useful life of the measure and evaluate the costs and benefits of the measures over their useful lives in the program application based on industry‑accepted standards. Further, in calculating the cost‑effectiveness, the commission must consider the efficiencies and scale of programs that are or may be available across a utility’s balancing area, even if that balancing area extends outside of the state.

(4) “Demand-side management pilot program” means a demand‑side management program that is of limited scope, cost, and duration and that is intended to determine whether a new or substantially revised program or technology would be cost‑effective.

SECTION 29. Section 58-37-20 of the S.C. Code is amended to read:

Section 58-37-20. (A) The General Assembly declares that expanding utility investment in and customer access to cost‑effective demand‑side management programs will result in more efficient use of existing resources, promote lower energy costs, mitigate the increasing need for new generation and associated resources, and assist customers in managing their electricity usage to better control their electric bill, and is therefore in the public interest.

(B) The commission may approve any program filed by a public utility if the program is found to be cost‑effective. Furthermore, the commission may, in its discretion, approve any program filed by a public utility that is not cost‑effective, so long as the proposed demand‑side management program is targeted to low‑income customers, provided that the public utility’s portfolio of demand-side management programs is cost-effective as a whole.

(C) The South Carolina Public Service Commission may must adopt procedures that encourage require electrical utilities and public utilities providing gas services subject to the jurisdiction of the commission to plan for and invest in all reasonable, prudent, and available energy efficiency and demand‑side resources that are cost-effective energy efficient technologies and energy conservation programs in an amount to be determined by the commission. If an electrical utility fails to meet the requirements of this section as determined by the commission, the commission is authorized to appoint a third‑party administrator to carry out the residential low‑income energy efficiency duties pursuant to this section on behalf of the electrical utility if the commission determines that having such a third‑party administrator is in the public interest and consistent with law. Upon notice and hearings that the commission may require, the commission may issue rules, regulations, or orders pursuant to this chapter to implement applicable programs and measures under this section. If adopted, these procedures must: provide incentives and cost recovery for energy suppliers and distributors who invest in energy supply and end-use technologies that are cost-effective, environmentally acceptable, and reduce energy consumption or system or local coincident peak demand; allow energy suppliers and distributors to recover costs and obtain a reasonable rate of return on their investment in qualified demand-side management programs sufficient to make these programs at least as financially attractive as construction of new generating facilities; require the Public Service Commission to establish rates and charges that ensure that the net income of an electrical or gas utility regulated by the commission after implementation of specific cost-effective energy conservation measures is at least as high as the net income would have been if the energy conservation measures had not been implemented. For purposes of this section only, the term “demand-side activity” means a program conducted by an electrical utility or public utility providing gas services for the reduction or more efficient use of energy requirements of the utility or its customers including, but not limited to, utility transmission and distribution system efficiency, customer conservation and efficiency, load management, cogeneration, and renewable energy technologies.

(D) Each investor‑owned electrical utility must submit an annual report to the commission describing the demand‑side management programs implemented by the electrical utility in the previous year, provided the program has been operational for a reasonable period of time, as well as the results of such programs. The commission may require certain information including, but not limited to:

(1) achieved savings levels from the utility’s portfolio of programs in the prior year, reported as a percentage of the utility’s annual sales;

(2) program expenditures, including incentive payments;

(3) peak demand and energy savings impacts and the techniques used to estimate those impacts;

(4) avoided costs and the techniques used to estimate those costs;

(5) estimated cost‑effectiveness of the demand‑side management programs;

(6) a description of economic benefits of the demand‑side management programs;

(7) the number of customers eligible to opt‑out of the electrical utility’s demand‑side management programs, the percentage of those customers that opted‑out in the previous year, and the annual sales associated with those opt‑out customers; and

(8) any other information required by the commission.

(E) To ensure prudent investments by an electrical utility in energy efficiency and demand response, as compared to potential investments in generation, transmission, distribution, and other supply related utility equipment and resources, the commission must review each investor‑owned electrical utility’s portfolio of demand‑side management programs on at least a triennial basis to align the review of that utility’s integrated resource plan pursuant to Section 58‑37‑40. The commission is authorized to order modifications to an electrical utility’s demand‑side management portfolio, including program budgets, if the commission determines that doing so in the public interest.

(F) The provisions of subsections (C), (D), and (E) do not apply to an electrical utility that serves less than 100,000 customers in this State.

