



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

REVISED
FACT SHEET FOR H.B. 2248

corporation commission; electric generation resources

Purpose

Retroactive to June 30, 2020, prescribes clean energy requirements for public service corporations. Declares it the public policy of Arizona that public service corporations should pursue clean energy resources and the reduction of carbon emissions using the lowest cost methods.

Background

The Arizona Constitution establishes the Arizona Corporation Commission (ACC) to regulate public service corporations, facilitate the incorporation or organization of companies under Arizona law, oversee railroad and pipeline safety and regulate the sale of securities. The ACC is composed of five commissioners who are elected at the general election to four-year terms, subject to a limit of two consecutive terms. The Arizona Constitution authorizes the Legislature to prescribe commissioner qualifications by law ([Ariz. Const. art. 15](#)).

According to the Joint Legislative Budget Committee fiscal note, there is no anticipated fiscal impact to the state General Fund associated with this legislation ([JLBC fiscal note](#)).

Provisions

1. Declares it the public policy of Arizona that public service corporations should pursue the use of clean energy resources and the reduction of carbon emissions resulting from the generation of energy for retail electric sales, provided by the mix of resources used is the lowest cost method of providing safe and reliable electricity services while taking into consideration the system-wide costs associated with meeting customer demand for services at all times of each day and throughout all seasons of the year.
2. Prescribes the following clean energy reduction requirements for public service corporations' retail kilowatt sales from renewable energy resources:
 - a) 12% by December 31, 2022;
 - b) 13% by December 31, 2023;
 - c) 14% by December 31, 2024; and
 - d) 15% by December 31, 2025, and for each year thereafter.
3. Prohibits the ACC from adopting or enforcing any policy, decision or rule that increases or decreases the prescribed percentage of retail kilowatt sales from renewable energy resources or otherwise conflicts with the prescribed requirements for renewable energy resources or that directly or indirectly regulates a public service corporation's carbon emissions.
4. Authorizes the ACC to adopt rules to ensure compliance with the clean energy requirements and prohibits the ACC from adopting rules that conflict with the statutory requirements.

5. Specifies that this legislation does not prohibit the ACC from exercising its ratemaking or statutory authority over public service corporations and that the clean energy requirements to do not apply to any policy, decision or rules adopted before June 30, 2020.
6. Defines *carbon emissions* as carbon emissions resulting from the combustion of fossil fuels, such as coal, petroleum, natural gas, oil, shale or bitumen.
7. Includes, in the definition of *clean energy resources*, solar, wind, biomass, geothermal, nuclear and hydroelectric technologies that generate electricity.
8. Defines *critical electric generation resources* as any generation resource used or acquired by a public service corporation, including solar, wind, biomass, geothermal, nuclear, hydroelectric, fuel-cell technology, natural gas or coal or any other petroleum fuel source.
9. Defines *lowest cost method* as the method of meeting customers' energy needs that results in the lowest amount of expenses and rate base that the ACC's established ratemaking practices allows a public service corporation to recover from ratepayers.
10. Includes, in the definition of *renewable energy resources*, solar, wind, biomass, geothermal and hydrothermal technologies that generate electricity.
11. Contains a statement of legislative findings.
12. Becomes effective on the general effective date, retroactive to June 29, 2020.

Revision

- Corrects the provisions.

House Action

NREW	1/26/21	DP	6-4-0-0
3 rd Read	3/3/21		31-28-1

Prepared by Senate Research

March 30, 2021

KN/gs