

State of Arizona
Senate
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 56
SENATE BILL 1417

AN ACT

AMENDING SECTIONS 32-1154, 32-1155, 44-1761, 44-1762 AND 44-1763, ARIZONA REVISED STATUTES; AMENDING TITLE 44, CHAPTER 11, ARTICLE 11, ARIZONA REVISED STATUTES, BY ADDING SECTION 44-1764; RELATING TO SOLAR ENERGY DEVICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 32-1154, Arizona Revised Statutes, is amended to
3 read:

4 32-1154. Grounds for suspension or revocation of license;
5 continuing jurisdiction; civil penalty; recovery
6 fund award; summary suspension

7 A. The holder of a license or any person listed on a license pursuant
8 to this chapter shall not commit any of the following acts or omissions:

9 1. Abandonment of a contract or refusal to perform after submitting a
10 bid on work without legal excuse for the abandonment or refusal.

11 2. Departure from or disregard of plans or specifications or any
12 building codes of the state or any political subdivision of the state in any
13 material respect that is prejudicial to another without consent of the owner
14 or the owner's duly authorized representative and without the consent of the
15 person entitled to have the particular construction project or operation
16 completed in accordance with such plans and specifications and code.

17 3. Violation of any rule adopted by the registrar.

18 4. Failure to comply with the statutes or rules governing social
19 security, workers' compensation or unemployment insurance.

20 5. Misrepresentation of a material fact by the applicant in obtaining
21 a license.

22 6. The doing of a fraudulent act by the licensee as a contractor
23 resulting in another person being substantially injured.

24 7. Conviction of a felony.

25 8. Failure in a material respect by the licensee to complete a
26 construction project or operation for the price stated in the contract, or in
27 any modification of the contract.

28 9. Aiding or abetting a licensed or unlicensed person to evade this
29 chapter, knowingly or recklessly combining or conspiring with a licensed or
30 unlicensed person, allowing one's license to be used by a licensed or
31 unlicensed person or acting as agent, partner, associate or otherwise of a
32 licensed or unlicensed person with intent to evade this chapter.

33 10. Failure by a licensee or agent or official of a licensee to pay
34 monies in excess of seven hundred fifty dollars when due for materials or
35 services rendered in connection with the licensee's operations as a
36 contractor when the licensee has the capacity to pay or, if the licensee
37 lacks the capacity to pay, when the licensee has received sufficient monies
38 as payment for the particular construction work project or operation for
39 which the services or materials were rendered or purchased.

40 11. Failure of a contractor to comply with any safety or labor laws or
41 codes of the federal government, state or political subdivisions of the
42 state.

43 12. Failure in any material respect to comply with this chapter.

44 13. Knowingly entering into a contract with a contractor for work to
45 be performed for which a license is required with a person not duly licensed
46 in the required classification.

1 14. Acting in the capacity of a contractor under any license issued
2 under this chapter in a name other than as set forth on the license.

3 15. False, misleading or deceptive advertising whereby any member of
4 the public may be misled and injured.

5 16. Knowingly contracting beyond the scope of the license or licenses
6 of the licensee.

7 17. Contracting or offering to contract or submitting a bid while the
8 license is under suspension or while the license is on inactive status.

9 18. Failure to notify the registrar in writing within a period of
10 fifteen days of any disassociation of the person who qualified for the
11 license. Such licensee shall have sixty days from the date of such
12 disassociation to qualify through another person.

13 19. Subsequent discovery of facts that if known at the time of
14 issuance of a license or the renewal of a license would have been grounds to
15 deny the issuance or renewal of a license.

16 20. Having a person named on the license who is or was named on any
17 other license in this state or in another state that is under suspension or
18 revocation for any act or omission that occurs while the person is or was
19 named on the license unless the prior revocation was based solely on a
20 violation of this paragraph.