SECTION 30. Section 58-37-30 of the S.C. Code is amended to read:

Section 58-37-30. (A) The South Carolina Public Service Commission must report annually to the General Assembly on available data regarding the past, on-going, and projected status of demand-side activitiesmanagement programs and purchase of power from qualifying facilities, as defined in the Public Utilities Regulatory Policies Act of 1978, by electrical utilities and public utilities providing gas services subject to the jurisdiction of the Public Service Commission.

(B) Electric cooperatives providing resale or retail services, municipally-owned electric utilities, and the South Carolina Public Service Authority shall report annually to the State Energy Office on available data regarding the past, on-going, and projected status of demand-side activitiesmanagement programs and purchase of power from qualifying facilities. For electric cooperatives, submission to the State Energy Office of a report on demand-side activitiesmanagement programs in a format complying with then current Rural Electrification Administration Utilities Service regulations constitutes compliance with this subsection. An electric cooperative providing resale services may submit a report in conjunction with and on behalf of any electric cooperative which purchases electric power and energy from it. The State Energy Office must compile and submit this information annually to the General Assembly.

(C) The State Energy Office may provide forms for the reports required by this section to the Public Service Commission and to electric cooperatives, municipally-owned electric utilities, and the South Carolina Public Service Authority. The office shall strive to minimize differing formats for reports, taking into account the reporting requirements of other state and federal agencies. For electrical utilities and public utilities providing gas services subject to the jurisdiction of the commission, the reporting form must be in a format acceptable to the commission.

SECTION 31.Chapter 37, Title 58 of the S.C. Code is amended by adding:

Section 58-37-35. (A) An electrical utility may propose programs and customer incentives to encourage or promote demand‑side management programs whereby a customer uses a customer‑sited distributed energy resource, as defined in Section 58‑39‑120(C), or combination of such resources, to: (1) reduce the customer’s electric consumption or demand from the electric grid, or (2) beneficially shape the customer’s electric consumption or demand in a manner that reduces the customer’s contribution to the electrical utility’s system or local coincidental peak demand, subject to the associated load to utility management for reliability or economic purposes, or reduce future electrical utility system costs to serve its customers. Programs authorized pursuant to this section may also include distributed energy resources that draw additional power from the electric grid including, but not limited to, electric heat pumps with programmable or utility controlled thermostats, electric heat pump water heaters controlled through utility programs, smart home panels, advanced inverters, and energy storage devices located on the customer’s side of the meter, provided that any programs or customer incentives otherwise meet the requirements of this section. These programs may also include a combination of resources, including renewable energy microgrids, to provide economic benefits to the utility system or to help address specific transmission or distribution issues that would otherwise require significant capital investment.

(B) In evaluating a program or customer incentive proposed pursuant to this section to assure reasonableness, promotion of the public interest, and consistency with the objectives of Sections 58‑27‑845 and 58‑37‑20, the commission must apply the procedure approved pursuant to Section 58‑37‑20. An electrical utility must use standard utility practices for determining the percentage of customers that would or would not have adopted a distributed energy resource without any incentive allowed under this section to install and utilize the distributed energy resource as part of the associated demand‑side management program. The electrical utility must designate the expected useful life of the distributed energy resource and evaluate the costs and benefits of demand‑side measures over their useful lives in the program application based on industry-accepted standards. All initial program costs, benefits, and participation assumptions used in the electrical utility’s cost‑effectiveness evaluations must be reviewed by the commission to assure the electrical utility has presented a reasonable basis for its calculation. Electrical utilities must update the cost‑effectiveness analysis based on the actual program costs, benefits, and participation as soon as practicably possible based on standard evaluation, measurement, and verification protocols, and the electrical utility’s cost recovery must be reconciled accordingly.

(C) For demand‑side programs or customer incentives proposed in this section, the electrical utility may recover costs through the procedures in Section 58‑37‑20. The prohibition in Section 58‑40‑20(I) against recovery of lost revenues associated with distributed energy resources pursuant to Chapter 39, Title 58 is inapplicable to recovery of net lost revenues associated with a distributed energy resource that is installed as a result of a demand‑side program incentive pursuant to this section or Section 58‑37‑20.

