

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 1026

Short Title: Power Bill Protection/Large Load Tariff. (Public)

Sponsors: Senators Salvador and Grafstein (Primary Sponsors).

Referred to: Rules and Operations of the Senate

May 4, 2026

1 A BILL TO BE ENTITLED
2 AN ACT TO REFORM NORTH CAROLINA'S APPROACH TO INTEGRATION OF
3 LARGE-LOAD ELECTRICITY CUSTOMERS THROUGH AMENDMENT OF THE
4 PUBLIC UTILITIES ACT.

5 The General Assembly of North Carolina enacts:

6
7 **LARGE-LOAD ELECTRICITY CUSTOMERS**

8 **SECTION 1.(a)** G.S. 62-3 reads as rewritten:

9 **"§ 62-3. Definitions.**

10 As used in this Chapter, unless the context otherwise requires, the term:

11 ...

12 (16a) "Large-load customer" means a nonresidential customer for retail electric
13 service who has an actual or projected peak demand equal to or greater than
14 50 megawatts (MW). For a nonresidential customer who operates facilities
15 located at multiple sites, the aggregate demand of the nonresidential customer
16 across multiple sites shall be used for purposes of determining the
17 applicability of any threshold, requirement, or limitation in this Chapter.

18 ~~(16a)~~(16b) "Local exchange company" means a person holding, on January 1, 1995,
19 a certificate to provide local exchange services or exchange access services.

20 ...

21 (19a) "Panel" means a panel of three commissioners, a division of the Utilities
22 Commission authorized for the purpose of carrying out certain functions of
23 the Commission.

24 ...

25 ~~(30) "Panel" means a panel of three commissioners, a division of the Utilities~~
26 ~~Commission authorized for the purpose of carrying out certain functions of~~
27 ~~the Commission.~~

28 (31) Very large-load customer. – A large-load customer who has an actual or
29 projected peak demand equal or greater than 100 megawatts (MW)."

30 **SECTION 1.(b)** G.S. 62-133.5(h)(1)a. reads as rewritten:

31 "a. Local exchange company. – The same meaning as provided in
32 ~~G.S. 62-3(16a).~~G.S. 62-3(16b)."

33 **SECTION 2.(a)** Chapter 62 of the General Statutes is amended by adding a new

34 Article to read:

35 "Article 6C.

36 "Large-Load Electricity Customers.



1 "§ 62-127.1. Electric service tariffs for large-load customers.

2 (a) Application. – Each electric public utility shall file for approval by the Commission
3 tariffs for the provision of electric service to large-load customers. Subject to the limitations set
4 forth in this section, the Commission may approve a tiered tariff schedule that includes different
5 rates, terms, and conditions for different classes of large-load customers based on load
6 requirements or other factors related to the cost of service.

7 (b) General Terms and Conditions. – The Commission shall require an electric public
8 utility to incorporate the following terms and conditions in any tariff applicable to large-load
9 customers:

10 (1) A minimum contract term that obligates a large-load customer to receive
11 service for a term of no less than twenty years.

12 (2) A minimum billing demand requirement that obligates a large load customer
13 to take or pay for a certain percentage of the customer's maximum contracted
14 demand following commencement of service.

15 (3) A contribution in aid of construction mechanism that requires large-load
16 customers, prior to receiving initial service, to pay the electric public utility
17 the entire cost of any transmission, distribution, or interconnection
18 improvements attributable to serving that customer.

19 (4) An authorization on behalf of the large-load customer granting the electric
20 public utility sufficient access to review any relevant commercial agreement
21 or other confidential business information for the purpose of verifying the
22 feasibility of the customer's projected load requirement prior to making the
23 infrastructure improvements necessary to serve the customer.

24 (5) A reasonable credit or financial assurance requirement sufficient to protect
25 other ratepayers against any material increase in rates that could occur as a
26 result of a large-load customer either ceasing operations or taking less than
27 the contracted demand for electric service.

28 (6) A load ramp period, not to exceed four years, during which time the large-load
29 customer increases its electricity usage in accordance with a defined schedule
30 until authorized to receive its maximum contracted demand.