21 21. Continuing a new single family residential construction project
22 with actual knowledge that a pretreatment wood-destroying pests or organisms
23 application was either:

24 (a) Not performed at the required location.

25 (b) Performed in a manner inconsistent with label requirements, state
26 law or rules.

27 22. Failure to take appropriate corrective action to comply with this
28 chapter or with rules adopted pursuant to this chapter without valid
29 justification within a reasonable period of time after receiving a written
30 directive from the registrar. The written directive shall set forth the time
31 within which the contractor is to complete the remedial action. The time
32 permitted for compliance shall not be less than fifteen days from the date of
33 issuance of the directive. A license shall not be revoked or suspended nor
34 shall any other penalty be imposed for a violation of this paragraph until
35 after a hearing has been held.

36 23. Prohibit, threaten to prohibit, retaliate, threaten to retaliate
37 or otherwise intimidate any contractor or materialman from serving a
38 preliminary notice pursuant to section 33-992.01.

39 24. FOR CONTRACTORS AS DEFINED IN SECTION 32-1101, FAILURE TO COMPLY
40 WITH TITLE 44, CHAPTER 11, ARTICLE 11.

41 B. The registrar may on the registrar's own motion, and shall on the
42 written complaint of any owner or contractor that is a party to a
43 construction contract or a person who suffers a material loss or injury as a
44 result of a contractor's failure to perform work in a professional and
45 workmanlike manner or in accordance with any applicable building codes and
46 professional industry standards, investigate the acts of any contractor

1 within this state and may temporarily suspend, with or without imposition of
2 specific conditions in addition to increased surety bond or cash deposit
3 requirements, or permanently revoke any or all licenses issued under this
4 chapter if the holder of the license issued pursuant to this chapter is
5 guilty of or commits any of the acts or omissions set forth in subsection A
6 of this section. For the purposes of this subsection:

7 1. "Construction contract" means a written or oral agreement relating
8 to the construction, alteration, repair, maintenance, moving or demolition of
9 any building, structure or improvement or relating to the contractor's
10 excavation of or other development or improvement to land if the registrar
11 investigates the contractor's actions under this subsection.

12 2. "Owner" means any person, firm, partnership, corporation,
13 association or other organization, or a combination of any of them, that
14 causes a building, structure or improvement to be constructed, altered,
15 repaired, maintained, moved or demolished or that causes land to be excavated
16 or otherwise developed or improved, whether the interest or estate of the
17 person is in fee, as vendee under a contract to purchase, as lessee or
18 another interest or estate less than fee, pursuant to a construction
19 contract.

20 C. Pursuant to this chapter, the registrar shall temporarily suspend
21 or permanently revoke the license issued to a person under this chapter ~~upon~~
22 ~~ON~~ notice from the department of revenue that a tax debt related to income
23 taxes, withholding taxes or any tax imposed or administered by title 42,
24 chapter 5 that was incurred in the operation of the licensed business has
25 become final and the person neglects to pay or refuses to pay the tax debt.

26 D. The expiration, cancellation, suspension or revocation of a license
27 by operation of law or by decision and order of the registrar or a court of
28 law or the voluntary surrender of a license by a licensee shall not deprive
29 the registrar of jurisdiction to proceed with any investigation of or action
30 or disciplinary proceeding against such licensee, or to render a decision
31 suspending or revoking such a license, or denying the renewal or right of
32 renewal of such license.

33 E. The registrar may impose a civil penalty of not to exceed five
34 hundred dollars on a contractor for each violation of subsection A, paragraph
35 22 of this section. Civil penalties collected pursuant to this subsection
36 shall be deposited in the residential contractors' recovery fund. The
37 failure by the licensee to pay any civil penalty imposed under this
38 subsection results in the automatic revocation of the license thirty days
39 after the effective date of the order providing for the civil penalty. No
40 future license may be issued to an entity consisting of a person, as defined
41 in section 32-1101, ~~subsection A, paragraph 6,~~ who is associated with the
42 contractor, unless payment of any outstanding civil penalty is tendered.