(D) The commission may approve any program filed pursuant to this section if the commission finds the program to be cost effective pursuant to Section 58‑37‑10(3). For any demand‑side programs or customer incentives submitted under this section with projected annual customer incentive amounts less than five million dollars per year for each of the first two program years, the commission must issue an order as expeditiously as practicable on the written submissions of the electrical utility but may require an evidentiary hearing where novel or complex issues of fact require special review by the commission. Nothing in this section prevents the commission from ordering an electrical utility to modify or terminate a program approved pursuant to this section based on the results of standard evaluation, measurement, and verification protocols.

(E) The Energy Office must develop and publish materials intended to inform and educate the public regarding programs available to a customer pursuant to this section. The Energy Office must maintain a list of approved vendors who are qualified and in good standing to provide services associated with these programs.

SECTION 32. Section 58-37-50 of the S.C. Code is amended to read:

Section 58-37-50. (A) As used in this section:

(1) “Electricity provider” means an electric cooperative, an investor-owned electric utility, the South Carolina Public Service Authority, or a municipality or municipal board or commission of public works that owns and operates an electric utility system.

(2) “Natural gas provider” means an investor-owned natural gas utility or publicly owned natural gas provider.

(3) “Meter conservation charge” means the charge placed on a customer's account by which electricity providers and natural gas providers recover the costs, including financing costs, of energy efficiency and conservation measures.

(4) “Notice of meter conservation charge” means the written notice by which subsequent purchasers or tenants will be given notice that they will be required to pay a meter conservation charge.

(5) “Customer” means a homeowner or tenant receiving electricity or natural gas as a retail customer.

(6) “Community action agency” means a nonprofit eleemosynary corporation created pursuant to Chapter 45, Title 43 providing, among other things, weatherization services to a homeowner or tenant.

(B) Electricity providers and natural gas providers may enter into written agreements with customers and landlords of customers for the financing of the purchase price and installation costs of energy efficiency and conservation measures. These agreements may provide that the costs must be recovered by a meter conservation charge on the customer's electricity or natural gas account, provided that the electricity providers and natural gas providers comply with the provisions of this section. A failure to pay the meter conservation charge may be treated by the electricity provider or natural gas provider as a failure to pay the electricity or natural gas account, and the electricity provider or natural gas provider may disconnect electricity or natural gas service for nonpayment of the meter conservation charge, provided the electricity provider or natural gas provider complies with the provisions of Article 25, Chapter 31, Title 5; Article 17, Chapter 11, Title 6; Article 17, Chapter 49, Title 33; Article 11, Chapter 5, Title 58; Article 21, Chapter 27, Title 58; Article 5, Chapter 31, Title 58; and any applicable rules, regulations, or ordinances relating to disconnections.

(C) Any agreement permitted by subsection (B) must state plainly the interest rate to be charged to finance the costs of the energy efficiency and conservation measures. The interest rate must be a fixed rate over the term of the agreement and must not exceed four percent above the stated yield for one-year treasury bills as published by the Federal Reserve at the time the agreement is enteredon the first business day of the calendar year in which the agreement is entered. An electrical utility entering into such an agreement whose rates are regulated by the commission must fix the interest rate over the term of the agreement to not exceed such utility’s weighted average cost of equity and long‑term debt as most recently approved by the commission at the time the agreement is entered. Any indebtedness created under the provisions of this section may be paid in full at any time before it is due without penalty.

(D) An electricity provider or natural gas provider may recover the costs, including financing costs, of these measures from its members or customers directly benefiting from the installation of the energy efficiency and conservation measures. Recovery may be through a meter conservation charge to the account of the member or customer and any such charge must be shown by a separate line item on the account. A utility entering into such agreement whose rates are regulated by the commission shall recover all reasonable and prudent incremental costs incurred to implement agreements for financing and installing energy‑efficiency and conservation measures in base rates. Incremental costs may include, but are not limited to, billing system upgrades, overhead, incremental labor, and all other expenses properly considered to be associated with ensuring the ongoing premise bill savings are realized from offering during the terms of such agreements.

(E) An electricity provider or natural gas provider shall assume no liability for the installation, operation, or maintenance of energy efficiency and conservation measures when the measures are performed by a third party, and shall not provide any warranty as to the merchantability of the measures or the fitness for a particular purpose of the measures, and no action may be maintained against the electricity provider or natural gas provider relating to the failure of the measures. An electricity provider or natural gas provider shall assume no liability for energy audits performed by third parties and shall provide no warranty relating to any energy audit done by any third party. Nothing in this section may be construed to limit any rights or remedies of utility customers and landlords of utility customers against other parties to a transaction involving the purchase and installation of energy efficiency and conservation measures.

