

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

# 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.

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

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

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

8           16. Knowingly contracting beyond the scope of the license or licenses  
9 of the licensee.

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

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

16          19. Subsequent discovery of facts that if known at the time of  
17 issuance of a license or the renewal of a license would have been grounds to  
18 deny the issuance or renewal of a license.

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

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

27           (a) Not performed at the required location.

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

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

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

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

44          B. The registrar may on the registrar's own motion, and shall on the  
45 written complaint of any owner or contractor that is a party to a

1 construction contract or a person who suffers a material loss or injury as a  
2 result of a contractor's failure to perform work in a professional and  
3 workmanlike manner or in accordance with any applicable building codes and  
4 professional industry standards, investigate the acts of any contractor  
5 within this state and may temporarily suspend, with or without imposition of  
6 specific conditions in addition to increased surety bond or cash deposit  
7 requirements, or permanently revoke any or all licenses issued under this  
8 chapter if the holder of the license issued pursuant to this chapter is  
9 guilty of or commits any of the acts or omissions set forth in subsection A  
10 of this section. For the purposes of this subsection:

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

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

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

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

37 E. The registrar may impose a civil penalty of not to exceed five  
38 hundred dollars on a contractor for each violation of subsection A, paragraph  
39 22 of this section. Civil penalties collected pursuant to this subsection  
40 shall be deposited in the residential contractors' recovery fund. The  
41 failure by the licensee to pay any civil penalty imposed under this  
42 subsection results in the automatic revocation of the license thirty days  
43 after the effective date of the order providing for the civil penalty. No  
44 future license may be issued to an entity consisting of a person, as defined

1 in section 32-1101, ~~subsection A, paragraph 6,~~ who is associated with the  
2 contractor, unless payment of any outstanding civil penalty is tendered.

3 F. The registrar shall impose a civil penalty of not to exceed one  
4 thousand dollars on a contractor for each violation of subsection A,  
5 paragraph 17 of this section. Civil penalties collected pursuant to this  
6 subsection shall be deposited in the residential contractors' recovery fund.  
7 The failure by the licensee to pay any civil penalty imposed under this  
8 subsection results in the automatic permanent revocation of the license  
9 thirty days after the effective date of the order providing for the civil  
10 penalty. No future license may be issued to an entity consisting of a  
11 person, as defined in section 32-1101, ~~subsection A, paragraph 6,~~ who is  
12 associated with the contractor, unless payment of any outstanding civil  
13 penalty is tendered.

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

36 Sec. 2. Section 32-1155, Arizona Revised Statutes, is amended to read:  
37 32-1155. Filing of complaint; resolution of complaint; service  
38 of notice; failure to answer; prohibited citations

39 A. On the filing of a written complaint with the registrar charging a  
40 licensee with the commission, within two years before the date of filing the  
41 complaint, of an act that is cause for suspension or revocation of a license,  
42 **INCLUDING AN ACT THAT IS IN VIOLATION OF TITLE 44, CHAPTER 11, ARTICLE 11,**  
43 the registrar after investigation, in its sole discretion, may issue a  
44 citation directing the licensee, within ten days after service of the  
45 citation on the licensee, to appear by filing with the registrar the

1 licensee's written answer to the citation and complaint showing cause, if  
2 any, why the licensee's license should not be suspended or revoked. Service  
3 of citation on the licensee shall be fully effected by personal service or by  
4 mailing a true copy thereof, together with a true copy of the complaint, by  
5 registered mail in a sealed envelope with postage prepaid and addressed to  
6 the licensee at the licensee's latest address of record in the registrar's  
7 office. Service of the citation and complaint shall be complete at the time  
8 of personal service or five days after deposit in the mail. The two-year  
9 period prescribed by this subsection shall commence on the earlier of the  
10 close of escrow or actual occupancy for new home or other new building  
11 construction and otherwise shall commence on completion of the specific  
12 project.

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

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

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

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

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

26 Sec. 3. Section 44-1761, Arizona Revised Statutes, is amended to read:  
27 44-1761. Definitions

28 In this article, unless the context otherwise requires:

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

32 2. "Distributed energy generation system":

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

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

39 3. "ENERGIZE" OR "ENERGIZED" MEANS THAT THE DISTRIBUTED ENERGY  
40 GENERATION SYSTEM IS INSTALLED AND OPERATIONAL FOR ITS INTENDED PURPOSES OF  
41 GENERATING OR STORING ELECTRICITY.

