



ARIZONA HOUSE OF REPRESENTATIVES

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Senate: COM DP 5-0-2-0 | 3rd Read 28-0-2-0

**SB 1104: procurement; information disclosure; bidders
S/E: corporation commission; electric generational resources
Sponsor: Senator Carroll, LD 28
Committee on Natural Resources, Energy & Water**

Overview

Requires public service corporations to derive a specified percentage of retail electric sales from renewable energy resources and prohibits the Arizona Corporation Commission from changing these prescribed percentages and from regulating a public service corporation's carbon emissions.

History

The Arizona Corporation Commission regulates public service corporations (PSCs) through two sets of authorities:

- 1) Plenary authority to set rules, regulations and orders governing PSC rates, charges and classifications; and
- 2) Permissive authority to regulate PSCs to protect the health, safety, comfort and convenience of customers, employees and the public ([Article XV, § 3, Constitution of Arizona](#)).

The Arizona Corporation Commission adopted Renewable Energy Standard and Tariff (REST) rules in November 2006 that required a certain percentage of each regulated utility's annual retail electricity sales to come from renewable resources. This required percentage increases with each succeeding year. In particular, these rules require a regulated utility to generate at least 13% of its retail electricity sales from renewable sources in 2023 and 14% in 2024. From 2024 onwards, a regulated utility is required to generate 15% of its retail electricity sales from renewable resources ([A.A.C. R14-2-1804](#)). Additionally, each regulated utility is required to file annual implementation plans describing how it will comply with the REST rules ([A.A.C. R14-2-1813](#)).

Some utilities have exceeded the REST requirements while others have requested waivers, which the Arizona Corporation Commission may approve upon showing good cause ([A.A.C. R14-2-1816](#)). For example, the Arizona Corporation Commission recently approved the Morenci Water & Electric Company's waiver ([Docket No. E-01049A-22-0196](#)).

Provisions

1. Declares the public policy of Arizona that PSCs 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 the mix of critical electric generation resources used by each PSC to meet its customer's needs 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. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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2. Requires PSCs to derive at least the following percentage of retail kilowatt sales from renewable energy resources by the following dates:
 - a) 13 percent by December 31, 2023;
 - b) 14 percent by December 31, 2024; and
 - c) 15 percent by December 31, 2025, and each year thereafter. (Sec. 1)
3. Allows the Arizona Corporation Commission to adopt rules to ensure PSC's compliance with these requirements. (Sec. 1)
4. Prohibits the Arizona Corporation Commission from adopting or enforcing any policy, decision or rule that:
 - a) Increases or decreases the prescribed percentages;
 - b) Conflicts with the prescribed requirements; or
 - c) Directly or indirectly regulates a PSC's carbon emissions. (Sec. 1)
5. States that the prescribed requirements do not prohibit the Arizona Corporation Commission from exercising its ratemaking or statutory authority over PSCs. (Sec. 1)
6. Defines the following terms:
 - a) *Carbon emissions* as carbon emissions resulting from the combustion of fossil fuels, such as coal, petroleum, natural gas, oil, shale or bitumen.
 - b) *Clean energy resources* as solar, wind, biomass, geothermal, nuclear and hydroelectric technologies that generate electricity.
 - c) *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.
 - d) *Lowest cost method* as the method of meeting customers' energy needs that results in the lowest amount of expenses and rate base that the Arizona Corporation Commission's established ratemaking practices allow a PSC to recover from ratepayers.
 - e) *Renewable energy resources* which includes solar, wind, biomass, geothermal; and hydroelectric technologies that generate electricity. (Sec. 1)
7. Contains legislative findings. (Sec. 2)