43 F. The registrar shall impose a civil penalty of not to exceed one
44 thousand dollars on a contractor for each violation of subsection A,
45 paragraph 17 of this section. Civil penalties collected pursuant to this
46 subsection shall be deposited in the residential contractors' recovery fund.

1 The failure by the licensee to pay any civil penalty imposed under this
2 subsection results in the automatic permanent revocation of the license
3 thirty days after the effective date of the order providing for the civil
4 penalty. No future license may be issued to an entity consisting of a
5 person, as defined in section 32-1101, ~~subsection A, paragraph 6,~~ who is
6 associated with the contractor, unless payment of any outstanding civil
7 penalty is tendered.

8 G. Notwithstanding any other provisions in this chapter, if a
9 contractor's license has been revoked or has been suspended as a result of an
10 order to remedy a violation of this chapter, the registrar may order payment
11 from the residential contractors' recovery fund to remedy the violation. The
12 registrar shall serve the contractor with a notice setting forth the amount
13 claimed or to be awarded. If the contractor contests the amount or propriety
14 of the payment, the contractor shall respond within ten days of the date of
15 service by requesting a hearing to determine the amount or propriety of the
16 payment. Failure by the contractor to respond in writing within ten days of
17 the date of service shall be deemed a waiver by the contractor of the right
18 to contest the amount claimed or to be awarded. Service may be made by
19 personal service to the contractor or by mailing a copy of the notice by
20 registered mail with postage prepaid to the contractor's latest address of
21 record on file in the registrar's office. If service is made by registered
22 mail, it is effective five days after the notice is mailed. Except as
23 provided in section 41-1092.08, subsection H, the contractor or injured
24 person may seek judicial review of the registrar's final award pursuant to
25 title 12, chapter 7, article 6. An applicant to the residential contractors'
26 recovery fund pursuant to this subsection must show that the applicant has
27 proceeded against any existing bond covering the residential contractor and
28 has not collected on the bond in an amount of thirty thousand dollars or
29 more.

30 Sec. 2. Section 32-1155, Arizona Revised Statutes, is amended to read:
31 32-1155. Filing of complaint; resolution of complaint; service
32 of notice; failure to answer; prohibited citations

33 A. On the filing of a written complaint with the registrar charging a
34 licensee with the commission, within two years before the date of filing the
35 complaint, of an act that is cause for suspension or revocation of a license,
36 INCLUDING AN ACT THAT IS IN VIOLATION OF TITLE 44, CHAPTER 11, ARTICLE 11,
37 the registrar after investigation, in its sole discretion, may issue a
38 citation directing the licensee, within ten days after service of the
39 citation on the licensee, to appear by filing with the registrar the
40 licensee's written answer to the citation and complaint showing cause, if
41 any, why the licensee's license should not be suspended or revoked. Service
42 of citation on the licensee shall be fully effected by personal service or by
43 mailing a true copy thereof, together with a true copy of the complaint, by
44 registered mail in a sealed envelope with postage prepaid and addressed to
45 the licensee at the licensee's latest address of record in the registrar's
46 office. Service of the citation and complaint shall be complete at the time

1 of personal service or five days after deposit in the mail. The two-year
2 period prescribed by this subsection shall commence on the earlier of the
3 close of escrow or actual occupancy for new home or other new building
4 construction and otherwise shall commence on completion of the specific
5 project.

6 B. Failure of the licensee to answer within ten days after service
7 shall be deemed an admission by the licensee of the licensee's commission of
8 the act or acts charged in the complaint, and the registrar may then suspend
9 or revoke the licensee's license.

10 C. The registrar shall not issue a citation for failure to perform
11 work in a professional and workmanlike manner or in accordance with any
12 applicable building codes and professional industry standards if either:

13 1. The contractor is not provided an opportunity to inspect the work
14 within fifteen days after receiving a written notice from the registrar.

