



NEWS RELEASE

Arizona House of Representatives
Majority Leader Michael Carbone (R-25)
1700 West Washington • Phoenix, Arizona • 85007

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FOR IMMEDIATE RELEASE

Arizona Advances Legislation to Streamline Permitting for Small Modular Reactors Co-Located with Data Centers *Supports New Nuclear Energy, Rural Economic Development, and Growing Energy Demand*

STATE CAPITOL, PHOENIX – The Arizona House Committee on Natural Resources, Energy, and Water has passed House Majority Leader Michael Carbone’s legislation to accelerate the development of small modular reactors (SMRs) that are co-located with large industrial energy users like data centers or uses to replace or expand generation at existing baseload powerplants. Offered as a strike-everything amendment to [HB2774](#), the bill removes bureaucratic hurdles standing in the way of SMR deployment to meet growing energy needs, streamlining the permitting process for utilities and large technology companies with clean, reliable energy.

“This bill is a win-win for Arizona’s energy future and rural communities,” said Majority Leader Carbone. **“We need a bold approach to ensure energy production keeps pace with demand, maintains grid reliability, and supports job growth—especially in rural areas. Small modular reactors are a game-changer. They offer the ability to repurpose existing facilities, attract new industry, and provide clean, reliable, and affordable power to rapidly-expanding industries that are critical to national defense, like data centers.”**

Key Provisions of HB2774:

- **For Utilities:** Eliminates the requirement for a Certificate of Environmental Compatibility (CEC) when converting an existing thermal unit to an SMR or constructing a new SMR at an existing thermal plant.
- **For Large Industrial Energy Users:** In counties with a population of 500,000 or less, a new SMR co-located with a large energy user will be exempt from the CEC process and county zoning restrictions.

By cutting through unnecessary red tape, the legislation makes Arizona a leader in next-generation nuclear energy, encouraging private-sector investment and economic development in regions that need it most. The plan directly aligns with the 2025 [House Majority Plan](#) to unleash Arizona’s economic potential, drive energy innovation, and create opportunities for communities impacted by plant closures.

“With rising energy demand and national security concerns, we cannot afford to sit back and wait. This bill puts Arizona in the driver’s seat of the next great era of American energy innovation,” Majority Leader Carbone added. **“Rural Arizona will benefit from high-paying jobs, increased capital investment, and a more stable tax base—all while keeping our energy supply reliable and affordable.”**

HB2774 now moves to the full Arizona House of Representatives for further consideration.

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Majority Leader Michael Carbone

SMALL MODULAR REACTORS

2025 - Fifty-seventh Legislature - First Regular Session



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Proposal to Unleash SMR Development in Rural AZ

Streamlined Permitting Process for SMRs Co-Located with Large Energy Users

Two proposals, one bill: **"small modular reactors; co-location; industrial demand"**

For Utilities	For Large Industrial Energy Users
<p>No Certificate of Environmental Compatibility (CEC) required for either of the following:</p> <div style="text-align: center;"> </div> <ul style="list-style-type: none"> Conversion of existing thermal unit to SMR. <div style="text-align: center;"> </div> <ul style="list-style-type: none"> Construction of new SMR at or adjacent to existing thermal plant. 	<p>In counties with a population of 500,000 people or less:</p> <div style="text-align: center;"> </div> <ul style="list-style-type: none"> No CEC required for a new SMR co-located with a large energy user. <div style="text-align: center;"> </div> <ul style="list-style-type: none"> County zoning exemption extended to new SMR co-located with a large energy user.

- Presents a "win-win-win" for utilities, large industrial energy users, and rural communities.
- Meets rising energy demand with clean, reliable energy at a critical juncture in Arizona's trajectory.
- Provides economic development incentives and jobs for rural communities facing plant closures.
- Robust stakeholder process to refine and define specific implementation details:

Arizona Corporation Commission Definitions TBD via Robust Rulemaking Process		
"Small Modular Reactor"	"Co-Located With"	"Large Industrial Energy User"
<ul style="list-style-type: none"> MW threshold per unit? Technology types? Minimum safety features? 	<ul style="list-style-type: none"> Distance between sites? Interconnection status? 	<ul style="list-style-type: none"> MW or MWh demand? Cannot discriminate between users.