42 ~~3-~~ 4. "Heat exchanger" means a component of a solar energy device  
43 that is used to transfer heat from one fluid to another.

1           5. "INTERCONNECTED" OR "INTERCONNECTION" MEANS A DISTRIBUTED ENERGY  
2 GENERATION SYSTEM THAT IS CONNECTED TO THE POWER GRID AND THAT IS ABLE TO  
3 TRANSFER ELECTRICITY TO THE POWER GRID.

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

9           ~~5-~~ 7. "Solar daylighting" means a device that is specifically  
10 designed to capture and redirect the visible portion of the solar beam  
11 spectrum, while controlling the infrared portion, for use in illuminating  
12 interior building spaces in lieu of artificial lighting.

13           ~~6-~~ 8. "Solar energy device":

14           (a) Means a system or series of mechanisms that is designed primarily  
15 to provide heating, to provide cooling, to produce electrical power, to  
16 produce mechanical power, to provide solar daylighting or to provide any  
17 combination of the foregoing by means of collecting and transferring solar  
18 generated energy into such uses either by active or passive means. Such  
19 systems may also have the capability of storing such energy for future  
20 utilization. Passive systems shall clearly be designed as a solar energy  
21 device such as a trombe wall and not merely a part of a normal structure such  
22 as a window.

23           (b) INCLUDES A DISTRIBUTED ENERGY GENERATION SYSTEM.

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

26           Sec. 4. Section 44-1762, Arizona Revised Statutes, is amended to read:  
27 44-1762. Solar energy device warranties: installation  
28 standards: inspections

29           A. The collectors, heat exchangers and storage units of a solar energy  
30 device that is sold or installed in this state OR LEASED OR FINANCED UNDER AN  
31 AGREEMENT PURSUANT TO SECTION 44-1763, and the installation OF THE SOLAR  
32 ENERGY DEVICE, shall be warranted for a period of at least two years OR SHALL  
33 INCLUDE AN ENERGY PRODUCTION OUTPUT GUARANTEE PROVIDED PURSUANT TO SECTION  
34 44-1763, SUBSECTION A, PARAGRAPH 4. The remaining components of the solar  
35 energy device and their installation shall be warranted for a period of at  
36 least one year.

37           B. Any person who manufactures, furnishes for installation or installs  
38 a solar energy device shall provide with ~~such~~ THE device a written statement  
39 of warranty, responsibilities assumed or disclaimed and performance data of  
40 the solar energy device and components of the solar energy device AS  
41 PRESCRIBED BY SECTION 44-1763 AS PART OF THE AGREEMENT FOR THE FINANCING,  
42 SALE OR LEASE OF A SOLAR ENERGY DEVICE. The form of the statement required  
43 by this subsection is subject to approval by the registrar of contractors  
44 ~~after consultation with the governor's energy office. The registrar of~~  
45 ~~contractors shall adopt rules governing the readability and understandability~~

1 ~~of the statement.~~ The statement shall specify the source of any performance  
2 data it contains. A copy of the statement shall be delivered to the  
3 registrar of contractors where it shall be kept on public file.

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

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

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

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

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

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

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

27 G. The installation of a solar energy device shall meet the  
28 requirements of:

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

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

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

33 H. ~~Solar energy devices are subject to random inspections by the~~  
34 ~~registrar of contractors. Installers~~ CONTRACTORS who fail to meet safety,  
35 installation or other prescribed standards OR THE REQUIREMENTS OF SECTION  
36 44-1763 are subject to disciplinary action under title 32, chapter 10,  
37 article 3.

38 Sec. 5. Section 44-1763, Arizona Revised Statutes, is amended to read:  
39 44-1763. Distributed energy generation system agreements;  
40 disclosures; exception

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

44 1. Be signed by the person buying, financing or leasing the  
45 distributed energy generation system and must be dated. Any agreement that



1 contains blank spaces affecting the timing, value or obligations of the  
2 agreement in a material manner when signed by the buyer or lessee is voidable  
3 at the option of the buyer or lessee until the distributed energy generation  
4 system is installed. ANY BLANK SPACES IN THE AGREEMENT MUST BE SHOWN TO AND  
5 INITIALED BY THE BUYER OR LESSEE AT THE TIME THE BUYER OR LESSEE SIGNS THE  
6 AGREEMENT.