15 2. The contractor's work has been subject to neglect, modification or
16 abnormal use.

17 D. Notwithstanding subsection C of this section, the registrar may
18 investigate the complaint without waiting fifteen days.

19 Sec. 3. Section 44-1761, Arizona Revised Statutes, is amended to read:

20 ~~44-1761.~~ Definitions

21 In this article, unless the context otherwise requires:

22 1. "Collector" means a component of a solar energy device that is used
23 to absorb solar radiation, convert it to heat or electricity and transfer the
24 heat to a heat transfer fluid or to storage.

25 2. "Distributed energy generation system":

26 (a) Means a device or system that is used to generate or store
27 electricity, that has ~~a~~ **AN ELECTRIC DELIVERY** capacity, singly or in
28 connection with other similar devices or systems, greater than one kilowatt
29 **OR ONE KILOWATT-HOUR, AND** that is primarily for on-site **ENERGY** consumption.

30 (b) Does not include an electric generator that is intended for
31 occasional use.

32 3. **"ENERGIZE" OR "ENERGIZED" MEANS THAT THE DISTRIBUTED ENERGY**
33 **GENERATION SYSTEM IS INSTALLED AND OPERATIONAL FOR ITS INTENDED PURPOSES OF**
34 **GENERATING OR STORING ELECTRICITY.**

35 ~~3-~~ 4. "Heat exchanger" means a component of a solar energy device
36 that is used to transfer heat from one fluid to another.

37 5. **"INTERCONNECTED" OR "INTERCONNECTION" MEANS A DISTRIBUTED ENERGY**
38 **GENERATION SYSTEM THAT IS CONNECTED TO THE POWER GRID AND THAT IS ABLE TO**
39 **TRANSFER ELECTRICITY TO THE POWER GRID.**

40 ~~4-~~ 6. "Seller or marketer" means an individual or a company acting
41 through its officers, employees or agents that markets, sells or solicits the
42 sale, financing or lease of distributed energy generation systems or
43 negotiates or enters into agreements for the sale, financing or lease of
44 distributed energy generation systems.

45 ~~5-~~ 7. "Solar daylighting" means a device that is specifically
46 designed to capture and redirect the visible portion of the solar beam

1 spectrum, while controlling the infrared portion, for use in illuminating
2 interior building spaces in lieu of artificial lighting.

3 ~~6-~~ 8. "Solar energy device":

4 (a) Means a system or series of mechanisms that is designed primarily
5 to provide heating, to provide cooling, to produce electrical power, to
6 produce mechanical power, to provide solar daylighting or to provide any
7 combination of the foregoing by means of collecting and transferring solar
8 generated energy into such uses either by active or passive means. Such
9 systems may also have the capability of storing such energy for future
10 utilization. Passive systems shall clearly be designed as a solar energy
11 device such as a trombe wall and not merely a part of a normal structure such
12 as a window.

13 (b) INCLUDES A DISTRIBUTED ENERGY GENERATION SYSTEM.

14 ~~7. "Storage unit" means a component of a solar energy device that is~~
15 ~~used to store solar generated electricity or heat for later use.~~

16 Sec. 4. Section 44-1762, Arizona Revised Statutes, is amended to read:

17 44-1762. Solar energy device warranties; installation
18 standards; inspections

19 A. The collectors, heat exchangers and storage units of a solar energy
20 device that is sold or installed in this state OR LEASED OR FINANCED UNDER AN
21 AGREEMENT PURSUANT TO SECTION 44-1763, and the installation OF THE SOLAR
22 ENERGY DEVICE, shall be warranted for a period of at least two years OR SHALL
23 INCLUDE AN ENERGY PRODUCTION OUTPUT GUARANTEE PROVIDED PURSUANT TO SECTION
24 44-1763, SUBSECTION A, PARAGRAPH 4. The remaining components of the solar
25 energy device and their installation shall be warranted for a period of at
26 least one year.

