



**ARIZONA STATE SENATE**  
*Fifty-Seventh Legislature, First Regular Session*

FACT SHEET FOR H.B. 2774

technical correction; certificate; environmental compatibility  
(NOW: small modular reactors; co-location)

Purpose

Allows a utility, after providing 30 days written notice to the Arizona Corporation Commission (ACC) to construct a new small modular nuclear reactor in Arizona without filing an application or receiving a certificate of environmental compatibility if the new or small nuclear reactor is co-located with a large industrial energy user.

Background

Any utility that plans to construct a plant, transmission line or both in Arizona must first file with the ACC an application for a certificate of environmental compatibility. The application must be in a form prescribed by the ACC and must be accompanied by information with respect to the proposed type of facilities and description of the site, including the areas of jurisdiction affected and the estimated cost of the proposed facilities and site. A utility may not construct a plant or transmission line within Arizona until it has received a certificate of environmental compatibility from the Power Plant and Line Siting Committee with respect to the proposed site, affirmed and approved by an order of the ACC which must be issued not less than 30 day or more than 60 days after the certificate of environmental compatibility is issued by the Power Plant and Line Siting Committee (A.R.S. §§ [40-360.03](#) and [40-360.07](#)).

In 1969, the Legislature adopted the Western Interstate Nuclear Compact (Compact). The Compact states that party states of the compact recognize that the proper employment of scientific and technological discoveries and advances in nuclear and related fields and direct and collateral application and adaptation of process and techniques, properly correlated with the other resources of the region, can assist substantially in the industrial progress of the west and the further development of the economy of the region. The Compact also states that it is the policy of the party states to undertake such cooperation on a continuing basis and that it is the purpose of the Compact to provide the instruments and framework for such a cooperative effort in nuclear and related fields, to enhance the economy of the west and contribute to the individual and community well-being of the region's people ([A.R.S. § 30-701](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Allows a utility, after providing 30 days written notice to the ACC, to construct a new small modular nuclear reactor in Arizona without filing an application or receiving a certificate of environmental compatibility if the new or small nuclear reactor is co-located with a large industrial energy user.

FACT SHEET

H.B. 2774

Page 2

2. Allows a utility, after providing 30 days written notice to the ACC, to replace an existing thermal electric generating unit with a replacement small modular nuclear reactor or construct a new small modular nuclear reactor without seeking a new certificate of environmental compatibility and without holding a hearing if the new or replacement small modular nuclear reactor is located on or immediately adjacent to the site of a plant that previously received a certificate of environmental compatibility or that was in use or authorized before August 13, 1971.
3. Prohibits any statutorily outlined ordinance, except in a county with 500,000 people or more, from preventing, restricting or otherwise regulating the use or occupation of land or improvements for the construction and operation of a small modular nuclear reactor, if the small modular nuclear reactor is co-located with a large industrial energy user that received all applicable zoning entitlements.
4. Requires a new small reactor to comply with all applicable federal, state and local laws and requirements.
5. Stipulates that the outlined regulations relating to new small modular nuclear reactors only applies to counties with a population of fewer than 500,000 people.
6. Requires the ACC to adopt rules to implement the outlined requirements relating to small modular nuclear reactors.
7. Requires the ACC's rules to include the ACC's definition for each of the following terms:
  - a) *co-located with*;
  - b) *large industrial energy user*; and
  - c) *small modular nuclear reactor*.
8. Requires the ACC's definition for *co-located with* to specify one or both of the following:
  - a) the distance in feet or parcels between the site of a large industrial energy user and the site of a small modular nuclear reactor; and
  - b) the quality or nature of the electrical interconnection between the large industrial energy user and the small modular nuclear reactor.
9. Stipulates that the ACC's definition for *large industrial energy user*:
  - a) must specify the peak or average annual or monthly energy demand of the user that is measured in megawatts or megawatt hours; and
  - b) may not discriminate between different:
    - i. industries, sectors or end users, the owners or operators of such end users or the proposed location of end users; or
    - ii. end users in any other capacity beyond the use of energy demand and other electrical-related operating needs or characteristics.
10. Stipulates that the ACC's definition for *small modular nuclear reactor*:
  - a) must establish a maximum eligible nameplate rating for each small modular nuclear reactor;

- b) may discriminate between different nuclear reactor types or classifications or reactors that include or are otherwise manufactured with certain minimum built-in safety features or redundancies, if such discrimination is reasonable and consistent with the types or classifications that are adopted or recognized by the U.S. nuclear regulatory commission; and
  - c) may not contain a maximum eligible nameplate rating of less than 100 megawatts.
11. Requires the ACC, for the purposes of defining *small modular nuclear reactor*, to treat each separate nuclear generating unit and the nameplate rating associated with each separate nuclear generating unit as a separate small modular nuclear reactor, consistent with the statutorily prescribed definition of *plant*.
  12. Allows the ACC to adopt definitions for other terms the ACC deems reasonable or necessary to carry out the outlined requirements relating to small modular nuclear reactors.
  13. Makes technical and conforming changes.
  14. Becomes effective on the general effective date.

House Action

NREW	2/18/25	DPA/SE	6-4-0-0
3 <sup>rd</sup> Read	2/26/25		35-24-1

Prepared by Senate Research  
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