31 (7) A requirement that a large-load customer give the electric public utility
32 advanced notice prior to any anticipated reduction in its demand for electric
33 service.

34 (8) An exit fee or similar mechanism that allows an electric public utility to
35 recover from a large-load customer any forgone revenue as a result of the
36 large-load customer's (i) early termination of the electric service agreement,
37 (ii) failure to maintain contracted electric load, or (iii) abandonment or
38 downsizing of facilities receiving electric service.

39 (9) Any other provision that the Commission determines to be reasonable and in
40 the public interest.

41 (c) Specific Eligibility Conditions for Very Large-Load Customers. – The Commission
42 shall require that an electric public utility limit which very large-load customers can receive
43 electric service under a tariff filed in accordance with this section to those very large-load
44 customers who either (i) procure dedicated or incremental energy resources under the program
45 established in G.S. 62-127.2, or (ii) participate in a Commission-approved mechanism to mitigate
46 system cost impacts.

47 (d) Commission Approval. – The Commission shall approve a proposed electric service
48 tariff for large-load customers only upon finding that the tariff is just and reasonable, and
49 sufficiently designed to ensure all of the following:

50 (1) That the proposed rates are based on the cost causation principle, as defined
51 in G.S. 62-133.16, and that large-load customers will be responsible for the

1 entire cost of any capital investments or incremental operational expenses
2 necessary for the electric public utility to serve large-load customers,
3 including any transmission, distribution, or interconnection costs reasonably
4 attributable to serving large-load customers.

5 (2) That the proposed rates will not result in the electric public utility's other retail
6 customers who are classified as residential or small commercial customers
7 having to cross-subsidize large-load customers.

8 (3) That the electric public utility's other retail customers who are classified as
9 residential or small commercial customers will be held harmless, and neither
10 advantaged nor disadvantaged, from large-load customers either commencing
11 service or discontinuing service under the proposed tariff.

12 (4) That the proposed tariff incorporates to the satisfaction of the Commission all
13 terms and conditions required under subsections (b) and (c) of this section.

14 (5) That the proposed tariff complies with any other rule or order adopted by the
15 Commission pursuant to this Article.

16 **"§ 62-127.2. Dedicated or incremental energy supply for large-load customers.**

17 (a) Definitions. – For purposes of this section, the terms "clean energy facility" and "clean
18 energy resource" have the same meaning as provided in G.S. 62-133.8.

19 (b) Application. – Each electric public utility shall file with the Commission an
20 application requesting approval of a program to allow large-load customers to select clean energy
21 facilities from which the electric public utility will procure energy and capacity on behalf of the
22 large-load customer. Each application shall provide standard contract terms and conditions for
23 participating large-load customers and for the suppliers of clean energy resources from which the
24 electric public utility procures energy and capacity on behalf of the participating customer. The
25 standard terms and conditions available to suppliers of clean energy resources shall provide a
26 range of terms from which the participating customer may elect. Large-load customers shall be
27 allowed to negotiate with suppliers of clean energy resources regarding price terms.

28 (c) Limitations. – Each contracted amount of capacity shall be limited to no more than
29 one hundred twenty-five percent (125%) of the maximum annual peak demand of the large-load
30 customer's facilities. The electric public utility shall establish such requirements consistent with
31 G.S. 62-127.1(b) to protect other ratepayers against any material increase in rates that could occur
32 as a result of the large-load customer either ceasing operations or breaching any contractual
33 obligations made in accordance with the program.

34 (d) Cost Recovery; Bill Credits. – In addition to the large-load customer's normal retail
35 bill, the total cost of any clean energy resources and capacity procured by the electric public
36 utility for the benefit of the large-load customer shall be paid by that customer. The electric public
37 utility shall pay the owner of the clean energy facility which provided the electricity. The
38 participating large-load customer shall receive a bill credit for the energy in an amount
39 determined by the Commission, not to exceed the utility's avoided cost. The Commission shall
40 ensure that all other ratepayers are held neutral, neither advantaged nor disadvantaged, from the
41 impact of the clean energy resources procured on behalf of the large-load customer.

