SENATE BILL 730:
Ratepayer Protection Act.

2025-2026 General Assembly

Committee:	House Commerce and Economic Development. If favorable, re-refer to Rules, Calendar, and Operations of the House	**Date:**	June 2, 2026
Introduced by:	Sen. Jarvis	**Prepared by:**	Jennifer McGinnis Staff Attorney
Analysis of:	PCS to Third Edition S730-CSRI-40		

OVERVIEW: The Proposed Committee Substitute (PCS) for Senate Bill 730 would establish various requirements applicable to siting and operation of data centers, and make various changes to State energy and utilities policy.

BILL ANALYSIS:

PART I. REQUIREMENTS FOR DATA CENTERS

REQUIREMENTS FOR LOCAL DEVELOPMENT APPROVAL PROCESS

Section 1 would require that an applicant for local government approval of a rezoning, special exception, conditional or special use permit, or building permit, for the siting of a new data center[1], submit a site assessment to examine the impact of the sound profile of the data center on residential units and schools located within 500 feet of the data center property boundary. A locality may also require that a site assessment examine the effect of the proposed facility on the community with regard to (i) ground and surface water resources, (ii) air quality, (iii) thermal plumes, (iv) agricultural resources, (v) parks, (vi) registered historic sites, and (vii) forestland on the data center site or immediately contiguous land. The local government must use the site assessment submitted to assess consistency with the policies of the local government's comprehensive plan, if any, and compliance with the local government's adopted noise ordinances, zoning ordinance provisions, and other applicable laws and regulations, if any.

This section would not apply to a site with an existing legislative, quasi-judicial, or administrative approval where an applicant is seeking an expansion or modification of an already existing or approved facility and such expansion does not exceed an additional monthly electrical demand of 100 megawatts or more

This section would be effective when it becomes law, and apply to applications for rezoning, special exceptions, or conditional or special use permits submitted on or after that date.

[1] The term "data center" would be defined throughout the PCS as "a facility, campus of facilities, or array of interconnected facilities used by an entity or other business enterprise for the primary purpose of storing, retrieving, managing, and processing digital data, which has a peak monthly electricity demand of 100 megawatts or greater."

CLOSED-LOOP WATER OR LIQUID COOLING SYSTEMS FOR DATA CENTERS

Section 2 would require every data center to:

- Employ a closed-loop water or liquid cooling system[2] that will result in minimization of water consumption for cooling systems to the maximum extent possible.
- Submit a certification that the facility will employ a closed-loop or liquid cooling system at the time it applies for approval of a rezoning application, special exception, or conditional or special use permit for the siting of the data center, as well as an annual certification to include third-party verification, that the closed-loop cooling system remains operational, with documentation of any water losses, chemical treatment processes, and fluid replacement volumes.

This section would be effective when it becomes law, and applies to data centers for which no local development approvals or State permits, certifications, or authorizations have been issued for siting of the data center on or before that date.

PROHIBIT CERTAIN FOREIGN OWNERSHIP OF DATA CENTERS AND LAND UPON WHICH DATA CENTERS ARE SITED

Section 3 would provide that prohibited foreign parties may not acquire, lease, or hold any interest in a data center, or land on which a data center is located, except for a de minimis direct interest[3]. "Prohibited foreign party" would include any of the following, unless the entity has been approved by the Committee of Foreign Investment in the United States:

- A citizen or resident of an adversarial nation.
- A foreign government formed within an adversarial nation.
- A party other than an individual or government that is created or organized under the laws of a foreign government within an adversarial nation.
- A party other than an individual or government that is organized under the laws of any state, but over which any person or entity in the above categories has a significant interest or substantial control.
- An agent, trustee, or other fiduciary of any entity in the above categories.

China, Iran, North Korea, and Russia would be designated as adversarial nations under the provision.

The bill would generally prohibit a prohibited foreign party from purchasing, acquiring, leasing, or holding any interest, except for a in any of the following:

- Agricultural land.
- Property that is within a 25-mile radius of a military installation.

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[2] "Closed-loop water or liquid cooling system" would be defined as a "sealed cooling process in which the same water or coolant circulates continuously with de minimis withdrawal from or discharge into municipal systems, groundwater sources, or surface waters."

