

REFERENCE TITLE: large customer energy supply

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

HB 4097

Introduced by
Representative Heap

AN ACT

AMENDING TITLE 40, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 40-207; AMENDING SECTION 40-281, ARIZONA REVISED STATUTES;
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 1, Arizona Revised
3 Statutes, is amended by adding section 40-207, to read:

4 40-207. Large customer self-supply; dedicated generation;
5 registration; limitations; definitions

6 A. A LARGE CUSTOMER MAY OBTAIN ELECTRICITY THROUGH DEDICATED
7 GENERATION AND SELF-SUPPLY BY USING A SELF-SUPPLY FACILITY AND PRIVATE
8 LINES. THIS SECTION DOES NOT:

9 1. AUTHORIZE A PERSON TO PROVIDE RETAIL ELECTRIC SERVICE TO THE
10 GENERAL PUBLIC OR TO CUSTOMERS WHO ARE NOT LISTED IN SUBSECTION B OF THIS
11 SECTION.

12 2. ESTABLISH A GENERAL RETAIL CHOICE PROGRAM.

13 B. A SELF-SUPPLY FACILITY AND PRIVATE LINES THAT ARE AUTHORIZED BY
14 THIS SECTION MAY SERVE ONLY:

15 1. THE LARGE CUSTOMER.

16 2. AN ELIGIBLE AFFILIATED LOAD IF EITHER OF THE FOLLOWING APPLIES:

17 (a) THE SERVED LOADS ARE WITHIN A SINGLE INTEGRATED SITE OR CAMPUS
18 THAT IS UNDER COMMON CONTROL.

19 (b) ANY COLOCATION OR TENANT LOAD IS SERVED UNDER BUNDLED SERVICE
20 AS DESCRIBED IN SUBSECTION C OF THIS SECTION.

21 C. A LARGE CUSTOMER THAT OWNS OR CONTROLS A SITE MAY PROVIDE
22 ELECTRICITY FROM A SELF-SUPPLY FACILITY TO COLOCATION TENANTS ON THE SITE
23 IF ALL THE FOLLOWING APPLY:

24 1. THE TENANT IS NOT SEPARATELY BILLED ON A PER KILOWATT HOUR
25 BASIS.

26 2. THE TENANT DOES NOT RECEIVE A SEPARATE ELECTRICITY INVOICE OR
27 TARIFFED ELECTRIC RATE FROM THE LARGE CUSTOMER OR SELF-SUPPLY OPERATOR.

28 3. THE ELECTRICITY IS PROVIDED ONLY AS AN INCIDENTAL BUNDLED
29 COMPONENT OF THE TENANT'S RENT, LICENSE OR MANAGED SERVICES.

30 D. IF ELECTRICITY IS SEPARATELY METERED AND SOLD, RESOLD,
31 REDISTRIBUTED OR RETRANSMITTED AS A DISTINCT COMMODITY TO MULTIPLE
32 NONAFFILIATED END USERS, THE PROVIDER IS NOT ELIGIBLE UNDER THIS SECTION
33 AND SHALL COMPLY WITH APPLICABLE LAWS THAT GOVERN PUBLIC SERVICE
34 CORPORATIONS AND CERTIFICATES OF CONVENIENCE AND NECESSITY.

35 E. BEFORE COMMENCING CONSTRUCTION OF A SELF-SUPPLY FACILITY THAT IS
36 INTENDED TO SERVE LOAD WITHIN THE CERTIFICATED SERVICE TERRITORY OF AN
37 ELECTRIC DISTRIBUTION UTILITY OR PUBLIC SERVICE CORPORATION, A LARGE
38 CUSTOMER OR SELF-SUPPLY OPERATOR SHALL FILE A SELF-SUPPLY REGISTRATION
39 WITH THE COMMISSION. THE SELF-SUPPLY REGISTRATION MUST INCLUDE:

40 1. THE LARGE CUSTOMER'S IDENTITY AND SITE LOCATIONS.

41 2. THE PLANNED PEAK DEMAND AND LOAD PROFILE.

42 3. THE TECHNOLOGY TYPE, NAME PLATE CAPACITY AND EXPECTED IN-SERVICE
43 DATE.

44 4. A ONE LINE DIAGRAM THAT SHOWS WHETHER THE FACILITY IS
45 BEHIND-THE-METER, GRID TIED OR ISLANDABLE.

