CHAPTER 37

Energy Supply and Efficiency

Article 1

Planning for Energy Supply

**SECTION 58-37-10. Definitions.**

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 Utilities Service, this definition must be interpreted in a manner consistent with any integrated resource planning process prescribed by Rural 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 program or portfolio is cost-effective if it passes 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. The total resource cost test must include as part of customer benefits a reasonable estimate of all significant customer cost savings. 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.

HISTORY: 1992 Act No. 449, Part IV § 1, eff July 1, 1992; 1997 Act No. 26, § 1, eff May 21, 1997; 2025 Act No. 41 (H.3309), § 26, eff May 12, 2025.

**SECTION 58-37-20. Public Service Commission; adoption of procedures requiring energy efficiency and conservation.**

(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 must adopt procedures that 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.

(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.

HISTORY: 1992 Act No. 449, Part IV § 1, eff July 1, 1992; 1997 Act No. 26, § 2, eff May 21, 1997; 2025 Act No. 41 (H.3309), § 27, eff May 12, 2025.

**SECTION 58-37-30. Reports on demand-side activities of gas and electric utilities; forms.**

(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 management 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 management programs and purchase of power from qualifying facilities. For electric cooperatives, submission to the State Energy Office of a report on demand-side management programs in a format complying with then current Rural 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.

HISTORY: 1992 Act No. 449, Part IV § 1, eff July 1, 1992; 2025 Act No. 41 (H.3309), § 28, eff May 12, 2025.

**SECTION 58-37-35. Customer incentives.**

(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.

HISTORY: 2025 Act No. 41 (H.3309), § 29, eff May 12, 2025.

**SECTION 58-37-40. Integrated resource plans.**

(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;

(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 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.

(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 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.

(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. 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 SERC Reliability Corporation, 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;

(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 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 except that the commission may order utilities to provide software licenses to intervenors who are participating in litigated proceedings before the commission, where doing so is in the public interest. If software licenses are provided to intervenors, the intervenors shall reimburse the utility for the cost of the software use. Nothing in this subsection permits the disclosure of any utility information deemed confidential by statute, regulation, or a determination by the commission or obviates the intervenor's obligation to enter into a non-disclosure agreement pertaining to disclosure of confidential or trade secrets.

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

HISTORY: 1992 Act No. 449, Part IV § 1, eff July 1, 1992; 1997 Act No. 26, §§ 3, 4, eff May 21, 1997; 2019 Act No. 62 (H.3659), § 7, eff May 16, 2019; 2021 Act No. 90 (H.3194), § 21, eff January 1, 2022; 2025 Act No. 41 (H.3309), § 21, eff May 12, 2025.

**SECTION 58-37-50. Agreements for energy efficiency and conservation measures; interest rate; recovery of costs; installation liability; energy audits; exemptions.**

(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 on 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 before the time the measures are taken. 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.

HISTORY: 2010 Act No. 141, § 1, eff March 31, 2010; 2011 Act No. 56, § 1, eff June 14, 2011; 2025 Act No. 41 (H.3309), § 30, eff May 12, 2025.

**SECTION 58-37-60. Independent study to evaluate integration of emerging energy technologies.**

(A) The commission and the Office of Regulatory Staff are authorized to initiate an independent study to evaluate the integration of renewable energy and emerging energy technologies into the electric grid for the public interest. An integration study conducted pursuant to this section shall evaluate what is required for electrical utilities to integrate increased levels of renewable energy and emerging energy technologies while maintaining economic, reliable, and safe operation of the electricity grid in a manner consistent with the public interest. Studies shall be based on the balancing areas of each electrical utility. The commission shall provide an opportunity for interested parties to provide input on the appropriate scope of the study and also to provide comments on a draft report before it is finalized. All data and information relied on by the independent consultant in preparation of the draft study shall be made available to interested parties, subject to appropriate confidentiality protections, during the public comment period. The results of the independent study shall be reported to the General Assembly.

(B) The commission may require regular updates from utilities regarding the implementation of the state's renewable energy policies.

(C) The commission may hire or retain a consultant to assist with the independent study authorized by this section. The commission is exempt from complying with the State Procurement Code in the selection and hiring of the consultant authorized by this subsection.

HISTORY: 2019 Act No. 62 (H.3659), § 8, eff May 16, 2019.

**SECTION 58-37-70. Advanced nuclear facilities policy.**

(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).