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

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

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

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

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

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

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

32 6. Provide a disclosure in the sale and financing agreements, to the  
33 extent they are used by the seller or marketer in determining the purchase  
34 price of the agreement, identify THAT IDENTIFIES all current tax incentives  
35 and rebates or other state or federal incentives for which the buyer OR  
36 LESSEE may be eligible and any conditions or requirements pursuant to the  
37 agreement to obtain these tax incentives, rebates or other incentives.

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

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

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

1 (c) Any obligation of the buyer or lessee to transfer tax credits or  
2 tax incentives of the distributed energy generation system to any other  
3 person.

4 8. Disclose whether the warranty or maintenance obligations related to  
5 the distributed energy generation system may be sold or transferred to a  
6 third party.

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

17 10. Include a disclosure, the receipt of which shall be separately  
18 acknowledged by the buyer or lessee, if a modification or transfer of  
19 ownership of the real property to which the distributed energy generation  
20 system is or will be affixed contains any restrictions pursuant to the  
21 agreement on the lessee's or buyer's ability to modify or transfer ownership  
22 of the real property to which the distributed energy generation system is  
23 installed or affixed, including whether any modification or transfer is  
24 subject to review or approval by a third party. If the modification or  
25 transfer of the real property to which the distributed energy generation  
26 system is affixed or installed is subject to review or approval by a third  
27 party, the agreement must identify the name, address and telephone number ~~OF,~~  
28 and provide for updating any change in, the entity responsible for approving  
29 the modification or transfer.

30 11. Provide a full and accurate summary of the total costs under the  
31 agreement for maintaining and operating the distributed energy generation  
32 system over the life of the distributed energy generation system, including  
33 financing, maintenance and construction costs related to the distributed  
34 energy generation system.

35 12. If the agreement contains an estimate of the buyer's or lessee's  
36 future utility charges based on projected utility rates ~~after the~~  
37 ~~installation of a distributed energy generation system~~, provide an estimate  
38 of the buyer's or lessee's ~~estimated~~ FUTURE utility charges ~~during the same~~  
39 ~~period~~ as impacted by potential utility rate changes ranging from at least a  
40 five percent annual decrease to at least a five percent annual increase from  
41 current utility costs ~~APPLIED TO THE DURATION OF THE AGREEMENT.~~ ~~The ANY~~  
42 comparative estimates must be calculated ~~based on the same utility rates~~ BY  
43 ~~APPLYING THE ENTIRE RATE CHANGE RANGE TO THE DURATION OF THE AGREEMENT.~~

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

3 Utility rates and utility rate structures are subject to change.  
4 These changes cannot be accurately predicted. Projected savings  
5 from your distributed energy generation system are therefore  
6 subject to change. Tax incentives are subject to change or  
7 termination by executive, legislative or regulatory action.

8 14. COMPLY WITH SECTION 32-1158.

9 B. IF A DOCUMENT OR SALES PRESENTATION RELATING TO A DISTRIBUTED  
10 ENERGY GENERATION SYSTEM STATES OR SUGGESTS THAT THE DISTRIBUTED ENERGY  
11 GENERATION SYSTEM WILL RESULT IN FINANCIAL SAVINGS FOR A BUYER OR LESSEE, THE  
12 DOCUMENT OR SALES PRESENTATION MUST SUBSTANTIATE THE METHODOLOGY USED TO  
13 CALCULATE THOSE SAVINGS AND REASONABLY QUANTIFY THE CUMULATIVE SAVINGS  
14 EXPECTED FOR THE DURATION OF THE AGREEMENT.

15 C. IF A DOCUMENT OR SALES PRESENTATION RELATING TO A DISTRIBUTED  
16 ENERGY GENERATION SYSTEM CONTAINS FINANCIAL SAVINGS COMPARATIVE ESTIMATES OR  
17 UTILITY RATE COMPARATIVE ESTIMATES, THE DOCUMENT OR SALES PRESENTATION MUST  
18 INCLUDE HISTORICAL UTILITY RATES FOR THE IMMEDIATELY PRECEDING PERIOD OF TIME  
19 THAT IS OF THE SAME DURATION AS THE PROPOSED FINANCING OR LEASE PERIOD FOR  
20 THE SAME CLASS OF UTILITY CUSTOMER IN THE SAME UTILITY SERVICE TERRITORY AS  
21 THE PROSPECTIVE BUYER OR LESSEE. THESE HISTORICAL RATES MUST BE INCLUDED IN  
22 ANY COMPARATIVE ESTIMATES.