1 5. WHETHER THE PROJECT WILL INTERCONNECT WITH THE INCUMBENT UTILITY
2 AND, IF SO, THE REQUESTED INTERCONNECTION VOLTAGE AND POINT OF
3 INTERCONNECTION.

4 6. AN ATTESTATION, UNDER PENALTY OF PERJURY, THAT THE SELF-SUPPLY
5 FACILITY WILL ONLY SERVE LOAD PURSUANT TO THE REQUIREMENTS OF SUBSECTIONS
6 B AND C OF THIS SECTION AND WILL NOT SELL ELECTRICITY TO THE PUBLIC.

7 7. EVIDENCE OF COMPLIANCE WITH APPLICABLE ENVIRONMENTAL AND LOCAL
8 PERMITTING REQUIREMENTS OR A PLAN AND SCHEDULE FOR OBTAINING THE PERMITS.

9 F. THE REGISTRANT SHALL PROVIDE A COPY OF THE SELF-SUPPLY
10 REGISTRATION TO THE INCUMBENT ELECTRIC DISTRIBUTION UTILITY SERVING THE
11 SITE.

12 G. WITHIN SIXTY DAYS AFTER A COMPLETE SELF-SUPPLY REGISTRATION IS
13 FILED, THE COMMISSION SHALL ISSUE A WRITTEN DETERMINATION THAT THE PROJECT
14 EITHER:

15 1. QUALIFIES AS SELF-SUPPLY PURSUANT TO THIS SECTION.

16 2. DOES NOT QUALIFY AS SELF-SUPPLY BECAUSE THE PROJECT WOULD
17 CONSTITUTE FURNISHING ELECTRICITY TO THE PUBLIC OR OTHERWISE REQUIRE A
18 CERTIFICATE OF CONVENIENCE AND NECESSITY UNDER THIS TITLE.

19 H. IF THE COMMISSION DOES NOT ISSUE A WRITTEN DEFICIENCY NOTICE
20 WITHIN TWENTY DAYS AFTER FILING, THE SELF-SUPPLY REGISTRATION IS DEEMED
21 COMPLETE. IF THE COMMISSION DOES NOT ISSUE A WRITTEN DETERMINATION WITHIN
22 SIXTY DAYS AFTER THE SELF-SUPPLY REGISTRATION IS COMPLETE, THE SELF-SUPPLY
23 REGISTRATION IS DEEMED APPROVED.

24 I. THE COMMISSION'S DETERMINATION UNDER SUBSECTION G OF THIS
25 SECTION IS LIMITED TO WHETHER THE PROPOSAL QUALIFIES UNDER SUBSECTIONS B
26 AND C OF THIS SECTION AND WHETHER THE PROPOSAL, AS REGISTERED, WOULD
27 REQUIRE A CERTIFICATE OF CONVENIENCE AND NECESSITY AS A PUBLIC SERVICE
28 CORPORATION.

29 J. A SELF-SUPPLY FACILITY MAY BE ANY OF THE FOLLOWING:

30 1. BEHIND-THE-METER WITHOUT EXPORT.

31 2. GRID TIED WITH OR WITHOUT EXPORT, SUBJECT TO TARIFFS AND
32 INTERCONNECTION REQUIREMENTS.

33 3. ISLANDABLE TO SERVE THE LOAD DURING GRID OUTAGES, SUBJECT TO
34 APPLICABLE SAFETY STANDARDS.

35 K. IF THE SELF-SUPPLY FACILITY INTERCONNECTS WITH AN INCUMBENT
36 UTILITY, THE REGISTRANT SHALL:

37 1. COMPLY WITH APPLICABLE INTERCONNECTION STANDARDS.

38 2. PAY THE REASONABLE AND PRUDENT COSTS OF INTERCONNECTION AND ANY
39 DEDICATED UPGRADES THAT ARE CAUSED BY THE PROJECT, CONSISTENT WITH
40 COMMISSION-APPROVED TARIFFS.

41 L. THIS SECTION DOES NOT:

42 1. REQUIRE AN INCUMBENT UTILITY TO PROVIDE STANDBY, BACKUP OR
43 SUPPLEMENTAL SERVICE ON TERMS OTHER THAN THOSE IN APPROVED TARIFFS AND
44 DOES NOT PROHIBIT THE INCUMBENT UTILITY FROM OFFERING THE SERVICE.

1 2. GRANT A SELF-SUPPLY OPERATOR THE RIGHT TO USE PUBLIC STREETS OR
2 PUBLIC RIGHTS-OF-WAY TO FURNISH ELECTRICITY TO THE PUBLIC.