(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)(1) Electrical utilities and the South Carolina Public Service Authority may evaluate the potential for deploying small modular 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) Such an evaluation may include cost estimates of further studies related to a potential small modular 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, current possibilities or barriers to co-ownership of such facilities, and available federal benefits which may defray costs of these facilities.

(3) Electric utilities and the Public Service Authority must provide reports on such evaluations to the Public Utilities Review Committee, the Nuclear Advisory Council, and the Public Service Commission by December 31, 2027.

HISTORY: 2025 Act No. 41 (H.3309), § 12, eff May 12, 2025.

Article 3

Energy Infrastructure Projects

**SECTION 58-37-100. Definitions.**

Pursuant to § 58-37-140, this section expires on May 12, 2035.

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 or 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.

HISTORY: 2025 Act No. 41 (H.3309), § 13.A, eff May 12, 2025.

**SECTION 58-37-110. Legislative findings.**

Pursuant to § 58-37-140, this section expires on May 12, 2035.

(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 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 any law and regulatory requirements as expeditiously as possible, and to be guided by the policy goals established in subsection (A).

(C) All 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.

HISTORY: 2025 Act No. 41 (H.3309), § 13.A, eff May 12, 2025.

**SECTION 58-37-120. Applications for permit.**

Pursuant to § 58-37-140, this section expires on May 12, 2035.

(A)(1) Any agency presented with an application for a permit for an energy infrastructure project shall promptly provide a public comment period if required by regulation and shall review and 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 undertake review of and take final action upon the application within the six-month review period, as defined in subsection (A)(3), the application shall be deemed approved, and the agency shall promptly issue documentation of such approval.

(2) Within thirty days of receipt of an application, the agency shall determine if the application is complete. If the agency determines the application is incomplete, the agency will notify the applicant, and the applicant will have fifteen days to complete the application. The applicant and the agency may mutually agree in writing to extend the time period for completion of the application. After the fifteen days, or the mutually agreed upon date for completion, if the agency determines the application is incomplete, then the agency may deny the application.

(3) The six-month review period shall commence upon the date of filing unless the application is deemed incomplete pursuant to subsection (A)(2). In the event the application as submitted is determined by the agency to be incomplete, the six-month review period shall commence upon the date such application is determined by the agency to be complete, provided that such completion occurs within the period provided for in subsection (A)(2).

(B) A permit applicant for an energy infrastructure project shall not submit an application for the project prior to conducting a preapplication meeting with the agency to establish milestones within the six-month review period.

(C) The applicant and agency may mutually agree in writing to extend the six-month review period. Such agreement shall be in writing and state a specific date on when the extension will end. The agency shall not stop, stay, or otherwise alter the review period without such written agreement with the applicant.

(D) Upon receipt of an application, the agency shall promptly review it for sufficiency and shall provide the applicant with a list of all technical and administrative deficiencies within thirty days of receipt, or if a public comment period is required, fifteen days from the end of the comment period. The identification by the agency of deficiencies in the application shall not toll the six-month period for agency determination.

HISTORY: 2025 Act No. 41 (H.3309), § 13.A, eff May 12, 2025.

**SECTION 58-37-130. Appeal.**

Pursuant to § 58-37-140, this section expires on May 12, 2035.

The applicant or any person 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 administrative law court for a contested case review pursuant to the administrative procedures act. The administrative law court shall issue its final order on the matter within one year, except in cases which the administrative law court determines the case should be extended beyond one year for good cause. The administrative law court's final order shall be immediately appealable to the South Carolina Supreme Court in accordance with South Carolina Appellate Court Rule 203.

HISTORY: 2025 Act No. 41 (H.3309), § 13.A, eff May 12, 2025.

**SECTION 58-37-135. Transfer of existing appeals to Supreme Court.**

Any appeal of an order concerning a permit for an energy infrastructure project which appeal is not finally resolved on the effective date of this statute shall be immediately transferred to the South Carolina Supreme Court which shall have the exclusive jurisdiction of all proceedings related to that appeal.

HISTORY: 2025 Act No. 41 (H.3309), § 37, eff May 12, 2025.

**SECTION 58-37-140. Expiration.**

This section expires on May 12, 2035, pursuant to its own terms.

The provisions of this article shall expire ten years after its effective date.

HISTORY: 2025 Act No. 41 (H.3309), § 13.A, eff May 12, 2025.