

**PROPOSITION \_\_\_\_**  
**[C-04-2018]**

**Clean Energy for a Healthy Arizona**

**ANALYSIS BY LEGISLATIVE COUNCIL**

***[LEGISLATIVE COUNCIL STAFF DRAFT]***

1 Proposition \_\_\_\_ would amend the Arizona Constitution to require utility companies that are  
2 regulated by the Arizona Corporation Commission (but not Salt River Project or other governmental  
3 utilities) to sell increasing amounts of renewable energy from specific types of renewable energy resources  
4 beginning in 2020, as follows:

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

9 2. Each utility company would be required to meet an annual renewable energy requirement by  
10 sourcing a portion of the company's annual retail electricity sales from eligible renewable energy resources.  
11 Beginning in 2020, at least 12% of the amount of retail electricity sold by a utility company would be  
12 required to come from eligible renewable energy resources. The percentage requirement would increase  
13 each year (14% in 2021, 16% in 2022, 20% in 2023, 24% in 2024, 28% in 2025, 32% in 2026, 36% in  
14 2027, 40% in 2028, 45% in 2029) until it reaches at least 50% in 2030.

15 3. Each utility company would be also required to meet an annual distributed renewable energy  
16 requirement by sourcing a portion of the company's annual retail electricity sales from renewable energy  
17 that is produced on a utility customer's premises. Beginning in 2020, at least 3% of the amount of retail  
18 electricity sold by a utility company would be required to come from distributed renewable energy  
19 resources. The percentage requirement would increase each year (3.5% in 2021, 4% in 2022, 4.5% in 2023,  
20 5% in 2024, 5.5% in 2025, 6% in 2026, 7% in 2027, 8% in 2028, 9% in 2029) until it reaches at least 10%  
21 in 2030.

22 4. The annual distributed renewable energy requirement would be included in the annual renewable  
23 energy requirement as a percentage of total retail electricity sales by the utility company in that calendar  
24 year.

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

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

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

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

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

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