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CHAPTER 40

Net Energy Metering

**SECTION 58‑40‑10.** Definitions.

As used in this section:

(A) “Commission” means the Public Service Commission of the State of South Carolina.

(B) “Customer” means the person who is named on the electrical utility bill for the premises.

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

(1) generates electricity from a renewable energy resource;

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

(a) 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

(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.

(D) “Electrical utility” shall be defined as in Section 58‑27‑10; provided, however, that electrical utilities serving less than one hundred thousand customer accounts shall be exempt from the provisions of this chapter.

(E) “Net energy metering” means using metering equipment sufficient to measure the difference between the electrical energy supplied to a customer‑generator by an electrical utility and the electrical energy supplied by the customer‑generator to the electricity provider over the applicable billing period.

(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.

HISTORY: 2014 Act No. 236 (S.1189), Section 3, eff June 2, 2014.

Editor’s Note

2014 Act No. 236, Section 7, provides as follows:

“SECTION 7. Each distribution electric cooperative board shall consider the general objectives of Section 58‑40‑10, et seq. and any methodology promulgated thereunder in adopting a net energy metering policy. Each distribution electric cooperative shall adopt a net energy metering policy and shall report their policy to the ORS within one year of the passage of this act. Provided, however, that the requirements of this section do not apply to an electric cooperative organized under the laws of a state other than South Carolina.”

2014 Act No. 236, Section 9, provides as follows:

“SECTION 9. If the application of the provisions of this act to any wholesale electrical contract existing on the date of its adoption is determined to impair unlawfully any term of such contract or to add material costs to either party, then that contract will be exempt from the terms of this act to the extent necessary to cure such impairment or to avoid the imposition of additional material costs.”

**SECTION 58‑40‑20.** Net energy metering rates; metering equipment; net electrical energy measurement; report; costs.

(A) Net energy metering rates approved by the commission under the terms of this chapter shall be the exclusive net energy metering rates available to customer‑generators. Upon commission approval, such net energy metering rates shall supersede all prior net energy metering rates. Customer‑generators whose net energy metering facilities were energized prior to the availability of net energy metering rates approved by the commission under the terms of this chapter may remain in historic net energy metering programs through December 31, 2020.

(B) An electrical utility shall make net energy metering available to customer‑generators on a first‑come, first‑served basis until the total nameplate generating capacity of net energy metering systems equals two percent of the previous five‑year average of the electrical utility’s South Carolina retail peak demand. No electrical utility shall be required to approve any application for interconnection from net energy metering customer‑generators if the total rated generating capacity of all applications for interconnection from net energy metering customer‑generators already approved to date by the electrical utility equals or exceeds two percent of the previous five‑year average of the electrical utility’s South Carolina retail peak demand.

(C) If determined to be prudent by the commission, the electrical utility may furnish, install, own, and maintain metering equipment needed to measure the kilowatt‑hours purchased by the customer‑generator from the utility, the kilowatt‑hours generated or delivered to the electrical utility, and, if applicable under the utility’s tariffs, to measure the kilowatt demand delivered by the electrical utility to the customer‑generator. The electrical utility shall have the right to install special metering and load research devices on the customer‑generator’s equipment and the right to use the customer‑generator’s communication devices for communication with electrical utility’s and the customer‑generator’s equipment.

(D) The net electrical energy measurement shall be calculated in the following manner:

(1) For a customer‑generator, an electrical utility shall measure the net electrical energy produced or consumed during the billing period in accordance with normal metering practices for customers in the same rate class, either by employing a single, bidirectional meter that measures the amount of electrical energy produced and consumed, or by employing multiple meters that separately measure the customer‑generator’s consumption and production of electricity;

(2) If the electricity supplied by the electrical utility exceeds the electricity generated by the customer‑generator during a billing period, the customer‑generator shall be billed for the net electricity supplied by the electrical utility in accordance with normal practices for customers in the same rate class;

(3) Any energy generated by the customer‑generator that exceeds the energy supplied by the electrical utility during a billing period shall not be used to offset the nonvolumetric electricity charges for that billing period;

(4) The utility shall maintain an account of any net excess kWh credits accruing from the customer‑generator’s excess generation and allow those kWh credits to be used to offset the customer‑generator’s energy usage during future billing periods. Annually, the utility shall pay the customer‑generator for any accrued net excess generation at the utility’s avoided cost for qualified facilities, zeroing‑out the customer‑generator’s account of net excess kWh credits.