23 ~~B.~~ D. Before the maintenance or warranty obligations of a distributed  
24 energy generation system under an existing lease, financing or purchase  
25 agreement is transferred, the person who is currently obligated to maintain  
26 or warrant the distributed energy generation system must disclose the name,  
27 address and telephone number of the person who will be assuming the  
28 maintenance or warranty of the distributed energy generation system.

29 ~~C.~~ E. If ~~the seller's or marketer's marketing materials~~ A DOCUMENT OR  
30 SALES PRESENTATION RELATING TO A DISTRIBUTED ENERGY GENERATION SYSTEM ~~contain~~  
31 CONTAINS an estimate of the buyer's or lessee's future utility charges based  
32 on projected utility rates ~~after the installation of a distributed energy~~  
33 ~~generation system~~, the ~~marketing materials~~ DOCUMENT OR SALES PRESENTATION  
34 must contain an estimate of the buyer's or lessee's ~~estimated~~ FUTURE utility  
35 charges ~~during the same period~~ as impacted by potential utility rate changes  
36 ranging from at least a five percent annual decrease to at least a five  
37 percent annual increase from current utility costs APPLIED TO THE DURATION OF  
38 AN AGREEMENT FOR THE FINANCING, SALE OR LEASE OF A DISTRIBUTED ENERGY  
39 GENERATION SYSTEM. ANY COMPARATIVE ESTIMATES MUST BE CALCULATED BY APPLYING  
40 THE ENTIRE RATE CHANGE RANGE TO THE DURATION OF THE AGREEMENT.

41 F. RECURRING PAYMENTS UNDER A DISTRIBUTED ENERGY GENERATION SYSTEM  
42 LEASE MAY NOT BEGIN UNTIL THE DISTRIBUTED ENERGY GENERATION SYSTEM IS  
43 ENERGIZED AND INTERCONNECTED.

44 ~~D.~~ G. This section does not apply to an individual or company, acting  
45 through its officers, employees or agents, that markets, sells, solicits,

1 negotiates or enters into an agreement for the sale, financing or lease of a  
2 distributed energy generation system as part of a transaction involving the  
3 sale or transfer of the real property to which the distributed energy  
4 generation system is or will be affixed.

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

7 44-1764. Distributed energy generation system; interconnection

8 ANY PERSON WHO SEEKS TO INSTALL, ENERGIZE OR INTERCONNECT A DISTRIBUTED  
9 ENERGY GENERATION SYSTEM MUST FIRST SUBMIT AN APPLICATION FOR INTERCONNECTION  
10 TO THE POWER GRID TO THE UTILITY THAT OWNS OR OPERATES THE POWER GRID AT THE  
11 POINT OF INTERCONNECTION. A PERSON SHALL NOT INSTALL, ENERGIZE OR  
12 INTERCONNECT THE DISTRIBUTED ENERGY GENERATION SYSTEM UNTIL THE UTILITY  
13 APPROVES THE APPLICATION. THE APPLICATION MUST DISCLOSE THE CURRENT OWNER OF  
14 THE DISTRIBUTED ENERGY GENERATION SYSTEM AND THE OWNER OF THE DISTRIBUTED  
15 ENERGY GENERATION SYSTEM AT THE TIME THE SYSTEM WILL BE ENERGIZED. THE  
16 APPLICANT MUST FOLLOW THE UTILITY'S EFFECTIVE INTERCONNECTION REQUIREMENTS  
17 BEFORE INTERCONNECTING THE DISTRIBUTED ENERGY GENERATION SYSTEM. THE UTILITY  
18 THAT OWNS OR OPERATES THE POWER GRID TO WHICH THE DISTRIBUTED ENERGY  
19 GENERATION SYSTEM IS INTERCONNECTED MUST RECEIVE NOTICE OF ANY CHANGES IN  
20 OWNERSHIP OF THE DISTRIBUTED ENERGY GENERATION SYSTEM. A UTILITY WITH LESS  
21 THAN SEVENTY-FIVE THOUSAND CUSTOMERS MAY, IN ITS SOLE DISCRETION, WAIVE ANY  
22 OF THE REQUIREMENTS OF THIS SECTION.