27 B. Any person who manufactures, furnishes for installation or installs
28 a solar energy device shall provide with ~~such~~ THE device a written statement
29 of warranty, responsibilities assumed or disclaimed and performance data of
30 the solar energy device and components of the solar energy device AS
31 PRESCRIBED BY SECTION 44-1763 AS PART OF THE AGREEMENT FOR THE FINANCING,
32 SALE OR LEASE OF A SOLAR ENERGY DEVICE. The form of the statement required
33 by this subsection is subject to approval by the registrar of contractors
34 ~~after consultation with the governor's energy office. The registrar of~~
35 ~~contractors shall adopt rules governing the readability and understandability~~
36 ~~of the statement.~~ The statement shall specify the source of any performance
37 data it contains. A copy of the statement shall be delivered to the
38 registrar of contractors where it shall be kept on public file.

39 C. A person who sells a solar energy device in this state shall
40 furnish a certificate to the buyer that the solar energy device complies with
41 the requirements of this section.

42 D. A solar energy device that is sold or installed in this state shall
43 comply with ~~any~~ ALL APPLICABLE STATE AND FEDERAL consumer protection, rating,
44 certification, performance, marking, installation and safety standards ~~that~~
45 ~~have been adopted by the governor's energy office~~ THAT ARE REQUIRED BY
46 SECTION 44-1763.

1 E. An individual who installs a solar energy device in this state, in
2 addition to being a licensed solar contractor under title 32, chapter 10,
3 article 4, shall:

4 1. Possess the general license that is appropriate to the type of
5 solar energy device that is installed. Installers of a solar water heater or
6 a photovoltaic device shall possess an appropriate contractor's license.

7 2. Meet any education and training standards that have been adopted by
8 the registrar of contractors ~~after consultation with the governor's energy~~
9 ~~office.~~

10 3. Pass an examination on the installation of the type of device to be
11 installed, if the registrar of contractors ~~after consultation with the~~
12 ~~governor's energy office~~ has adopted such an examination.

13 F. Solar energy devices that are designed or installed by the final
14 owner are exempt from the requirements of subsections A through E OF THIS
15 SECTION.

16 G. The installation of a solar energy device shall meet the
17 requirements of:

18 1. All applicable fire, safety and building codes.

19 2. Consumer protection standards, including ANY freeze protection and
20 temperature related damage standards ~~adopted by the governor's energy office.~~

21 3. All other applicable federal, state and local laws.

22 H. ~~Solar energy devices are subject to random inspections by the~~
23 ~~registrar of contractors. Installers~~ CONTRACTORS who fail to meet safety,
24 installation or other prescribed standards OR THE REQUIREMENTS OF SECTION
25 44-1763 are subject to disciplinary action under title 32, chapter 10,
26 article 3.

27 Sec. 5. Section 44-1763, Arizona Revised Statutes, is amended to read:

28 44-1763. Distributed energy generation system agreements;
29 disclosures; exception

30 A. An agreement governing the financing, sale or lease of a
31 distributed energy generation system to any person or a political subdivision
32 of this state must:

33 1. Be signed by the person buying, financing or leasing the
34 distributed energy generation system and must be dated. Any agreement that
35 contains blank spaces affecting the timing, value or obligations of the
36 agreement in a material manner when signed by the buyer or lessee is voidable
37 at the option of the buyer or lessee until the distributed energy generation
38 system is installed. ANY BLANK SPACES IN THE AGREEMENT MUST BE SHOWN TO AND
39 INITIALED BY THE BUYER OR LESSEE AT THE TIME THE BUYER OR LESSEE SIGNS THE
40 AGREEMENT.

41 2. Be in at least ten-point type.

42 3. Include a provision, WHICH MUST BE SEPARATELY ACKNOWLEDGED BY THE
43 BUYER OR LESSEE, granting the buyer or lessee the right to rescind the
44 financing, sale or lease agreement for a period of not less than three
45 business days after the agreement is signed by the buyer or lessee and before
46 the distributed energy generation system is installed.

