



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3659 Signed by Governor on May 16, 2019  
**Author:** McCoy  
**Subject:** South Carolina Energy Freedom Act  
**Requestor:** House of Representatives  
**RFA Analyst(s):** Gallagher  
**Impact Date:** June 3, 2019

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### **Fiscal Impact Summary**

This bill will increase non-recurring Other Funds expenditures for the Public Service Commission (PSC) by a range of \$500,000 to \$1,000,000 for contractual services and agreements with experts in the utility field in FY 2019-20. However, the bill will have an undetermined impact to Other Funds expenditures of PSC in subsequent years, as the future need for consultancy hours for the periodic hearings required by this bill is unpredictable.

This bill will increase recurring Other Funds expenditures for the Office of Regulatory Staff (ORS) by \$356,800 for the hire of four FTEs and additional operating expenses. This bill will increase non-recurring Other Funds expenditures for ORS by \$10,000 in FY 2019-20 for solar educational outreach.

### **Explanation of Fiscal Impact**

**Signed by Governor on May 16, 2019**

#### **State Expenditure**

This bill enacts the “South Carolina Energy Freedom Act”. This act establishes procedures for periodic hearings to establish, review, and approve electrical utility’s standard offer, avoided cost methodologies, form contract power purchase agreements, and commitment to sell forms. This bill enumerates specific rights for electrical utility customers and small power providers. This bill permits PSC to open generic dockets:

- to create programs for the competitive procurement of energy and capacity from renewable energy facilities;
- for each electrical utility to review community solar programs established pursuant to Act 236 of 2014 and to solicit status information on existing programs from each electrical utility; and
- to evaluate the costs and benefits of the net energy metering program, where the value of the energy produced by customer-generators must be updated annually and the methodology must be updated every five years.

This bill requires electrical utility companies to file a voluntary renewable energy program for the commission’s review and approval and enumerates program requirements. This bill removes the solar leasing cap and requires electrical utilities to make net energy metering available to all customer-generators who apply before June 1, 2021. Customer-generators who apply before this date are permitted to continue net energy metering service until May 31, 2029. PSC is permitted

to establish a successor solar choice metering tariff, under certain conditions enumerated in this bill. This bill requires a procurement process overseen by an independent evaluator chosen by ORS prior to the construction of a major utility facility. This bill requires electric utilities to submit an integrated resource plan to PSC. PSC is then required to review and approve each integrated resource plan.

**Public Service Commission.** This bill permits PSC to independently employ third-party consultants and experts to carry out the duties enumerated in the legislation. These duties include conducting periodic hearings to review and approve electrical utilities' avoided cost methodologies, standard offers, form contracts, commitment to sell forms, and integrated resource plans. PSC anticipates the cost for consultants will be approximately \$300 per hour. PSC anticipates they could expend between \$500,000 to \$1,000,000 in non-recurring Other Funds expenditures in FY 2019-20. However, the Other Funds expenditure impact to PSC for subsequent years is undetermined, as the potential consultancy hours needed for the periodic hearings required by this bill is unpredictable. These funds will be used for contractual services and agreements with experts in the utility field. Pursuant to Section 58-3-100, PSC expenses are provided for by the public utilities subject to the commission's jurisdiction.

**Office of Regulatory Staff.** This bill allows PSC, in coordination with ORS, to initiate an independent study to evaluate the integration of renewable energy and emerging energy technologies into the electric grid for the public good. ORS is also tasked with reviewing updated and revised integrated resource plans, developing consumer protection regulations, and choosing an independent evaluator to oversee the procurement process for the building of major utility facilities. The bill requires ORS to provide analyses and testify before PSC during periodic hearings regarding electrical utilities' avoided cost methodologies, standard offers, form contracts, and commitment to sell forms.

This bill permits ORS to independently employ third-party consultants or experts to carry out the duties enumerated in the legislation. The agency expects they will have \$356,800 in recurring Other Funds expenses due to this legislation. Of these funds, \$346,800 will be used to employ four FTEs. The remaining \$10,000 will be utilized for other operating costs, which will include computers and data processing services, telephone services, and general office supplies. In addition, ORS anticipates they will incur \$10,000 in non-recurring Other Funds expenses in FY 2019-20. These funds will be used by ORS as part of a solar educational outreach to the public via social media, print, and mass media.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



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