PROPOSITION ___
[C-04-2018]

Clean Energy for a Healthy Arizona

ANALYSIS BY LEGISLATIVE COUNCIL

Proposition __ would amend the Arizona Constitution to require utility companies that produce electricity and that are regulated by the Arizona Corporation Commission (which do not include Salt River Project or other governmental utilities) to sell increasing amounts of renewable energy from specific types of renewable energy resources beginning in 2020, as follows:

1. A renewable energy resource would be defined as an energy resource that is replaced rapidly by a natural, ongoing process and would not include nuclear power, natural gas, coal, oil, municipal solid waste combustion or trees that are larger than 12 inches in diameter. Eligible renewable energy resources would be limited to resources such as solar, water, wind, geothermal and biomass/organic matter resources.

2. Each utility company would be required to meet an annual renewable energy requirement by sourcing a portion of the company's annual retail electricity sales from eligible renewable energy resources. The Arizona Corporation Commission currently requires at least 8% of the amount of retail electricity sold by a utility company to come from eligible renewable energy resources, increasing to 15% in 2025. Proposition __ would instead require at least 12% to come from eligible renewable energy resources in 2020, increasing to at least 50% in 2030.

3. Each utility company would be also required to meet an annual distributed renewable energy requirement by sourcing a portion of the company's annual retail electricity sales from renewable energy that is located on a utility customer's premises. Beginning in 2020, at least 3% of the amount of retail electricity sold by a utility company would be required to come from distributed renewable energy resources, increasing to at least 10% in 2030. Distributed renewable energy produced to meet this requirement would count toward the annual renewable energy requirement.

4. A utility company would meet the renewable energy requirements by using renewable energy credits as a way to track the amount of electric power derived from a specific renewable energy resource or a conventional energy resource displaced by an energy resource that is produced on a customer's premises. A utility company would be able to use:

a. A renewable energy credit acquired in any year to meet its annual renewable energy requirement.

b. A distributed renewable energy credit acquired in any year to meet its annual distributed renewable energy requirement.

5. A utility company would only be allowed to use a renewable energy credit or distributed renewable energy credit once and would not be allowed to use the credit for a different regulatory requirement.

6. Not later than December 31, 2019, the Arizona Corporation Commission would be required to adopt any rules that may be necessary to fully implement the measure.

7. Each utility company would be required to annually provide to the Arizona Corporation Commission a detailed compliance and implementation plan.