

House Engrossed

corporation commission; electricity; reliability; management

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2527

AN ACT

AMENDING TITLE 40, CHAPTER 2, ARTICLE 7, ARIZONA REVISED STATUTES, BY
ADDING SECTION 40-363; RELATING TO PUBLIC SERVICE CORPORATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 40, chapter 2, article 7, Arizona Revised
3 Statutes, is amended by adding section 40-363, to read:

4 40-363. Protecting electricity users reliability and
5 availability; definitions

6 A. THE COMMISSION MAY NOT AUTHORIZE OR APPROVE THE RETIREMENT OF AN
7 ELECTRIC GENERATION FACILITY AS PRESENTED IN A RATE CASE, INTEGRATED
8 RESOURCE PLAN OR OTHER SUBMISSION TO THE COMMISSION UNLESS THERE IS A NEW
9 ELECTRIC GENERATION FACILITY WITH EQUAL OR GREATER POWER GENERATION THAT
10 IS PRESENTLY AVAILABLE ON THE GRID. WHEN ASSESSING THE AMOUNT OF
11 REPLACEMENT POWER, THE COMMISSION SHALL CONSIDER IMMINENT AND PLANNED FIRM
12 POWER CLOSURES IN THIS STATE AND OTHER MEMBER STATES OF THE REGIONAL
13 TRANSMISSION ORGANIZATION. IF OTHER STATES ARE NOT REPLACING A RETIRED
14 ELECTRIC GENERATION FACILITY, THE COMMISSION SHALL ADD THESE SHORTAGES TO
15 THE FIRM POWER REPLACEMENT CALCULATIONS BEFORE APPROVING THE CLOSURE.

16 B. THE COMMISSION SHALL PRIORITIZE NEW ELECTRIC GENERATION
17 FACILITIES THAT ARE FROM DISPATCHABLE SOURCES AHEAD OF PROPOSED NEW
18 GENERATION FACILITIES THAT ARE FROM NONDISPATCHABLE SOURCES.

19 C. THE COMMISSION SHALL PROJECT TO INCREASE DISPATCHABLE
20 ELECTRICITY BY AT LEAST FIVE PERCENT BETWEEN 2025 AND 2030.

21 D. IF FEDERAL GOVERNMENT REGULATIONS REQUIRE COSTLY UPGRADES OR
22 OTHER REQUIREMENTS THAT LEAD TO THE CLOSURE OF AN EXISTING FIRM POWER
23 PLANT, THIS STATE AND THE COMMISSION SHALL SEEK A WAIVER UNTIL THERE IS A
24 REPLACEMENT FIRM POWER PLANT AVAILABLE TO THE ELECTRIC GRID THAT WOULD
25 REPLACE THE RETIRED FIRM POWER PLANT. IF A WAIVER IS NOT GRANTED, THIS
26 STATE AND THE COMMISSION SHALL SEEK AN INJUNCTION OR OTHER CAUSE OF ACTION
27 IN A COURT OF COMPETENT JURISDICTION TO CEASE THE IMPLEMENTATION OF THE
28 REGULATIONS UNTIL A REPLACEMENT FIRM POWER PLANT IS AVAILABLE AND SERVICES
29 CUSTOMERS.

30 E. AN ELECTRIC GENERATION FACILITY SHALL INFORM THE COMMISSION
31 WITHIN THIRTY DAYS AFTER THE ELECTRIC GENERATION FACILITY RECEIVES NOTICE
32 OF AN EXTERNAL REGULATORY ACTION THAT WOULD MAKE THE CONTINUED OPERATION
33 ECONOMICALLY INFEASIBLE OR WOULD CAUSE INVOLUNTARY RETIREMENT OR
34 DECOMMISSIONING.

35 F. ON RECEIPT OF THE INFORMATION PRESCRIBED IN SUBSECTION E OF THIS
36 SECTION, THE COMMISSION SHALL OPEN AN INVESTIGATORY DOCKET TO DETERMINE
37 HOW AN INVOLUNTARY RETIREMENT OR THE DECOMMISSIONING OF AN ELECTRIC
38 GENERATION FACILITY WOULD IMPACT THE RELIABILITY AND AFFORDABILITY OF
39 ENERGY RESOURCES AND RECOMMEND ANY NECESSARY ACTION TO DEFEND THE ELECTRIC
40 GENERATION FACILITY. THE COMMISSION MAY REQUEST THAT THE ATTORNEY GENERAL
41 FILE AN ACTION IN A COURT OF COMPETENT JURISDICTION OR PARTICIPATE IN ANY
42 ADMINISTRATIVE PROCEEDINGS.