1 4. Provide a description, WHICH MUST BE SEPARATELY ACKNOWLEDGED BY THE
2 BUYER OR LESSEE, including the make and model of the distributed energy
3 generation system's major components or a guarantee concerning energy
4 production output that the distributed energy generation system being sold or
5 leased will provide over the life of the agreement. IF THE WARRANTY PERIOD
6 FOR ANY MAJOR COMPONENT IS LESS THAN THE DURATION OF THE AGREEMENT, THE
7 LENGTH OF THE WARRANTY MUST BE DISCLOSED TO AND SEPARATELY ACKNOWLEDGED BY
8 THE BUYER OR LESSEE.

9 5. Separately set forth the following items, WHICH MUST BE SEPARATELY
10 ACKNOWLEDGED BY THE BUYER OR LESSEE, if applicable:

11 (a) The total purchase price or total cost to the buyer or lessee
12 under the agreement for the distributed energy generation system over the
13 life of the agreement.

14 (b) Any interest, installation fees, document preparation fees,
15 service fees or other costs to be paid by the buyer or lessee of the
16 distributed energy generation system.

17 (c) If the distributed energy generation system is being financed or
18 leased, the total number of payments, the payment frequency, the amount of
19 the payment expressed in dollars and the payment due date.

20 6. Provide a disclosure in the sale and financing agreements, to the
21 extent they are used by the seller or marketer in determining the purchase
22 price of the agreement, ~~identify~~ THAT IDENTIFIES all current tax incentives
23 and rebates or other state or federal incentives for which the buyer OR
24 LESSEE may be eligible and any conditions or requirements pursuant to the
25 agreement to obtain these tax incentives, rebates or other incentives.

26 7. Identify the tax obligations that the buyer or lessee may be
27 required to pay as a result of buying, financing or leasing the distributed
28 energy generation system, including:

29 (a) The assessed value and the property tax assessments associated
30 with the distributed energy generation system calculated in the year the
31 agreement is signed.

32 (b) Transaction privilege taxes that may be assessed against the
33 person buying or leasing the distributed energy generation system.

34 (c) Any obligation of the buyer or lessee to transfer tax credits or
35 tax incentives of the distributed energy generation system to any other
36 person.

37 8. Disclose whether the warranty or maintenance obligations related to
38 the distributed energy generation system may be sold or transferred to a
39 third party.

40 9. Include a disclosure, the receipt of which shall be separately
41 acknowledged by the buyer or lessee, if a transfer of the sale, lease or
42 financing agreement contains any restrictions pursuant to the agreement on
43 the lessee's or buyer's ability to modify or transfer ownership of a
44 distributed energy generation system, including whether any modification or
45 transfer is subject to review or approval by a third party. If the
46 modification or transfer of the distributed energy generation system is

1 subject to review or approval by a third party, the agreement must identify
2 the name, address and telephone number of, and provide for updating any
3 change in, the entity responsible for approving the modification or transfer.

4 10. Include a disclosure, the receipt of which shall be separately
5 acknowledged by the buyer or lessee, if a modification or transfer of
6 ownership of the real property to which the distributed energy generation
7 system is or will be affixed contains any restrictions pursuant to the
8 agreement on the lessee's or buyer's ability to modify or transfer ownership
9 of the real property to which the distributed energy generation system is
10 installed or affixed, including whether any modification or transfer is
11 subject to review or approval by a third party. If the modification or
12 transfer of the real property to which the distributed energy generation
13 system is affixed or installed is subject to review or approval by a third
14 party, the agreement must identify the name, address and telephone number OF,
15 and provide for updating any change in, the entity responsible for approving
16 the modification or transfer.

