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SENATE BILL DRS35447-NPa-29

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

Sponsors: Senators Salvador and Grafstein (Primary Sponsors).

Referred to:

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.



\* D R S 3 5 4 4 7 - N P A - 2 9 \*

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 serving 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:

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

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

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

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

**LOAD FORECASTING FOR NEW ELECTRIC GENERATING FACILITIES**

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

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

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

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

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

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

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