

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

FILED SENATE
Mar 25, 2025
S.B. 718
PRINCIPAL CLERK

S

D

SENATE BILL DRS45351-NJ-38A

Short Title: Fair Procurement and Ownership Reform Act. (Public)

Sponsors: Senators Meyer and Murdock (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED
AN ACT REVISING RENEWABLE ENERGY PROCUREMENT AND OWNERSHIP LAWS.
The General Assembly of North Carolina enacts:

SECTION 1. Chapter 62 of the General Statutes is amended by adding a new Article to read:

"Article 18.

"Fair Procurement and Ownership Reform Act.

"§ 62-360. Title and purpose.

This Act shall be known as the "All-Source Procurement and Renewable Energy Ownership Reform Act" and is intended to:

- (1) Expand renewable energy procurement to include all energy sources, such as solar, wind, battery storage, hydropower, geothermal, and other low-carbon resources.
- (2) Remove mandated ownership percentages for public utilities in renewable energy projects to promote competitive neutrality and fair market practices.
- (3) Ensure equitable access to renewable energy options for all customer categories, including residential, commercial, and government customers.
- (4) Facilitate transparent and competitive procurement processes, focusing on all-source energy options.
- (5) Expand carbon emissions considerations to include methane, which is composed of carbon.

"§ 62-361. Definitions.

As used in this Article, the following definitions apply:

- (1) All-Source procurement. – A competitive process for procuring energy resources from various generation technologies, including solar, wind, battery storage, hydropower, geothermal, and other renewable technologies as defined in G.S. 62-133.8.
- (2) Commission. – The North Carolina Utilities Commission.
- (3) Large commercial or industrial customer. – A retail customer of an electric public utility whose annual peak demand exceeds five megawatts.
- (4) Offering utility. – An electric public utility serving more than 150,000 North Carolina retail jurisdictional customers as of January 1, 2021.
- (5) Renewable Energy Facility. – A facility that generates energy from renewable sources such as solar, wind, hydropower, and other renewable technologies.



* D R S 4 5 3 5 1 - N J - 3 8 A *

- (6) Small commercial or industrial customer. – A retail customer of an electric public utility whose annual peak demand is less than or equal to five megawatts, excluding government customers.

"§ 62-362. All-Source procurement.

Electric public utilities serving over 150,000 North Carolina customers shall satisfy all the following requirements:

- (1) Conduct all-source competitive procurements to meet future energy needs, including renewable energy and storage resources, with no technology-specific ownership mandates. The all-source procurement process shall be conducted at least once every two years as part of the Carbon Plan and Integrated Resource Plan, or as directed by the Commission.
- (2) Address identified system needs, including capacity, energy, and ancillary services of all solicitations.
- (3) Consider utility-owned resources alongside third-party proposals, with clear documentation to ensure compliance with this Chapter and equitable evaluation of all bids.

"§ 62-363. Evaluation and oversight.

(a) All bids, regardless of technology, shall be evaluated using standardized criteria approved by the Commission.

(b) Independent evaluators, approved by the Commission, shall oversee the procurement and solicitation process to ensure fairness and transparency. The independent evaluators shall review bid submissions, scoring methodologies, and award decisions and provide a public report summarizing the findings.

(c) Proposals shall be evaluated based on all of the following criteria:

- (1) First and foremost, alignment with state renewable energy goals and emissions reduction targets.
- (2) Cost-effectiveness, including lifecycle costs.
- (3) Contribution to reliability and resource adequacy.
- (4) Technological feasibility and deployment timeline.

(d) A public weighted scoring system shall be developed to balance the factors in subsection (c) of this section transparently.

"§ 62-364. Ownership Neutrality.

(a) Offering public utilities and their affiliates are prohibited from holding any mandated ownership percentages for procured energy resources, including but not limited to the previously required fifty-five percent (55%) utility ownership of solar and storage projects.

(b) Utility ownership mandates for electricity generation are eliminated entirely to promote developer-driven and market-driven outcomes.

(c) Public utilities are prohibited from holding equity stakes in renewable projects procured through competitive bidding. The focus is on expanding third-party ownership options, allowing for greater flexibility and faster deployment by developers.

