**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING ARTICLE 13 TO CHAPTER 52, TITLE 48 SO AS TO CREATE THE “SOUTH CAROLINA RENEWABLE ENERGY PLAN”, TO AUTHORIZE THE PUBLIC SERVICE COMMISSION TO APPROVE RENEWABLE ENERGY PROJECTS TO DEMONSTRATE THE FEASIBILITY AND VIABILITY OF CLEAN ENERGY SYSTEMS; TO PROVIDE FULL COST RECOVERY FOR CERTAIN COSTS INCURRED BY A PROVIDER FOR A RENEWABLE ENERGY PROJECT; TO REQUIRE EACH MUNICIPAL ELECTRIC UTILITY, EACH RURAL ELECTRIC COOPERATIVE, AND THE PUBLIC SERVICE AUTHORITY TO DEVELOP STANDARDS FOR PROMOTION, ENCOURAGEMENT, AND EXPANSION OF RENEWABLE ENERGY RESOURCES AND TO REQUIRE REPORTING REQUIREMENTS FOR THIS INFORMATION; TO ESTABLISH THE SOUTH CAROLINA RENEWABLE ENERGY INFRASTRUCTURE DEVELOPMENT FUND IN THE STATE TREASURY; TO CREATE THE SOUTH CAROLINA RENEWABLE ENERGY REVOLVING LOAN PROGRAM TO PROVIDE A LOW INTEREST LOAN TO AN INDIVIDUAL OR ORGANIZATION TO BUILD A QUALIFIED RENEWABLE ENERGY PRODUCTION FACILITY; TO CREATE THE SOUTH CAROLINA RENEWABLE ENERGY GRANT PROGRAM TO PROVIDE A GRANT TO A PRIVATE OR PUBLIC ENTITY IN THIS STATE TO HELP THE ENTITY BECOME MORE COMPETITIVE IN OBTAINING GRANTS TO GENERATE RENEWABLE ENERGY‑RELATED RESEARCH AND PROJECTS TO DIRECTLY BENEFIT THIS STATE; TO PROVIDE AN OVERSIGHT COMMITTEE TO APPROVE A DISBURSEMENT FROM THE FUND; TO PROVIDE THE COMPOSITION OF THE COMMITTEE; AND TO DEFINE CERTAIN TERMS, AMONG OTHER THINGS; TO AMEND SECTION 12‑6‑3631, AS AMENDED, RELATING TO THE BIODIESEL EXPENDITURES INCOME TAX CREDIT, SO AS TO REVISE THE DEFINITION OF “QUALIFIED EXPENDITURES FOR RESEARCH AND DEVELOPMENT”; TO AMEND SECTION 12‑63‑20, AS AMENDED, RELATING TO THE TAX CREDITS FOR ALTERNATIVE FUELS AND OTHER ENERGY SOURCES, SO AS TO REVISE THE DEFINITION OF “BIOMASS RESOURCE”; AND TO AMEND SECTION 46‑3‑250, AS AMENDED, RELATING TO THE SOUTH CAROLINA RENEWABLE ENERGY INFRASTRUCTURE DEVELOPMENT TRUST FUND, SO AS TO DEFINE “BIOMASS” AND ADD ADDITIONAL CATEGORIES FOR MATCHING GRANTS.

Whereas, South Carolinians spend more than eighteen billion dollars a year on energy with a majority of these expenditures leaving the state’s economy because South Carolina produces no coal, oil, or natural gas; and

Whereas, environmental effects of energy use have a major impact on the quality of our natural resources, the quality of human life, and the ability of the State to attract and retain both industrial and service‑related jobs; and

Whereas, biomass fuels can reduce the production of air pollutants; and

Whereas, it is critical to address economic, security, and environmental concerns created by current energy use patterns, and it is in the State’s best interest to adopt a comprehensive set of recommendations to support and encourage biomass fuel development and utilization. Now, therefore,

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

SECTION 1. Chapter 52, Title 48 of the 1976 Code is amended by adding:

“Article 13

South Carolina Renewable Energy Plan

Section 48‑52‑1110. (A) The Public Service Commission may approve a renewable energy project to demonstrate the feasibility and viability of a clean energy system. The commission shall provide for full cost recovery of a reasonable and prudent cost incurred by a provider for a renewable energy project that is low greenhouse gas emitting at the point of generation, up to a total of 100 megawatts annually for a utility and for which the provider has secured necessary land, zoning permits, and transmission rights within the state. A cost is considered reasonable and prudent for the purpose of cost recovery if the provider uses reasonable and customary industry practices in the design, procurement, and construction of the project in a cost‑effective manner appropriate to the location of the facility. As part of a cost‑recovery proceeding, the provider shall report to the commission the construction costs, in‑service costs, operating and maintenance costs, and hourly energy production of the renewable energy project, and other information the commission considers relevant.

