

Senate Engrossed

corporation commission; electric generation resources

State of Arizona  
Senate  
Fifty-sixth Legislature  
First Regular Session  
2023

# **SENATE BILL 1502**

AN ACT

AMENDING TITLE 40, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY  
ADDING SECTION 40-207; RELATING TO PUBLIC SERVICE CORPORATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 40, chapter 2, article 1, Arizona Revised  
3 Statutes, is amended by adding section 40-207, to read:

4 40-207. Regulation of critical electric generation resources;  
5 renewable energy resources; definitions

6 A. IT IS THE PUBLIC POLICY OF THIS STATE THAT PUBLIC SERVICE  
7 CORPORATIONS SHOULD PURSUE THE USE OF CLEAN ENERGY RESOURCES AND THE  
8 REDUCTION OF CARBON EMISSIONS RESULTING FROM THE GENERATION OF ENERGY FOR  
9 RETAIL ELECTRIC SALES, PROVIDED THE MIX OF CRITICAL ELECTRIC GENERATION  
10 RESOURCES USED BY EACH PUBLIC SERVICE CORPORATION TO MEET ITS CUSTOMERS'  
11 NEEDS IS THE LOWEST COST METHOD OF PROVIDING SAFE AND RELIABLE ELECTRICITY  
12 SERVICES WHILE TAKING INTO CONSIDERATION THE SYSTEM-WIDE COSTS ASSOCIATED  
13 WITH MEETING CUSTOMER DEMAND FOR SERVICES AT ALL TIMES OF EACH DAY AND  
14 THROUGHOUT ALL SEASONS OF THE YEAR.

15 B. THE CLEAN ENERGY RESOURCES AND CARBON EMISSIONS REDUCTION  
16 POLICIES OF THIS STATE REQUIRE PUBLIC SERVICE CORPORATIONS TO DERIVE AT  
17 LEAST THE FOLLOWING PERCENTAGE OF RETAIL KILOWATT SALES FROM RENEWABLE  
18 ENERGY RESOURCES BY THE FOLLOWING DATES:

- 19 1. THIRTEEN PERCENT BY DECEMBER 31, 2023.
- 20 2. FOURTEEN PERCENT BY DECEMBER 31, 2024.
- 21 3. FIFTEEN PERCENT BY DECEMBER 31, 2025 AND FOR EACH YEAR  
22 THEREAFTER.

23 C. THIS SECTION DOES NOT PROHIBIT THE COMMISSION FROM EXERCISING  
24 ITS RATEMAKING OR STATUTORY AUTHORITY OVER PUBLIC SERVICE CORPORATIONS.

25 D. THE COMMISSION MAY ADOPT RULES TO ENSURE PUBLIC SERVICE  
26 CORPORATIONS COMPLY WITH THIS SECTION. THE COMMISSION MAY NOT ADOPT OR  
27 ENFORCE ANY POLICY, DECISION OR RULE THAT INCREASES OR DECREASES THE  
28 PERCENTAGES PRESCRIBED IN SUBSECTION B OF THIS SECTION OR OTHERWISE  
29 CONFLICTS WITH THE REQUIREMENTS PRESCRIBED IN SUBSECTION B OF THIS SECTION  
30 OR THAT DIRECTLY OR INDIRECTLY REGULATES A PUBLIC SERVICE CORPORATION'S  
31 CARBON EMISSIONS.

32 E. FOR THE PURPOSES OF THIS SECTION:

33 1. "CARBON EMISSIONS" MEANS CARBON EMISSIONS RESULTING FROM THE  
34 COMBUSTION OF FOSSIL FUELS, SUCH AS COAL, PETROLEUM, NATURAL GAS, OIL,  
35 SHALE OR BITUMEN.

36 2. "CLEAN ENERGY RESOURCES" INCLUDES SOLAR, WIND, BIOMASS,  
37 GEOTHERMAL, NUCLEAR AND HYDROELECTRIC TECHNOLOGIES THAT GENERATE  
38 ELECTRICITY.

39 3. "CRITICAL ELECTRIC GENERATION RESOURCES" INCLUDES ANY GENERATION  
40 RESOURCE USED OR ACQUIRED BY A PUBLIC SERVICE CORPORATION, INCLUDING  
41 SOLAR, WIND, BIOMASS, GEOTHERMAL, NUCLEAR, HYDROELECTRIC, FUEL-CELL  
42 TECHNOLOGY, NATURAL GAS OR COAL OR ANY OTHER PETROLEUM FUEL SOURCE.

43 4. "LOWEST COST METHOD" MEANS THE METHOD OF MEETING CUSTOMERS'  
44 ENERGY NEEDS THAT RESULTS IN THE LOWEST AMOUNT OF EXPENSES AND RATE BASE

1 THAT THE COMMISSION'S ESTABLISHED RATEMAKING PRACTICES ALLOW A PUBLIC  
2 SERVICE CORPORATION TO RECOVER FROM RATEPAYERS.

3 5. "RENEWABLE ENERGY RESOURCES" INCLUDES SOLAR, WIND, BIOMASS,  
4 GEOTHERMAL AND HYDROELECTRIC TECHNOLOGIES THAT GENERATE ELECTRICITY.

5 Sec. 2. Legislative findings

6 The legislature finds that:

7 1. Energy development, production and generation is an issue of  
8 statewide concern necessary to ensure the public's health and safety.

9 2. Policies that restrict or ban critical fuel and energy resources  
10 beyond the requirements prescribed in section 40-207, subsection B,  
11 Arizona Revised Statutes, as added by this act, will result in higher  
12 electricity prices, harm economic growth, reduce grid reliability and  
13 damage Arizona's energy independence.

14 3. Any policy, decision or rule that regulates critical electric  
15 generation resources should prioritize affordability and reliability.

16 4. The regulation of carbon emissions from the generation of energy  
17 for retail electric sales is an issue of statewide concern necessary to  
18 protect the public health, safety and welfare.