43 G. THE COMMISSION AND THE ATTORNEY GENERAL MAY USE LEGISLATIVE
44 APPROPRIATIONS TO EFFECTUATE THIS SECTION.

1 H. FOR THE PURPOSES OF THIS SECTION:

2 1. "DISPATCHABLE":

3 (a) MEANS A SOURCE OF ELECTRICITY THAT IS READILY AVAILABLE FOR USE
4 ON DEMAND OR THAT CAN ADJUST ACCORDING TO THE MARKET NEEDS ON REQUEST OF A
5 GRID OPERATOR.

6 (b) DOES NOT INCLUDE ROUTINE MAINTENANCE OR REPAIRS.

7 2. "ELECTRIC GENERATION FACILITY" MEANS A FACILITY THAT USES WATER,
8 COAL, NATURAL GAS OR NUCLEAR TO GENERATE RELIABLE OR DISPATCHABLE
9 ELECTRICITY TO CUSTOMERS.

10 3. "FIRM POWER":

11 (a) INCLUDES DISPATCHABLE, RELIABLE POWER GENERATION AND BATTERY
12 STORAGE IN EXCESS OF TWENTY-FOUR HOURS.

13 (b) DOES NOT INCLUDE POWER THAT IS NOT DISPATCHABLE.

14 4. "RELIABLE" MEANS A SOURCE OF ELECTRICITY THAT IS NOT SUBJECT TO
15 INTERMITTENT AVAILABILITY AND THAT HAS A PERFORMANCE STANDARD OF EIGHTY
16 PERCENT OR GREATER WHICH ONLY FALLS BELOW THAT LEVEL DURING ROUTINE
17 MAINTENANCE OR REPAIRS.

18 Sec. 2. Legislative findings and intent

19 The legislature finds that:

20 1. Arizona families and industries depend on reliable and
21 affordable electricity for everything Arizona families and industries do,
22 such as the need for reliable electricity for lifesaving medical equipment
23 and climate control in homes and workplaces.

24 2. Electricity demand must be met with electricity supply instantly
25 or interruptions of service may result.

26 3. American electricity demand grew less than 0.5 percent per year
27 between 2000 and 2023 and was stagnate between 2010 and 2020.

28 4. Electric grid operators project a rapid increase in the American
29 electricity demand of up to 4.7 percent between 2023 and 2028.

30 5. Rapid growth of electricity demand without sufficient baseload
31 generation in place to meet the demand:

32 (a) Jeopardizes reliability and affordability.

33 (b) Causes interruptions of service when needed the most during the
34 hottest and coldest months.

35 6. Two hundred thirty coal plants that produced twenty percent of
36 American electricity in 2022 are being targeted for closure by activist
37 groups, state and federal regulators and utilities, with dozens across the
38 nation slated for closure in the next three years.

39 7. Numerous entities, including the north American electric
40 reliability corporation, the regional transmission organizations and PJM
41 interconnection have warned that large swathes of the United States face
42 elevated risks of electricity shortfalls now and in the future.

43 8. Restricting the supply of electricity without immediate
44 substitutes:

45 (a) Jeopardizes reliability and affordability.

1 (b) Causes interruptions of service during when needed the most
2 during the hottest and coldest months.

3 9. America's coal and natural gas plants should not be recklessly
4 decommissioned or regulated out of existence and should be kept online and
5 readily available to meet the projected rapid increase in the electricity
6 demand caused by new data centers and electric vehicles.

7 10. The corporation commission must prioritize retaining and adding
8 dispatchable, on-demand baseload power to meet the anticipated increase in
9 demand.

10 11. Arizona has a duty to defend the production and supply of
11 affordable, reliable and secure energy from external regulatory
12 interference. This state's sovereign authority with respect to the
13 involuntary retirement of an in-state electric generation facility for the
14 protection of the health, safety and welfare of this state's citizens is
15 primary and takes precedence over any attempt from an external regulatory
16 body to mandate, restrict or influence the early involuntary retirement of
17 an electric generation facility in this state.