(E) Each electrical utility shall submit an annual net metering report to the Public Service Commission, with a copy to the Office of Regulatory Staff, including the following information for the previous calendar year:

(1) the total number of customer‑generator facilities;

(2) the estimated gross generating capacity of its net‑metered customer‑generators;

(3) the estimated net kilowatt hours received from customer‑generators.

(F) Any and all costs prudently incurred pursuant to the provisions of this chapter by an electrical utility as approved by the commission and any and all commission approved benefits conferred by a customer‑generator shall be recoverable by each entity respectively in the electrical utility’s rates in accordance with these provisions:

(1) The electrical utility’s general rates, tariffs, and any additional monthly charges or credits, in addition to any other charges or credits authorized by law, to recover the costs and confer the benefits of net energy metering shall include such measures necessary to ensure that the electrical utility recovers its cost of providing electrical service to customer‑generators and customers who are not customer‑generators.

(2) Any charges or credits prescribed in item (1), and the terms and conditions under which they may be assessed shall be in accordance with a methodology established through the proceeding described in item (4). The methodology shall be supported by an analysis and calculation of the relative benefits and costs of customer generation to the electrical utility, the customer‑generators, and those customers of the electrical utility that are not customer‑generators.

(3) Upon approval of the methodology provided for in item (4), each electrical utility shall file its analysis of the net cost to serve customer‑generators using the approved methodology and shall propose new net energy metering rates.

(4) No later than thirty days after the enactment of this act, the commission shall initiate a generic proceeding for purposes of implementing the requirements of this chapter with respect to the net energy metering rates, tariffs, charges, and credits of electrical utilities, specifically to establish the methodology to set any necessary charges and credits as required under items (1) and (2). All interested parties shall be allowed to participate. In its notice initiating such proceeding the commission must require the electrical utilities to propose methodologies required by item (1) and shall allow intervening parties to propose methodologies required by item (2). The Office of Regulatory Staff, pursuant to the requirements of Section 58‑4‑50, shall represent the public interest in this proceeding and shall serve as a facilitator to resolve disputes and issues between the parties to this proceeding.

(5) In evaluating the benefits and costs of customer generation as required by item (2), and the methodology for calculating such benefits and costs, the Office of Regulatory Staff may engage third parties with relevant prior experience conducting distributed generation cost‑benefit studies. The cost of any experts and consultants engaged by the Office of Regulatory Staff for purposes of this proceeding shall be assessed to the electrical utilities pro rata based on their five‑year average of retail peak demand and shall be recoverable by those electrical utilities through the base rate for fuel costs established pursuant to Section 58‑27‑865.

(6) In the event that the commission determines that future benefits from net energy metering are properly reflected in net metering rates because they provide quantifiable benefits to the utility system, its customers, or both, and to the degree such benefits are not then being recovered by the electrical utility in its base rates, then such future benefits shall be deemed an avoided cost and shall be recoverable pursuant to Section 58‑27‑865 by the electrical utility as an incremental cost of the distributed energy resource program.

(G) In no event shall the net energy metering provisions of this chapter be construed as allowing customer‑generators to engage in meter aggregation, group/joint billing projects, and/or virtual net metering.

(H) The commission shall approve an electrical utility’s proposed net energy metering rates that meet the requirements of this chapter, provided that the commission has previously approved that electrical utility’s application to participate in a distributed energy resource program pursuant to Chapter 39, Title 58.

HISTORY: 2014 Act No. 236 (S.1189), Section 3, eff June 2, 2014.

Editor’s Note

2014 Act No. 236, Section 9, provides as follows:

“SECTION 9. If the application of the provisions of this act to any wholesale electrical contract existing on the date of its adoption is determined to impair unlawfully any term of such contract or to add material costs to either party, then that contract will be exempt from the terms of this act to the extent necessary to cure such impairment or to avoid the imposition of additional material costs.”