17 11. Provide a full and accurate summary of the total costs under the
18 agreement for maintaining and operating the distributed energy generation
19 system over the life of the distributed energy generation system, including
20 financing, maintenance and construction costs related to the distributed
21 energy generation system.

22 12. If the agreement contains an estimate of the buyer's or lessee's
23 future utility charges based on projected utility rates ~~after the~~
24 ~~installation of a distributed energy generation system~~, provide an estimate
25 of the buyer's or lessee's ~~estimated~~ FUTURE utility charges ~~during the same~~
26 ~~period~~ as impacted by potential utility rate changes ranging from at least a
27 five percent annual decrease to at least a five percent annual increase from
28 current utility costs APPLIED TO THE DURATION OF THE AGREEMENT IN ONE PERCENT
29 INCREMENTS. ~~The ANY~~ comparative estimates must be calculated ~~based on the~~
30 ~~same utility rates~~ BY APPLYING THE ENTIRE RATE CHANGE RANGE TO THE DURATION
31 OF THE AGREEMENT.

32 13. Include a disclosure, the receipt of which shall be separately
33 acknowledged by the buyer or lessee, that states:

34 Utility rates and utility rate structures are subject to change.
35 These changes cannot be accurately predicted. Projected savings
36 from your distributed energy generation system are therefore
37 subject to change. Tax incentives are subject to change or
38 termination by executive, legislative or regulatory action.

39 14. COMPLY WITH SECTION 32-1158.

40 B. IF A DOCUMENT OR SALES PRESENTATION RELATING TO A DISTRIBUTED
41 ENERGY GENERATION SYSTEM STATES OR SUGGESTS THAT THE DISTRIBUTED ENERGY
42 GENERATION SYSTEM WILL RESULT IN FINANCIAL SAVINGS FOR A BUYER OR LESSEE, THE
43 DOCUMENT OR SALES PRESENTATION MUST SUBSTANTIATE THE METHODOLOGY USED TO
44 CALCULATE THOSE SAVINGS AND, IF THE DOCUMENT OR SALES PRESENTATION IS
45 INTENDED FOR A SPECIFIC POTENTIAL BUYER OR LESSEE, REASONABLY QUANTIFY THE
46 CUMULATIVE SAVINGS EXPECTED FOR THE DURATION OF THE AGREEMENT.

1 C. IF A DOCUMENT OR SALES PRESENTATION RELATING TO A DISTRIBUTED
2 ENERGY GENERATION SYSTEM CONTAINS FINANCIAL SAVINGS COMPARATIVE ESTIMATES OR
3 UTILITY RATE COMPARATIVE ESTIMATES, THE DOCUMENT OR SALES PRESENTATION MUST
4 INCLUDE HISTORICAL UTILITY RATES FOR THE IMMEDIATELY PRECEDING PERIOD OF TIME
5 THAT IS OF THE SAME DURATION AS THE PROPOSED FINANCING OR LEASE PERIOD FOR
6 THE SAME CLASS OF UTILITY CUSTOMER IN THE SAME UTILITY SERVICE TERRITORY AS
7 THE PROSPECTIVE BUYER OR LESSEE. THESE HISTORICAL RATES MUST BE INCLUDED IN
8 ANY COMPARATIVE ESTIMATES.

9 ~~B.~~ D. Before the maintenance or warranty obligations of a distributed
10 energy generation system under an existing lease, financing or purchase
11 agreement is transferred, the person who is currently obligated to maintain
12 or warrant the distributed energy generation system must disclose the name,
13 address and telephone number of the person who will be assuming the
14 maintenance or warranty of the distributed energy generation system.