42 **"§ 62-127.3. Rules.**

43 Pursuant to G.S. 62-31, the Commission shall adopt rules to implement the requirements of
44 this Article. These rules shall include specific procedures and requirements for very large-load
45 customers to demonstrate eligibility, in accordance with G.S. 62-127.1(c), to receive service
46 under an electric service tariff for large-load customers by mitigating system cost impacts."

47 **SECTION 2.(b)** The tariff application required to be filed with the Utilities
48 Commission pursuant to G.S. 62-127.1, as enacted by subsection (a) of this section, shall be filed
49 by the electric public utility no later than 180 days after the effective date of this section. Effective
50 January 1, 2028, an electric public utility shall not provide electric service to a large-load

1 customer except under the terms of a tariff approved by the Utilities Commission in accordance
2 with G.S. 62-127.1.

3 **SECTION 2.(c)** The application required to be filed with the Utilities Commission
4 pursuant to G.S. 62-127.2, as enacted by subsection (a) of this section, shall be filed by the
5 electric public utility no later than 180 days after the effective date of this section.

6 **SECTION 2.(d)** This section is effective when it becomes law.
7

8 **STANDBY ELECTRICITY SERVICE**

9 **SECTION 3.** The Utilities Commission shall evaluate and modify as necessary
10 existing standby service charges, including any eligibility limits based on maximum electricity
11 demands, for the purpose of enabling large-load customers to self-develop dedicated or
12 incremental generation resources in order to meet their electricity needs through self-supply.
13

14 **SURCHARGE ON LARGE-LOAD CUSTOMERS TO FUND GRID MODERNIZATION** 15 **PROJECTS**

16 **SECTION 4.** Article 7 of Chapter 62 of the General Statutes is amended by adding
17 a new section to read:

18 **"§ 62-157.1. Grid modernization projects fund; large-load customer surcharge.**

19 (a) Findings. – The General Assembly finds that substantial investments in electric
20 generation and transmission infrastructure will be required to meet the growing demand for
21 electric power in the North Carolina, which is primarily attributable to the proliferation of new
22 data centers and other large-load facilities locating in the State. These investments have been
23 made at significant cost to the electric public utilities, which ultimately recover these costs from
24 other utility customers in the form of higher retail rates. The General Assembly finds it to be in
25 the public interest to establish a surcharge on the purchases of electric power by large-load
26 customers to be used to fund grid modernization projects to reduce system-wide costs and to
27 mitigate the disproportionate impact that higher electric rates have on other retail customers in
28 the State.

29 (b) Grid Modernization Projects Fund.– In order to mitigate the impact of higher electric
30 rates faced by residents of the State, the Commission shall, after a hearing, order an electric public
31 utility to create a special fund to be used by that utility to implement grid modernization projects
32 for the purpose of reducing the system-wide costs incurred as a result of serving the growing
33 electricity demands of large-load customers. The fund shall be supervised and administered by
34 the Commission. Any applicable taxes shall be paid out of the fund.

35 (c) Eligible Projects. – Pursuant to an order of the Commission, the electric public utility
36 may apply funds to grid modernization projects that are designed to reduce low-income energy
37 burdens and to encourage peak load reduction, energy efficiency, demand response measures,
38 and distributed energy resources, including virtual power plants. The Commission shall ensure
39 that all projects to which the grid modernization projects funds are applied are consistent with
40 the intent of this section and G.S. 62-110.9.

41 (d) Authority to Require Surcharge. – The Commission shall require electric public
42 utilities to assess a surcharge on the purchases of electric power by large-load customers to fund
43 grid modernization projects. Upon petition by an electric public utility, and after giving notice
44 and an opportunity for other interested parties to be heard, the Commission shall set a monthly
45 surcharge on electricity consumption by large-load customers, assessed on a kilowatt-hour (kWh)
46 basis, at a rate that generates sufficient revenue to offset the incremental costs attributable to
47 servicing large-load customers.