(F) Before entering into an agreement contemplated by this section, the electricity provider or natural gas provider shall cause to be performed an energy audit on the residence considered for the energy efficiency measures. The energy audit must be conducted by an energy auditor certified by the Building Performance Institute or similar organization. The audit must provide an estimate of the costs of the proposed energy efficiency and conservation measures and the expected savings associated with the measures, and it must recommend measures appropriately sized for the specific use contemplated. An agreement entered following completion of an energy audit shall specify the measures to be completed and the contractor responsible for completion of the measures. The choice of a contractor to perform the work must be made by the owner of the residence. Upon request, the electricity provider or natural gas provider must provide the owner of the residence with a list of contractors qualified to do the work. Upon completion of the work, it must be inspected by an energy auditor certified by the Building Performance Institute or similar organization. Any work that is determined to have been done improperly or to be inappropriately sized for the intended use must be remedied by the responsible contractor. Until the work has been remedied, funds due to the contractor must be held in escrow by the electricity provider or natural gas provider.

(G) An electricity provider or natural gas provider that enters into an agreement as provided in this section may recover the costs, including financing costs, of energy efficiency and conservation measures from subsequent purchasers of the residence in which the measures are installed, provided the electricity provider or natural gas provider gives record notice that the residence is subject to the agreement. Notice must be given, at the expense of the filer, by filing a notice of meter conservation charge with the appropriate office for the county in which the residence is located, pursuant to Section 30-5-10. The notice of meter conservation charge does not constitute a lien on the property but is intended to give a purchaser of the residence notice that the residence is subject to a meter conservation charge. Notice is deemed to have been given if a search of the property records of the county discloses the existence of the charge and informs a prospective purchaser: (1) how to ascertain the amount of the charge and the length of time it is expected to remain in effect, and (2) of his obligation to notify a tenant if the purchaser leases the property as provided in subsection (H)(3).

(H) An electricity provider or natural gas provider may enter into agreements for the installation of energy efficiency and conservation measures and the recovery of the costs, including financing costs, of the measures with respect to rental properties by filing a notice of meter conservation charge as provided in subsection (G) and by complying with the provisions of this subsection:

(1) The energy audit required by subsection (F) must be conducted and the results provided to both the landlord and the tenant living in the rental property at the time the agreement is entered.

(2) If both the landlord and tenant agree, the electricity provider or natural gas provider may recover the costs of the energy efficiency and conservation measures, including financing costs, through a meter conservation charge on the account associated with the rental property occupied by the tenant. The agreement must provide notice to the landlord of the provisions contained in item (3).

(3) With respect to a subsequent tenant occupying a rental unit benefiting from the installation of energy efficiency and conservation measures, the electricity provider or natural gas provider may continue to recover the costs, including financing costs, of the measures through a meter conservation charge on the account associated with the rental property occupied by the tenant. With respect to a subsequent tenant, the landlord must give a written notice of meter conservation charge in the same manner as required by Section 27-40-240. If the landlord fails to give the subsequent tenant the required notice of meter conservation charge, the tenant may deduct from his rent, for no more than one-half of the term of the rental agreement, the amount of the meter conservation charge paid to the electricity provider or natural gas provider.

(I) Agreements entered pursuant to the provisions of this section are exempt from the provisions of the South Carolina Consumer Protection Code, Title 37 of the South Carolina Code of Laws.

(J) An electricity provider or natural gas provider may contract with third parties to perform functions permitted under this section, including the financing of the costs of energy efficiency and conservation measures. A third party must comply with all applicable provisions of this section. When an electricity or natural gas provider contracts with a third party to perform administrative or financing functions under this subsection, the liability of the third party is limited in the same manner as an electricity provider or natural gas provider is under subsection (E).

(K) The provisions of this section apply only to energy efficiency and conservation measures for a residence already occupied atbefore the time the measures are taken. The procedures allowed by this section may not be used with respect to a new residence or a residence under construction. The provisions of this section may not be used to implement energy efficiency or conservation measures that result in the replacement of natural gas appliances or equipment with electric appliances or equipment, or that result in the replacement of electric appliances or equipment with natural gas appliances or equipment, unless (1) the customer who seeks to install the energy efficiency or conservation measure is being provided electric and natural gas service by the same provider, or (2) an electric appliance used for home heating is being replaced by an appliance that operates primarily on electricity but which has the capability of also operating on a secondary fuel source.