15 ~~C.~~ E. If ~~the seller's or marketer's marketing materials~~ A DOCUMENT OR
16 SALES PRESENTATION RELATING TO A DISTRIBUTED ENERGY GENERATION SYSTEM ~~contain~~
17 CONTAINS an estimate of the buyer's or lessee's future utility charges based
18 on projected utility rates ~~after the installation of a distributed energy~~
19 ~~generation system~~, the ~~marketing materials~~ DOCUMENT OR SALES PRESENTATION
20 must contain an estimate of the buyer's or lessee's ~~estimated~~ FUTURE utility
21 charges ~~during the same period~~ as impacted by potential utility rate changes
22 ranging from at least a five percent annual decrease to at least a five
23 percent annual increase from current utility costs APPLIED TO THE DURATION OF
24 AN AGREEMENT FOR THE FINANCING, SALE OR LEASE OF A DISTRIBUTED ENERGY
25 GENERATION SYSTEM IN ONE PERCENT INCREMENTS. ANY COMPARATIVE ESTIMATES MUST
26 BE CALCULATED BY APPLYING THE ENTIRE RATE CHANGE RANGE TO THE DURATION OF THE
27 AGREEMENT.

28 F. RECURRING PAYMENTS UNDER A DISTRIBUTED ENERGY GENERATION SYSTEM
29 LEASE MAY NOT BEGIN UNTIL THE DISTRIBUTED ENERGY GENERATION SYSTEM IS
30 ENERGIZED AND INTERCONNECTED.

31 ~~D.~~ G. This section does not apply to an individual or company, acting
32 through its officers, employees or agents, that markets, sells, solicits,
33 negotiates or enters into an agreement for the sale, financing or lease of a
34 distributed energy generation system as part of a transaction involving the
35 sale or transfer of the real property to which the distributed energy
36 generation system is or will be affixed.

37 Sec. 6. Title 44, chapter 11, article 11, Arizona Revised Statutes, is
38 amended by adding section 44-1764, to read:

39 44-1764. Distributed energy generation system; interconnection

40 ANY PERSON WHO SEEKS TO INSTALL, ENERGIZE OR INTERCONNECT A DISTRIBUTED
41 ENERGY GENERATION SYSTEM MUST FIRST SUBMIT AN APPLICATION FOR INTERCONNECTION
42 TO THE POWER GRID TO THE UTILITY THAT OWNS OR OPERATES THE POWER GRID AT THE
43 POINT OF INTERCONNECTION. A PERSON SHALL NOT INSTALL, ENERGIZE OR
44 INTERCONNECT THE DISTRIBUTED ENERGY GENERATION SYSTEM UNTIL THE UTILITY
45 APPROVES THE APPLICATION. IF THE UTILITY DOES NOT APPROVE OR DENY THE
46 APPLICATION WITHIN SIXTY DAYS OF THE APPLICATION'S FILING DATE, THE

1 DISTRIBUTED ENERGY GENERATION SYSTEM MAY BE INSTALLED. THE APPLICATION MUST
2 DISCLOSE THE CURRENT OWNER OF THE DISTRIBUTED ENERGY GENERATION SYSTEM AND
3 THE OWNER OF THE DISTRIBUTED ENERGY GENERATION SYSTEM AT THE TIME THE SYSTEM
4 WILL BE ENERGIZED. THE APPLICANT MUST FOLLOW THE INTERCONNECTION STANDARDS
5 ESTABLISHED BY THE ARIZONA CORPORATION COMMISSION WHEN INTERCONNECTING THE
6 DISTRIBUTED ENERGY GENERATION SYSTEM. THE UTILITY THAT OWNS OR OPERATES THE
7 POWER GRID TO WHICH THE DISTRIBUTED ENERGY GENERATION SYSTEM IS
8 INTERCONNECTED MUST RECEIVE NOTICE OF ANY CHANGES IN OWNERSHIP OF THE
9 DISTRIBUTED ENERGY GENERATION SYSTEM. A UTILITY WITH LESS THAN SEVENTY-FIVE
10 THOUSAND CUSTOMERS MAY, IN ITS SOLE DISCRETION, WAIVE ANY OF THE REQUIREMENTS
11 OF THIS SECTION.

APPROVED BY THE GOVERNOR MARCH 21, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 21, 2016.