[3] "De minimis direct interest" would be defined as "any ownership of land or a data center resulting from ownership of registered equities in a publicly traded company owning the land or data center and if the ownership interest in the company is either of the following:

- Less than five percent (5%) of any class of registered equities. Ownership of registered equities is determined by processes established under federal law.
- Less than five percent (5%) interest in an entity controlled by a company that is both registered with the United States Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended, and is not a foreign entity."

However, a prohibited foreign party who is a resident alien of the United States would be able to acquire and hold those lands to the same extent as a citizen of the United States for as long as that person resides in this State.

A prohibited foreign entity that holds any interest in lands described above prior to December 1, 2026, could continue to hold those lands but may not acquire any new interest in such lands, and must register with the Secretary of State and the Attorney General. Failure to register would be punishable by a civil penalty of at least $1,000 per day. The unpaid balance would constitute a lien against the land.

If a prohibited foreign entity acquires such lands after December 1, 2026, it would be required to divest itself of the land within three years of the acquisition. If the prohibited foreign entity fails to divest itself, the Attorney General would be required to commence a receivership proceeding in the county where the property is situated seeking the appointment of a general receiver.

At the time of purchase of any lands listed above, a buyer must provide an affidavit, which would be attached as an exhibit to a deed, attesting that the buyer is not a prohibited foreign party and is in compliance with this section. Failure to obtain or maintain the affidavit would not affect the title or insurability of the title. Nonparties would be exempt from liability unless the nonparty has actual knowledge that the violation will result in a violation of this section.

Violation of this section would be a Class 2 misdemeanor.

This section would become effective December 1, 2026, and applies to offenses committed on or after that date.

REQUIREMENTS FOR UTILITY SERVICE CONTRACTS WITH DATA CENTERS

Section 4 would require each data center located in North Carolina to enter into an electric service contract with the electric public utility providing service to the data center that includes terms and conditions: (i) designed to protect residential, other retail, and wholesale electricity customers from costs incurred or reasonably anticipated to be incurred by the electric public utility to provide electric service to the data center; and (ii) to prevent, to the maximum extent reasonably feasible, other retail customers from subsidizing the cost of the data center's electric service. The contract must include all of the following:

- Minimum billing requirements designed to recover incremental costs associated with serving or preparing to serve a data center.
- A contract term that is sufficient to recover all of the electric public utility's incremental costs, and which may exceed the length of the applicable service tariff.
- Performance and credit provisions designed to protect retail customers in the event of contract default.
- Termination provisions designed to protect retail customers in the event of termination of the contract for electric service.

This section would be effective when it becomes law, and apply to agreements between an electric utility and a data center entered into on or after that date.

NO CONDEMNATION FOR DATA CENTERS

Section 5 would prohibit condemnation for the purpose of acquiring land for a data center to be sited upon.

NO LOCAL GOVERNMENT INCENTIVES FOR DATA CENTERS
Section 6 would prohibit local governments from providing any economic development incentives for the siting of a data center within their jurisdiction.

This section would be effective when it becomes law, and applies to data centers for which no local development approvals or State permits, certifications, or authorizations have been issued for siting of the data center on or before that date. Agreements for incentives executed on or before that date would not be impaired.

PART II. ENERGY POLICY PROVISIONS

COST CAP FOR CEPS SET-ASIDES
The Clean Energy and Energy Efficiency Portfolio Standard (CEPS) was enacted in 2007, and requires electric power suppliers to provide a designated amount or percentage of power from clean energy resources as a portion of their overall provision of electricity. The CEPS includes "set-asides" for solar energy resources, and swine and poultry waste resources as follows:

- Solar - For calendar year 2018 and for each calendar year thereafter, at least 0.2% of the total electric power in kilowatt hours sold to retail electric customers in the State, or an equivalent amount of energy must be supplied by certain solar energy resources.
- Swine waste resources - For calendar year 2018 and for each calendar year thereafter, at least 0.2% of the total electric power in kilowatt hours sold to retail electric customers in the State must be supplied, or contracted for supply in each year, by swine waste.
- Poultry waste resources – For calendar year 2014 and for each calendar year thereafter, at least 900,000 megawatt hours of the total electric power sold to retail electric customers in the State or an equivalent amount of energy shall be supplied, or contracted for supply in each year, by poultry waste combined with wood shavings, straw, rice hulls, or other bedding material.

Section 7 would modify the set-asides to provide that compliance with each is only required if the incremental cost to comply does not exceed 200% of the cost to supply, or contract for supply, an equivalent amount of energy using another clean energy resource.