(d) For projects where procurement targets are not met, the Commission shall allow public utilities to propose self-developed projects, subject to a simplified review process with capped cost recovery.

(e) All projects shall compete on equal terms, with ownership determined solely through competitive bidding processes.

"§ 62-365. All-Source procurement of renewable energy.

The Commission shall implement all-source procurement for renewable energy facilities, as set forth in G.S. 62-110.8, including solar, wind, and other renewable technologies, with a nameplate capacity of 80 MW or less.

"§ 62-366. Participation and transparency.

- (a) The procurement process shall be administered by an independent third-party entity to ensure an open, fair process.
- (b) Public utilities may participate in procurement within their own service areas, but all proposed contracts shall be submitted to the Commission for review to ensure compliance with the public interest.
- (c) The Commission shall publish a detailed request for proposals outlining all of the following:
- (1) System needs and procurement goals.
 - (2) Evaluation criteria and scoring methodology.
 - (3) Timelines for submission, review, and award announcements.
- (d) Within 90 days of contract awards, public utilities shall submit a report to the Commission with all of the following information:
- (1) The solicitation process.
 - (2) The number and type of bids received.
 - (3) Selected projects and rationale for selection.
- (e) The Commission shall publish an annual public summary of all-source procurements statewide.
- "§ 62-367. Shared solar capacity allocation; customer participation terms.**
- (a) The shared solar program capacity shall be reassessed to better meet demand and equity among customer categories and shall be reallocated as follows (i) large commercial or industrial customers, forty-five percent (45%), (ii) small commercial or industrial customers, twenty-five percent (25%), (iii) government customers, fifteen percent (15%), and (iv) residential customers, fifteen percent (15%).
- (b) Customers participating in shared solar programs shall receive bill credits based on the actual market value of energy and capacity from their allocated share.
- (c) Renewable energy attributes shall be retired to prevent duplication of benefits, and programs shall include flexibility for subscription termination without penalty.
- "§ 62-368. Cost recovery, capital costs, and transparency.**
- (a) Public utilities may recover prudently incurred costs related to all of the following:
- (1) Power purchase agreements for procured resources.
 - (2) Distribution or transmission upgrades required by the interconnection of procured facilities.
 - (3) Public utilities may defer incremental costs as regulatory assets until reflected in customer rates, subject to Commission approval.
- (b) Capital cost caps shall apply to all projects, ensuring competitiveness and cost-effectiveness.
- (c) A uniform capital cost cap shall apply to all projects to ensure cost-effectiveness across different ownership structures.
- (d) If a utility fails to meet procurement and carbon reduction targets, third-party developers may propose self-developed projects with faster review processes, provided that costs remain below market rate.
- (e) Public utilities may propose self-developed projects only if bids fail to meet procurement targets and if proposed capital costs are below the cap.
- "§ 62-369. Participation adjustments; sunset and program evaluation; and penalties.**
- (a) If less than fifty percent (50%) of available program subscriptions are claimed within two years, the Commission may do the following:
- (1) Adjust bill credits to incentivize faster participation and greater equity.
 - (2) Implement monthly subscription incentives for customers who subscribe early, making participation easier and more cost-effective.

1 (b) All programs under this act shall be subject to biennial evaluation in line with the
2 CPIRP process by the Commission to assess effectiveness and ensure alignment with state energy
3 goals.

4 (c) Programs that fail to meet participation or deployment benchmarks shall be subject
5 to immediate reforms to speed up implementation.

6 (d) Public utilities that fail to comply with the all-source procurement requirements or
7 demonstrate bias in the process may face penalties, including fines or procurement orders.

8 **"§ 62-370. Implementation and timeline.**

9 (a) The Commission shall establish rules and guidelines to implement this Act within 12
10 months of enactment.

11 (b) Public utilities shall submit their first all-source procurement request for proposals no
12 later than 18 months from the date of enactment.

13 (c) Implementation guidelines shall explicitly address the integration of the ownership
14 provisions outlined in Session Law 2021-165 into the procurement process."

15 **SECTION 2.** If any provision of this act or its application is held invalid, the
16 invalidity does not affect other provisions or applications of this act that can be given effect
17 without the invalid provisions or application, and to this end the provisions of this act are
18 severable.

19 **SECTION 3.** This act becomes effective October 1, 2025.