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 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, 2025, 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.

 (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 as defined in Section 12-63-20(B)(2).

 (G) "Solar choice metering measurement" means the process, method, or calculation used for purposes of billing and crediting at the commission determined value.

HISTORY: 2014 Act No. 236 (S.1189), § 3, eff June 2, 2014; 2019 Act No. 62 (H.3659), §§ 3, 4, eff May 16, 2019; 2025 Act No. 41 (H.3309), §§ 14, 35, eff May 12, 2025.

**SECTION 58-40-20. Net energy metering; legislative intent; instructions; tariff.**

 (A) It is the intent of the General Assembly to:

 (1) build upon the successful deployment of solar generating capacity through Act 236 of 2014 to continue enabling market-driven, private investment in distributed energy resources across the State by reducing regulatory and administrative burdens to customer installation and utilization of onsite distributed energy resources;

 (2) avoid disruption to the growing market for customer-scale distributed energy resources; and

 (3) require the commission to establish solar choice metering requirements that fairly allocate costs and benefits to eliminate any cost shift or subsidization associated with net metering to the greatest extent practicable.

 (B) An electrical utility shall make net energy metering available to all customer-generators who apply before June 1, 2021, according to the terms and conditions provided to all parties in Commission Order No. 2015-194. Customer-generators who apply for net metering after the effective date of this act but before June 1, 2021, including subsequent owners of the customer-generator facility or premises, may continue net energy metering service as provided for in Commission Order No. 2015-194 until May 31, 2029.

 (C) No later than January 1, 2020, the commission shall open a generic docket to:

 (1) investigate and determine the costs and benefits of the current net energy metering program; and

 (2) establish a methodology for calculating the value of the energy produced by customer-generators.

 (D) In evaluating the costs and benefits of the net energy metering program, the commission shall consider:

 (1) the aggregate impact of customer-generators on the electrical utility's long-run marginal costs of generation, distribution, and transmission;

 (2) the cost of service implications of customer-generators on other customers within the same class, including an evaluation of whether customer-generators provide an adequate rate of return to the electrical utility compared to the otherwise applicable rate class when, for analytical purposes only, examined as a separate class within a cost of service study;

 (3) the value of distributed energy resource generation according to the methodology approved by the commission in Commission Order No. 2015-194;

 (4) the direct and indirect economic impact of the net energy metering program to the State; and

 (5) any other information the commission deems relevant.

 (E) The value of the energy produced by customer-generators must be updated annually and the methodology revisited every five years.

 (F)(1) After notice and opportunity for public comment and public hearing, the commission shall establish a "solar choice metering tariff" for customer-generators to go into effect for applications received after May 31, 2021.

 (2) In establishing any successor solar choice metering tariffs, and in approving any future modifications, the commission shall determine how meter information is used for calculating the solar choice metering measurement that is just and reasonable in light of the costs and benefits of the solar choice metering program.

 (3) A solar choice metering tariff shall include a methodology to compensate customer-generators for the benefits provided by their generation to the power system. In determining the appropriate billing mechanism and energy measurement interval, the commission shall consider:

 (a) current metering capability and the cost of upgrading hardware and billing systems to accomplish the provisions of the tariff;

 (b) the interaction of the tariff with time-variant rate schedules available to customer-generators and whether different measurement intervals are justified for customer-generators taking service on a time-variant rate schedule;

 (c) whether additional mitigation measures are warranted to transition existing customer-generators; and

 (d) any other information the commission deems relevant.

 (G) In establishing a successor solar choice metering tariff, the commission is directed to:

 (1) eliminate any cost shift to the greatest extent practicable on customers who do not have customer-sited generation while also ensuring access to customer-generator options for customers who choose to enroll in customer-generator programs; and

 (2) permit solar choice customer-generators to use customer-generated energy behind the meter without penalty.

 (H) The commission shall establish a minimum guaranteed number of years to which solar choice metering customers are entitled pursuant to the commission approved energy measurement interval and other terms of their agreement with the electrical utility.

 (I) Nothing in this section, however, prohibits an electrical utility from continuing to recover distributed energy resource program costs in the manner and amount approved by Commission Order No. 2015-194 for customer-generators applying before June 1, 2021. Such recovery shall remain in place until full cost recovery is realized. Electrical utilities are prohibited from recovering lost revenues associated with customer-generators who apply for customer-generator programs on or after June 1, 2021.

 (J) Nothing in the section prohibits the commission from considering and establishing tariffs for another renewable energy resource.

HISTORY: 2014 Act No. 236 (S.1189), § 3, eff June 2, 2014; 2019 Act No. 62 (H.3659), § 5, eff May 16, 2019.