**A** **BILL**

TO AMEND SECTION 58-27-970 OF THE 1976 CODE, RELATING TO AN ELECTRIC UTILITY’S PARTICIPATION IN PROFITS ARISING FROM EFFICIENCY, TO REQUIRE THE PUBLIC SERVICE COMMISSION TO ESTABLISH PERFORMANCE INCENTIVES AND PENALTY MECHANISMS THAT DIRECTLY TIE AN ELECTRIC UTILITY’S REVENUES TO THAT UTILITY’S ACHIEVEMENT ON PERFORMANCE METRICS, TO PROVIDE FACTORS THAT THE PUBLIC SERVICE COMMISSION MUST CONSIDER IN THIS DETERMINATION, AND TO PROVIDE AN EXCEPTION FOR MEMBER-OWNED ELECTRIC COOPERATIVES.

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

SECTION 1. Section 58-27-970 of the 1976 Code is amended to read:

“Section 58‑27‑970: (A) ~~For the purpose of encouraging economy, efficiency and improvements in methods or service any electrical utility may, subject to the approval of the Commission, participate to such extent as may be permitted by the Commission in additional profits arising from any economy, efficiency or improvement in methods or service instituted by such electrical utility.~~ The commission shall establish performance incentives and penalty mechanisms that directly tie an electric utility’s revenues to that utility’s achievement on performance metrics. There shall be no direct link between allowed revenues and investment levels. The performance incentives and penalty mechanisms shall apply to the regulation of electric utility rates pursuant to Article 7 of this Chapter.

(B) In developing performance incentives and penalty mechanisms, the commission’s review of electric utility performance shall consider, but is not limited to, the following:

(1) whether the implementation of one or more of the following economic incentives or cost recovery mechanisms would be in the public interest:

(a) the establishment of a shared cost savings incentive mechanism designed to induce a public utility to reduce energy costs and operating costs and accelerate the implementation of energy cost reduction practices;

(b) the establishment of a renewable energy curtailment mitigation incentive mechanism to encourage public utilities to implement curtailment mitigation practices when lower cost renewable energy is available but not utilized through the sharing of energy cost savings between the public utility, ratepayer, and affected renewable energy projects;

(c) the establishment of a stranded cost recovery mechanism to encourage the accelerated retirement of an electric utility fossil fuel electric generation plant by allowing an electric utility to recover the stranded costs created by early retirement of a fossil generation plant; and

(d) the establishment of differentiated authorized rates of return on common equity to encourage increased utility investments in transmission and distribution infrastructure, discourage an electric utility investment in fossil fuel electric generation plants to incentivize grid modernization, and disincentivize fossil generation, respectively;

(2) volatility and affordability of electric rates and customers’ electric bills;

(3) electric service reliability;

(4) customer engagement and satisfaction, including customer options for managing electricity costs;

(5) access to utility system information, including, but not limited to, public access to electric system planning data and aggregated customer energy use data and individual access to granular information about an individual customer’s own energy use data;

(6) rapid integration of renewable energy sources, including quality interconnection of customer‑sited resources; and

(7) timely execution of competitive procurement, third‑party interconnection, and other business processes.

(C) This section shall not apply to a member‑owned cooperative electric utility.”

SECTION 2. This act takes effect upon approval by the Governor.

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