(L) Electricity providers or natural gas providers may offer their customers other types of financing agreements available by law, instead of the option established in this section, for the types of energy efficiency or conservation measures described in this section.

(M)(1) An electricity provider or natural gas provider must not obtain funding from the following federal programs to provide loans provided by this section:

(a) the Low Income Home Energy Assistance Program (LIHEAP), created by Title XXVI of the Omnibus Budget Reconciliation Act of 1981 and codified as Chapter 94, Title 42 of the United States Code, as amended by the Human Services Reauthorization Act of 1984, the Human Services Reauthorization Act of 1986, the Augustus F. Hawkins Human Services Reauthorization Act of 1990, the National Institutes of Health Revitalization Act of 1993, the Low Income Home Energy Amendments of 1994, the Coats Human Services Reauthorization Act of 1998, and the Energy Policy Act of 2005 which is administered and funded by the United States Department of Health and Human Services on the federal level and administered locally by community action agencies;

(b) the Weatherization Assistance Program, created by Title IV of the Energy Conservation and Production Act of 1976 and codified as Part A, Subchapter III, Chapter 81, Title 42 of the United States Code, amended by the National Energy Conservation Policy Act, the Energy Security Act, the Human Services Reauthorization Act of 1984, and the State Energy Efficiency Programs Improvement Act of 1990 and administered and funded by the United States Department of Energy on the federal level and administered locally by community action agencies.

(2) Nothing in this section changes the exclusive administration of these programs by local community action agencies through the South Carolina Governor's Office of Economic Opportunity pursuant to its authority pursuant to the provisions of Chapter 45, Title 43, the Community Economic Opportunity Act of 1983.

(3) Nothing in this subsection prevents a customer or member of an electricity provider or natural gas provider from obtaining services under the Low Income Home Energy Assistance Program or the Weatherization Assistance Program.

SECTION 33. Article 1, Chapter 31, Title 58 of the S.C. Code is amended by adding:

Section 58-31-215. (A) The Public Service Authority, in consultation with the South Carolina Department of Commerce, shall have the authority to serve as an anchor subscriber of incremental natural gas and pipeline capacity needed in the future by the State to recruit new transformational projects or to assist in the expansion of transformational projects as identified by the South Carolina Department of Commerce.

(B) The Public Service Authority is authorized to act on behalf of the State, to aid natural gas pipeline construction companies and natural gas shippers in obtaining approval for incremental capacity and delivery to this State to support economic growth. The Public Service Authority is authorized to demonstrate market support in required filings including, but not limited to, binding precedent agreements, and to make other attestations in furtherance of satisfaction of the application requirements of federal law and regulations. This subsection is subject to available funding.

(C) There is hereby established the “Energy Investment and Economic Development Fund” to be held in an operating account by the Public Service Authority to further the provisions of this section and other energy investment needs. Subject to the approval of the Joint Bond Review Committee, the Energy Investment and Economic Development Fund may be funded by the amount required to be paid to the State pursuant to Section 58‑31‑110 less the annual costs billed by the Office of Regulatory Staff and the South Carolina Public Service Commission. The South Carolina Department of Commerce shall report, at least once annually and no later than September first, to the Joint Bond Review Committee as to the level and need for funding to advance the provisions of this section. Unless sufficient funding is allocated to the Energy Investment and Economic Development Fund and such action is approved by the Joint Bond Review Committee, the Public Service Authority shall not execute a binding precedent agreement on behalf of the State pursuant to this section. In no event shall the costs associated with serving as an anchor affect the rates and charges for electric or water service for the Public Service Authority’s customers.

(D) The South Carolina Department of Commerce, with input from the Public Service Authority, is authorized to resell natural gas pipeline capacity rights procured pursuant to this section subject to a plan approved by the Joint Bond Review Committee. The proceeds of any sales of natural gas pipeline capacity rights must be deposited in the general fund of the State.

(E) When the Public Service Authority enters into a binding agreement on behalf of the State, the Office of Regulatory Staff, in representing the public interest and in collaboration with the Department of Commerce, is directed to make such filings supporting required federal regulatory approvals.

(F) The provisions of this section do not alter, amend, expand, or reduce, any other authority granted to the Public Service Authority in this chapter to enter into any agreements necessary for the provision of electric service.