48 (e) Adjustment Proceedings. – The Commission may, on its own motion or upon petition
49 of an electric public utility or interested party, conduct a hearing to review an electric public
50 utility's implementation of grid modernization projects and the surcharge on electricity purchased
51 by large-load customers. The Commission may, after giving notice and an opportunity for other

1 parties to be heard, approve a revision to the surcharge or make other appropriate adjustments to
2 the administration of the grid modernization projects fund.

3 (f) Annual Report. – An electric public utility shall submit a report each year to the
4 Utilities Commission and the State Energy Office that includes aggregated data on the amount
5 of funds collected by the surcharge on purchases of electric power by large-load customers, the
6 amount of funds expended on grid modernization projects, the number and types of grid
7 modernization projects implemented, and the estimated average reduction in retail electric utility
8 bills as a result of the grid modernization projects carried out in accordance with this section."

10 GRID MODERNIZATION PLANNING

11 SECTION 5.(a) Article 5A of Chapter 62 of the General Statutes is amended by
12 adding a new section to read:

13 "§ 62-108. Grid modernization plan.

14 (a) The Commission shall develop, publicize, and keep current a grid modernization plan
15 to maintain and improve the adequacy, reliability, and resiliency of the electric grid for the benefit
16 of the people of North Carolina. In developing the grid modernization plan, the Commission shall
17 assess the capability of the grid system to withstand and recover from climate-induced natural
18 disasters and other significant multi-hazard threats with minimal resulting damage or loss of
19 operability. The Commission shall propose measures informed by this assessment that are
20 designed to improve the efficiency of the grid system, reduce energy losses, enable flexible load
21 management, and lower long-term system costs. The Commission shall consider the grid
22 modernization plan in acting upon any petition by an applicant for a certificate to construct a new
23 transmission line.

24 (b) In the course of developing the grid modernization plan, the Commission shall consult
25 with electric power suppliers, the Public Staff, and other interested parties. The Commission shall
26 also provide opportunities for public hearings on the proposals set forth in the grid modernization
27 plan.

28 (c) No later than April 1 of each year, the Commission shall submit a report on the
29 activities taken by the Commission to develop, and by electric public utilities to implement, the
30 grid modernization plan to the Governor, the Environmental Review Commission, the Joint
31 Legislative Commission on Energy Policy, and the Joint Legislative Oversight Committee on
32 Agriculture and Natural and Economic Resources. The report shall include a summary of public
33 comments received by the Commission."

34 SECTION 5.(b) G.S. 62-102(a) reads as rewritten:

35 "§ 62-102. Application for certificate.

36 (a) An applicant for the certificate described in G.S. 62-101 shall file an application with
37 the Commission containing the following information:

- 38 (1) The reasons the transmission line is needed;
- 39 (2) A description of the proposed location of the transmission line;
- 40 (3) A description of the proposed transmission line;
- 41 (4) An environmental report setting forth:
 - 42 a. The environmental impact of the proposed action;
 - 43 b. Any proposed mitigating measures that may minimize the
 - 44 environmental impact; and
 - 45 c. Alternatives to the proposed action.
- 46 (4a) A statement on the project's consistency with the Commission's grid
47 modernization plan, as provided in G.S. 62-108.
- 48 (5) A list of all necessary approvals that the applicant must obtain before it may
49 begin to construct the transmission line; and
- 50 (6) Any other information the Commission requires."

51 SECTION 5.(c) G.S. 62-105 reads as rewritten:

1 **"§ 62-105. Burden of proof; decision.**

2 (a) The burden of proof is on the applicant in all cases under this Article, except that any
3 party proposing an alternative location for the proposed transmission line shall have the burden
4 of proof in sustaining its position. The Commission may consider any factors that it finds are
5 relevant and material to its decision. The Commission shall grant a certificate for the
6 construction, operation, and maintenance of the proposed transmission line ~~if it finds~~upon
7 finding each of the following:

- 8 (1) That the proposed transmission line is necessary to satisfy the reasonable
9 needs of the public for an adequate and reliable supply of electric
10 ~~energy~~energy.
11 (2) That, when compared with reasonable alternative courses of action,
12 construction of the transmission line in the proposed location is reasonable,
13 preferred, and in the public ~~interest~~interest.
14 (3) That the costs associated with the proposed transmission line are
15 ~~reasonable~~reasonable.
16 (4) That the impact the proposed transmission line will have on the environment
17 is justified considering the state of available technology, the nature and
18 economics of the various alternatives, and other material ~~considerations~~;
19 ~~and~~considerations.
20 (4a) That the proposed transmission line is consistent with the grid modernization
21 plan developed by the Commission under G.S. 62-108.
22 (5) That the environmental compatibility, public convenience, and necessity
23 require the transmission line.

24 (b) If the Commission determines that the location of the proposed transmission line
25 should be modified, it may condition its certificate upon modifications it finds necessary to make
26 the findings and determinations set forth in subsection (a) of this section."
27

28 **LOAD FORECASTING FOR NEW ELECTRIC GENERATING FACILITIES**

29 **SECTION 6.** G.S. 62-110.1 is amended by adding a new subsection to read:

30 "(d1) In acting on a petition by an electric public utility for the construction of an electric
31 generating facility to serve future growth in electricity demand attributable to new large-load
32 customers, the Commission shall require the applicant to demonstrate the reasonableness of such
33 future growth projections by distinguishing between confirmed and speculative sources of new
34 electricity demand, and by filing with the Commission any agreements between the utility and
35 its large-load customers obligating the customers to receive electric services. The Commission
36 shall not grant a certificate for the construction of an electric generating facility to meet demand
37 attributable to new large-load customers unless the applicant demonstrates that its future demand
38 growth projections are reasonable and supported by competent evidence."
39

40 **LARGE-LOAD CUSTOMER ENERGY AND WATER REPORTING**

41 **SECTION 7.(a)** Article 17 of Chapter 62 of the General Statutes is amended by
42 adding a new section to read:

43 **"§ 62-353. Large-load customers; annual reporting on energy and water consumption.**

44 (a) Annual Report. – Each large-load customer shall file an annual report to the
45 Commission and the Department of Environmental Quality that provides the following
46 information about the operation of its facilities during the prior year:

- 47 (1) The total amount of electricity consumed.
48 (2) The maximum annual peak demand, as defined in G.S. 62-126.3.
49 (3) The load factor, as calculated based on the total electricity consumed relative
50 to the maximum annual peak demand.
51 (4) The total amount of water consumed.

- 1 (5) The source of the customer's water supplies.
- 2 (6) A description of the cooling methods used in the customer's facilities,
- 3 including available data indicating the efficiency of the cooling methods used.
- 4 (7) Any additional information requested by the Commission or the Department
- 5 of Environmental Quality to inform planning related to the State's electricity
- 6 and water supply needs.

7 (b) Statistical Compilation – The Commission, in consultation with the Department of

8 Environmental Quality, shall compile statistical information on the aggregate amounts of energy

9 and water consumed by large-load customers. The Commission shall publish this statistical

10 compilation on its website each year, provided that the annual reports filed by the large-load

11 customers in accordance with subsection (a) of this section shall not be considered public records

12 within the meaning of Chapter 132 of the General Statutes but shall remain confidential."

13 **SECTION 7.(b)** G.S. 143-355(b) is amended by adding a new subdivision to read:

14 "(18) Cooperate with the Utilities Commission in evaluating the water usage of

15 large-load customers, as defined in G.S. 62-3, and any resulting impacts to the

16 availability of water supply. In carrying out this evaluation, the Department

17 shall coordinate with units of local government and any other agency or

18 organization concerned with the conservation and development of water

19 resources."

20

21 **APPROPRIATION**

22 **SECTION 8.** There is appropriated from the General Fund to the Utilities

23 Commission the sum of ten thousand dollars (\$10,000) in nonrecurring funds for the 2026-2027

24 fiscal year to be used for purposes consistent with this act.

25

26 **EFFECTIVE DATE**

27 **SECTION 9.** Except as otherwise provided, this act becomes effective July 1, 2026.