GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

HOUSE BILL 638

Short Title:	Equit. Escalation of Electricity Demand Act.	(Public)
Sponsors:	Representatives Loftis, Ward, Tyson, and Greene (Primary Sponsors). *For a complete list of sponsors, refer to the North Carolina General Assembly web site.*	
Referred to:	Energy and Public Utilities, if favorable, Finance, if favorable, Rules, Calendar, and Operations of the House	

April 2, 2025

A BILL TO BE ENTITLED

AN ACT TO ASSIGN THE COST OF NEW DATA CENTERS, ELECTRIC VEHICLE CHARGING STATIONS, AND ASSOCIATED ELECTRICITY DEMANDS TO THOSE WHO BENEFIT DIRECTLY FROM THESE POWER SUPPLIES.

Whereas, Artificial Intelligence (AI) as commonly understood, is becoming increasingly integrated into everyday life and across multiple sectors – if not every sector – of the American economy; and

Whereas, AI is currently placing strains on current power grids and its demand is expected to increase; and

Whereas, the Environmental Protection Agency's rules released in 2024 aim to drastically increase the purchase and use of electric and plug-in hybrid electric vehicles; and

Whereas, electric grid operators project a rapid increase in American electricity demand, up 4.7% between 2023 and 2028, caused by growth in data centers and electric vehicles; and

Whereas, rapid growth of electricity demand without sufficient baseload generation in place to meet the demand jeopardizes reliability and affordability and will cause interruptions of service, often when needed most, during the hottest or coldest months; and

Whereas, 230 coal plants, which produced twenty percent (20%) of American electricity in 2022, are being targeted for closure by activist groups, state and federal regulators, and utilities, with dozens across the nation slated for closure in the next three years; and

Whereas, the North American Electric Reliability Corp. (NERC), and the Regional Transmission Organizations (RTOs) have warned that large swathes of the United States face elevated risks of electricity shortfalls now and in the future; and

Whereas, restricting the supply of electricity without immediate substitutes jeopardizes reliability and affordability and will cause interruptions of service, often when needed most, during the hottest or coldest months; and

Whereas, America's coal and natural gas plants should not be recklessly decommissioned or regulated out of existence, they should be kept online (readily available) to meet the projected rapid increase in electricity demand caused by new data centers and electric vehicles; and

Whereas, the North Carolina Utilities Commission must prioritize retaining and adding dispatchable, on-demand baseload power to meet the anticipated increase in demand; and

Whereas, newly built data centers should be the first to have their power curtailed in the event that new dispatchable power is not added to the grid and electricity blackouts or brownouts occur; and

Whereas, those benefitting directly from new dispatchable power supplies, like EV and PHEV users and data centers, should have to cover the cost of the additional demand they are placing on the electric grid; Now, therefore,

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.

"The Equitable Escalation of Electricity Demand Act.

"**§ 62-360. Definitions.**

As used in this Article, the following definitions apply:

(1) Commission. – Refers to the North Carolina Utilities Commission.

(2) Data center. – A physical location and/or facility that stores computing machines and their related hardware equipment.

(3) Dispatchable. – A source of electricity that is readily available for use on demand and can be dispatched upon request of a power grid operator, or one that can have its power output adjusted according to market needs, except for routine maintenance or repairs.

(4) Economic incentives. – State grants, cash grants, tax exemptions, tax refunds, tax credits, State funds, and other State incentives administered by the State or its political subdivisions.

(5) Electric generation facility. – A facility that uses water, coal, natural gas, or nuclear fuel to generate reliable or dispatchable electricity for provision to customers.

(6) Electric vehicle (EV). – A vehicle that uses electricity stored in a rechargeable battery and an electric motor instead of a gasoline or other carbon-based fuel tank and internal combustion engine.

(7) Firm power. – Includes dispatchable, reliable power generation, as well as battery storage in excess of 24 hours. Firm power does not include power that is not dispatchable.

(8) Plug-in hybrid electric vehicle (PHEV). – Any vehicle that uses a combination of gasoline or other carbon-based fuel and electric generation or storage; has a battery, an electric motor, a gasoline or other carbon-based fuel tank, and an internal combustion engine.

(9) Reliable. – A source of electricity that is not subject to intermittent availability and has a performance standard of eighty percent (80%) or greater and only falls below that level during routine maintenance or repairs.

"**§ 62-361. Protecting electricity users reliability and availability.**

(a) To cover the cost to provide sufficient additional dispatchable power, a fee shall be placed on all new EV and PHEV vehicle charging stations connected to the electric grid and all new EVs or PHEVs sold or licensed to operate in North Carolina. The fee is separate and apart from any fee levied on EVs or PHEVs for infrastructure construction and maintenance, and rather is dedicated to the construction of new dispatchable power supplies to meet expected demand, without socializing the cost across all ratepayers.

(b) For charging stations installed and owned by the State, a fee shall be assessed to users of the charging station. The fee should be deposited into a fund designated for electrical grid maintenance and/or upgrade. A receipt should be provided to the consumer noting the amount of the fee and its purpose.

(c) New data centers requiring dispatchable power will be responsible for its provision, either by contracting directly with the local utility for the construction of dispatchable power with the approval for new power sources having to go through the usual regulatory process undertaken by the Commission, except for the price which will be negotiated between the utility and the source of the new demand, with safeguards so any cost overruns are not borne by ratepayers in general. Any excess power from the dedicated dispatchable source can be sold onto the broader grid at wholesale rates, with the profits of those sales split between the utility and the demanding source, per their contract.

(d) If any state, or political subdivision thereof, provides economic incentives for the construction, opening, or operations of a new data center, they shall enter into a memorandum of understanding or other similar instrument regarding subsection (c) of this section such that failure or refusal to meet the terms of the aforementioned memorandum of understanding, the Commission is authorized to notify the relevant state and local agencies to commence proceedings to recoup the current cash value of the economic incentives from the parent company of the data center.

(e) If new data centers requiring dispatchable power cannot come to an agreement with the local utility to construct new dispatchable power, they may submit their own plan to the Commission for how they will develop and deliver that power. Any dispatchable power source they construct and maintain will have to comply with the same environmental, safety, and health regulations public utilities operate under, and any excess power generated by the new source, if connected to the grid, can be sold to a contracting utility at an agreed upon price."

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

SECTION 3. This act is effective when it becomes law.