SECTION 34.A. Section 58-3-70 of the S.C. Code is amended to read:

Section 58-3-70. The chairman and members of the commission shall receive annual salaries payable in the same manner as the salaries of other state officers are paid. The commission members shall receive a salary in an amount equal to ninety‑seven and one‑half percent of the salary fixed for Associate Justices of the Supreme Court. Each commissioner must devote full time to his duties as a commissioner and must not engage in any other employment, business, profession, or vocation during the normal business hours of the commission.

B. This section is effective beginning with the fiscal year immediately following the Public Service Commission election for the reconstituted three‑member commission.

SECTION 35. Chapter 41, Title 58 of the S.C. Code is amended by adding:

Section 58-41-50. (A) The General Assembly encourages electrical utilities to explore cost effective, efficient bulk power solutions, particularly during periods of constrained capacity, for non‑residential customers with electric loads in excess of 25 megawatts.

(B)(1) An electrical utility may file a proposed agreement regarding co‑located resources between the utility and a customer with an electric load in excess of 25 megawatts for the commission’s consideration. The proposed agreement must contain at least one of the following requirements:

(a) co‑location of electric generation or storage on the customer’s property provides bulk system benefits for all customers and benefits for the host customer;

(b) co‑location of renewable electric generation resources on the customer’s property provides bulk system benefits for all customers and the renewable attributes associated with such generation can be allocated to the host customer;

(c) co‑location of electric generation on the customer’s property would result in permitting and siting efficiencies to enable electric generation to come online earlier than otherwise could occur; or

(d) co‑location of electric generation resources on the customer’s property could be utilized as resiliency resources to serve the electric grid in times of need.

(2) In the filing with the commission, the electrical utility must include a description of:

(a) how the resource helps to serve resource needs identified in the electrical utility’s most recent integrated resource plan filing;

(b) credit and ratepayer protections included in the agreement;

(c) the contractual terms that preserves the electrical utility’s operation of resources; and

(d) how costs and benefits associated with the agreement would be allocated among the customer who is a party to the agreement and other customers in the electrical utility’s balancing area.

(C) The commission must give a proposed agreement filed pursuant to this section expedited consideration. The commission may approve the proposed agreement if the commission finds:

(1) the proposed program was voluntarily agreed upon by the electrical utility and the customer,

(2) the filing meets the requirements of this section; and

(3) the proposed agreement is in the public interest.

(D) For purposes of this section, “co‑located” or “co‑location” includes electric generation and associated facilities on a customer’s site as well as any location where the connection to the electrical utility is in such proximity to the customer’s site that enables resilient power supply to support the development of power supply to meet the customer’s needs. An agreement regarding co‑location may also include potential co‑ownership of the electric generation and associate facilities by the electrical utility and the customer.

(E) Notwithstanding opportunities for co‑located resources, the General Assembly also encourages electrical utilities to continue to facilitate service to new electric loads in excess of 50 megawatts and to require operational and financial performance requirements for such customers to receive service pursuant to tariffed electrical utility rates or contracts approved by the commission, and to ensure appropriate protections and risk mitigation for the protection of the electrical utility’s existing customers. The electrical utility may meet these objectives by: (1) filing form contracts with the commission; (2) tariff offerings or services regulations filed with the commission; or (3) performance and credit policies reviewed by the Office of Regulatory Staff.

SECTION 36. Chapter 4, Title 58 of the S.C. Code is amended by adding:

Section 58-4-15. (A) As of July 1, 2025, there is hereby created within the Office of Regulatory Staff a division that must be separate and apart from all other divisions within the Office of Regulatory Staff and titled the Division of Consumer Advocacy.

(B) The duties, functions, and responsibilities of the Division of Consumer Advocacy in the Department of Consumer Affairs related to appearances before the commission are hereby transferred to the Division of Consumer Advocacy in the Office of Regulatory Staff on July 1, 2025. All appropriations and full‑time equivalent positions of the Division of Consumer Advocacy in the Department of Consumer Affairs that are devoted solely to advocating on behalf of consumers before the commission shall be transferred to the Office of Regulatory Staff on July 1, 2025.

(C) The Division of Consumer Advocacy shall have the ability to represent residential utility consumers in matters before the commission and appellate courts.

(D) The Division of Consumer Advocacy shall consist of a Residential Utility Consumer Advocate and other personnel as may be necessary in order for the division to represent residential utility consumers in matters before the commission and appellate courts. The Residential Utility Consumer Advocate must be an attorney qualified to practice in all courts of this State with a minimum of eight years practice experience and must be appointed in the same manner as the Executive Director of the Office of Regulatory Staff pursuant to the procedure set forth in Section 58‑4‑30.