In addition, the section would:

- Require that an electric power supplier satisfy the general CEPS requirements in compliance with current law and practice with respect to least cost planning for generation, in a manner that maintains or improves upon the adequacy and reliability of the existing grid.
- Provide that it is the goal of the General Assembly that the cap on per account annual charges due to CEPS compliance will be reduced by 50% for all customer classes by 2035. The current annual caps are:
    - Residential per account $27.00
    - Commercial per account $150.00
    - Industrial per account $1,000.00
- Provide a savings clause for existing contracts executed to comply with the CEPS requirements prior to any modification made by this section, and allow for recovery of all reasonable and prudent incremental costs incurred by an electric power supplier to comply with CEPS requirements prior to any modification by this section.

RFP FOR STUDY OF UTILITY POLICIES TO INCREASE AFFORDABILITY OF ELECTRIC RATES

Section 8 would require the Legislative Services Offer (LSO) to issue a request for proposals (RFP) for a study to be conducted by an entity with nationally recognized expertise in research and analysis of utility policy and rates to: (i) ascertain the current impacts, and projected impacts over the next 25 years, to residential, commercial and industrial customer bills from the 2050 carbon neutrality goal, and whether any changes to this policy or other policies are advisable to enhance customer affordability; and (ii) provide recommendations for effective policies to prevent rate impacts from large load customers on other customer classes, including appropriate terms for a large load tariff and requirements that large load customers generate a portion of their own power, as well as curtailment policies for large load customers. The section would further require all of the following:

- LSO to issue the RFP on or before August 1, 2026
- Award of the contract under the RFP to be executed on or before November 1, 2026.
- Completion of the study on or before May 1, 2027, and delivery to the Joint Legislative Commission on Energy Policy.
- The Utilities Commission and the Public Staff to assist the: (i) LSO, as needed, in development of the RFP and the selection of a contractor; and (ii) selected contractor, in every permissible manner within the constraints of their respective authority, in the conduct of the study.

EXPRESS PERMIT REVIEW FOR ENERGY PROJECTS

Under existing law, the Department of Environmental Quality (DEQ) is required to operate an express permit review program for all of the following:

- Stormwater permits.
- Stream origination certifications.
- Water quality certifications.
- Erosion and sedimentation control permits.
- Permits under the Coastal Area Management Act (CAMA).
- Other programs where DEQ deems there to be a need or where it determines an express permitting option would create greater efficiencies for the permitting process.

Participation in the express review program is voluntary, and program is funded by fees paid by the applicant in amounts set forth in the statute establishing the program.

Section 9 would require DEQ to create an express review program for all permits, authorizations, and certifications required from DEQ for siting and operation of projects for the generation, distribution, or transmission of energy or fuel, including natural gas, diesel, petroleum, or electricity. Section 9(b) would make a conforming change to an existing reporting requirement for the Department on permits required for natural gas pipelines and gas-fired electric generation facilities, their status, and total processing time.

REQUIRE DEVELOPMENT OF NUCLEAR RESOURCES PRIOR TO RETIREMENT OF BASELOAD FACILITIES OR FACILITIES WITH DISPATCHABLE ELECTRIC GENERATION ABOVE 100MW TO ENSURE ADEQUACY OF GRID

Section 10 would amend the statute governing the 2050 carbon neutrality goal (G.S. 62-110.9) to prohibit the Utilities Commission from authorizing retirement of baseload facilities or facilities with dispatchable electric generation above 100MW until such time as a certificate of public convenience and necessity has been issued to an electric public utility for construction of one nuclear facility with a generating capacity

of at least 1,000 MW to ensure the adequacy of baseload and dispatchable generation from a clean energy resource.

PART III. MISCELLANEOUS

COOLING OFF PERIOD FOR UTILITIES COMMISSIONERS AND STAFF
Section 11 would prohibit any former commissioner or employee of the Commission to make, with the intent to influence on behalf of an employer or client, any communication to or appearance before the Commission within a period of six months following the termination of his or her service or employment with the Commission. A violation of this section would be a Class 3 misdemeanor.

This section would become effective December 1, 2026, and apply to offenses committed on or after that date.

SEVERANCE CLAUSE AND EFFECTIVE DATE
Section 12 would provide that if any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Section 13 would provide that the PCS would be effective when it becomes law, except as otherwise specified.