(B) The provisions of this section may not be construed to impede or impair a term or condition of an existing contract.

(C) The commission may adopt appropriate goals for increasing the use of existing, expanded, and new South Carolina renewable energy resources.

(D) The commission may adopt rules and regulations to administer and implement the provisions of this section.

(E) Each municipal electric utility, each rural electric cooperative, and the South Carolina Public Service Authority shall develop standards for the promotion, encouragement, and expansion of the use of renewable energy resources in their service territories. Before January 2, 2010, and annually afterward, each municipal electric utility, each rural electric cooperative, and the South Carolina Public Service Authority shall submit to the South Carolina Energy Office a report that identifies these standards.

Section 48‑52‑1120. (A)(1) There is established in the State Treasury a separate and distinct fund known as the ‘South Carolina Renewable Energy Infrastructure Development Fund’. The revenue of the fund must be distributed by the South Carolina Renewable Energy Revolving Loan Program and the South Carolina Renewable Energy Grant Program. The South Carolina Renewable Energy Oversight Committee shall approve disbursement of these funds by the loan and grant programs. The committee must consist of seven members; one appointed by each of the following persons: the Governor, the Commissioner of Agriculture, the Secretary of Commerce, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee.

(2) The South Carolina Renewable Energy Revolving Loan Program shall provide a low interest loan to an individual or organization that plans to build a qualified renewable energy production facility. A renewable energy production facility is a facility that produces energy, fuel for energy, or transportation fuels from biomass, solar, or wind resources. A loan from the program may provide up to fifty percent of the total cost of a project, but may not exceed two hundred fifty thousand dollars for a project. The Department of Agriculture, in cooperation with the State Energy Office, shall administer the South Carolina Renewable Energy Revolving Loan Program.

(3) The South Carolina Renewable Energy Grant Program shall provide grants to private and public entities located in South Carolina for the purpose of helping the entity become more competitive in obtaining federal and other available grants that may generate renewable energy‑related research and projects to directly benefit the State. The Department of Agriculture, in cooperation with the State Energy Office and the South Carolina Research Authority, shall administer the South Carolina Renewable Energy Grant Program. Grants are available in the following three categories:

(a) a planning grant less than ten thousand dollars is available to a research institution or private organization seeking to develop a proposal to obtain a federal grant and another funding source for biomass, solar, geothermal, wind, wave, tidal, and small hydropower energy resources in this State;

(b) a matching grant less than two hundred thousand dollars is available for a research and development project related to development of biomass, solar, geothermal, wind, wave, tidal, and small hydropower energy resources in this State, provided that this grant does not exceed fifty percent of the total cost of the project; and

(c) a matching grant less than two hundred thousand dollars is available for a demonstration project that validates the effectiveness of new and future biomass, solar, geothermal, wind, wave, tidal, and small hydropower resources in this State, provided this grant does not exceed fifty percent of the total cost of the demonstration project.

(B) For purposes of this article ‘biomass’ has the meanings provided in Section 12‑6‑3631(B)(1)(b) and (c) and Section 12‑63‑20(B)(2).

(C) The Department of Agriculture may prescribe forms and procedures, issue policy documents, and distribute funds as necessary to ensure the orderly and timely implementation of a provision of this section. The Department of Agriculture shall coordinate its efforts with the efforts of the State Energy Office as necessary.”

SECTION 2. Section 12‑6‑3631(B)(1)(b) and (c) of the 1976 Code, as last amended by Act 261 of 2008, is further amended to read:

“(b) best and most cost efficient feedstocks for South Carolina; ~~or~~

(c) product and development, including cellulosic ethanol or algae‑derived biodiesel products; or

(d) demethylation of glycerin byproduct from biodiesel production.”

SECTION 3. Section 12‑63‑20(B)(2) of the 1976 Code, as last amended by Act 261 of 2008, is further amended to read:

“(2) For purposes of this subsection, a biomass resource means wood, wood waste, agricultural waste, animal waste, sewage, landfill gas, nonhazardous industrial solid waste, materials recovered by a materials recovery facility (MRF) as defined in Chapter 96 of Title 44, the Solid Waste Policy and Management Act, and other organic materials, not including fossil fuels.”

SECTION 4. Section 46‑3‑260(A)(2)(c) of the 1976 Code, as last amended by Act 261 of 2008, is further amended to read:

“(c) matching grants up to two hundred thousand dollars are available for demonstration projects that validate the effectiveness of new and future biomass, as defined in Section 12‑63‑20(B)(2), solar, geothermal, wind energy, nonhazardous industrial solid waste, materials recovery facility (MRF) recovered solid waste, and small hydropower technologies and products, provided that the grant does not exceed fifty percent of the total cost of the demonstration project.”

SECTION 5. This act takes effect upon approval by the Governor.

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