(E) To the extent necessary to carry out its responsibilities, the Division of Consumer Advocacy may hire third‑party consultants as the Residential Utility Consumer Advocate may consider necessary to assist the Division of Consumer Advocacy in its participation in proceedings before the commission and appellate courts.

(F) The Division of Consumer Advocacy is exempt from the State Procurement Code in the hiring of third‑party consultants. However, the Division of Consumer Advocacy must not hire the same third‑party consultant hired by the Office of Regulatory Staff or the commission.

(G) The Office of Regulatory Staff shall provide such administrative support to the Division of Consumer Advocacy as the division may require in the performance of its duties including financial management, human resources management, information technology, procurement services, and logistical support. The Office of Regulatory Staff shall not provide to the Division of Consumer Advocacy, and the Division of Consumer Advocacy shall not require of the Office Regulatory Staff, legal representation, technical, economic, or auditing assistance regarding any matter pending before the Public Service Commission when providing such assistance would create a conflict of interest.

SECTION 37. (A) To foster economic development and future jobs in this State resulting from the supply‑chains associated with the same while supporting the significant and growing energy and capacity needs of the State, enhance grid resiliency, and maintain reliability, the General Assembly finds that the State of South Carolina should take steps necessary to encourage the development of a diverse mix of long‑lead, clean generation resources that may include advanced small modular reactors, biomass as defined in Section 12-63-20(B)(2) of the S.C. Code, hydrogen‑capable resources, and the Carolina Long Bay Project, and should preserve the option of efficiency development of such long‑lead resources with timely actions to establish or maintain eligibility for or capture available tax or other financial incentives or address operational needs.

(B) For an electrical utility to capture available tax or other financial or operational incentives for South Carolina ratepayers in a timely manner, the commission may find that actions by an electrical utility in pursuit of the directives in Section 58‑37‑35(A) are in the public interest, provided that the commission determines that such proposed actions are in the public interest and reasonably balance economic development and industry retention benefits, capacity expansion benefits, resource adequacy and diversification, emissions reduction levels, and potential risks, costs, and benefits to ratepayers and otherwise comply with all other legal requirements applicable to the electrical utility’s proposed action. For the South Carolina Public Service Authority, the Office of Regulatory Staff and the Public Service Authority’s board of directors shall apply the same principles described in this subsection in evaluating and approving actions proposed by the management of the Public Service Authority to achieve the objectives of this section.

SECTION 38. All reasonable and prudent costs incurred by an electrical utility necessary to effectuate this act, that are not precluded from recovery by other provisions of this act and that do not have a recovery mechanism otherwise specified in this act or established by state law, shall be deferred for commission consideration of recovery in any proceeding initiated pursuant to Section 58-27‑870, and allowed for recovery if the commission determines the costs are reasonable and prudent.

SECTION 39. An electrical utility, including the Public Service Authority, may not offer a tariff, rider, or rate proposal for a reduced electric rate, nor any other form of incentive that would result in a reduced electric rate to a data center until July 1, 2034. For purposes of this section, “data center” means any facility that primarily contains electronic equipment used to process, store, and transmit digital information which may be (a) a free‑standing structure; or (b) a facility within a larger structure, that uses environmental control equipment to maintain the proper conditions for the operation of electronic equipment.

SECTION 40. Section 58-40-10(F) of the S.C. Code is amended to read:

(F) “Renewable energy resource” means solar photovoltaic and solar thermal resources, wind resources, hydroelectric resources, geothermal resources, tidal and wave energy resources, recycling resources, hydrogen fuel derived from renewable resources, combined heat and power derived from renewable resources, and biomass resources as defined in Section 12-63-20(B)(2).

SECTION 41. The General Assembly finds that the sections presented in this act constitute one subject as required by Section 17, Article III of the South Carolina Constitution, in particular finding that each change and each topic relates directly to or in conjunction with other sections to the subject of the regulation of electrical utilities, the provision of electricity, and economic development as clearly enumerated in the title.  The General Assembly further finds that a common purpose or relationship exists among the sections, representing a potential plurality but not disunity of topics, notwithstanding that reasonable minds might differ in identifying more than one topic contained in the act.

SECTION 42. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 43. This act takes effect upon approval by the Governor.

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