3 3. ALTER ANY INCUMBENT UTILITY'S DUTY TO SERVE OTHER CUSTOMERS
4 WITHIN ITS SERVICE TERRITORY OR ALTER EXISTING SERVICE TERRITORY
5 BOUNDARIES.

6 M. IF THE COMMISSION DETERMINES AFTER NOTICE AND AN OPPORTUNITY FOR
7 A HEARING THAT A REGISTRANT HAS VIOLATED SUBSECTION B OR C OF THIS SECTION
8 BY SELLING ELECTRICITY TO DISALLOWED USERS AS A COMMODITY, THE COMMISSION
9 MAY REVOKE THE REGISTRANT'S SELF-SUPPLY REGISTRATION OR ORDER THE
10 REGISTRANT TO CEASE AND DESIST FROM THE UNAUTHORIZED FURNISHING OF
11 ELECTRICITY. REVOCATION UNDER THIS SUBSECTION DOES NOT LIMIT OTHER
12 REMEDIES AVAILABLE BY LAW.

13 N. THE COMMISSION MAY ADOPT RULES TO ADMINISTER THIS SECTION THAT:

14 1. SHALL BE CONSISTENT WITH THE SCOPE OF REVIEW PRESCRIBED IN
15 SUBSECTION I OF THIS SECTION.

16 2. MAY NOT IMPOSE REQUIREMENTS THAT UNREASONABLY DELAY OR BURDEN
17 QUALIFYING SELF-SUPPLY PROJECTS.

18 O. FOR THE PURPOSES OF THIS SECTION:

19 1. "DEDICATED GENERATION" MEANS GENERATION CAPACITY AND ASSOCIATED
20 FACILITIES THAT ARE DEVELOPED FOR THE PRIMARY PURPOSE OF SERVING THE LARGE
21 CUSTOMER UNDER THIS SECTION, WHETHER LOCATED ON THE SAME PARCEL AS THE
22 CUSTOMER LOAD OR ON A DIFFERENT SITE WITHIN THIS STATE, IF THE ELECTRICITY
23 IS DELIVERED ONLY AS AUTHORIZED PURSUANT TO THIS SECTION.

24 2. "ELIGIBLE AFFILIATED LOAD":

25 (a) MEANS ADDITIONAL LOAD THAT MAY BE SERVED WITHOUT CAUSING THE
26 ACTIVITY TO BE TREATED AS FURNISHING ELECTRICITY TO THE PUBLIC FOR THE
27 PURPOSES OF ARTICLE XV, SECTION 2, CONSTITUTION OF ARIZONA.

28 (b) INCLUDES:

29 (i) LOAD OF THE LARGE CUSTOMER'S PARENT, SUBSIDIARY OR AFFILIATE
30 UNDER COMMON CONTROL.

31 (ii) LOAD THAT IS LOCATED ON THE SAME SITE AND THAT IS OPERATED AS
32 PART OF AN INTEGRATED CAMPUS UNDER COMMON CONTROL.

33 (c) IN THE CASE OF COLOCATION OR MANAGED SERVICE ARRANGEMENTS,
34 TENANT LOAD THAT IS LOCATED ON THE SAME SITE ONLY IF ELECTRICITY CHARGES
35 ARE NOT UNBUNDLED AND SEPARATELY SOLD AS A METERED COMMODITY AND ARE
36 INSTEAD INCLUDED AS A BUNDLED COMPONENT OF RENT OR SERVICES.

37 3. "LARGE CUSTOMER" MEANS A RETAIL END-USE CUSTOMER WITH A
38 DEMONSTRATED OR PLANNED PEAK DEMAND OF EITHER:

39 (a) AT LEAST TWENTY-FIVE MEGAWATTS AT A SINGLE SITE WITHIN THIS
40 STATE.

41 (b) ANOTHER THRESHOLD AS DETERMINED BY THE COMMISSION EXCEPT THAT
42 THE THRESHOLD MUST BE AT LEAST TEN MEGAWATTS.

43 4. "PRIVATE LINE" MEANS ELECTRICAL FACILITIES THAT ARE OWNED,
44 LEASED, CONTROLLED OR OPERATED BY A LARGE CUSTOMER OR A SELF-SUPPLY
45 OPERATOR UNDER CONTRACT WITH THE LARGE CUSTOMER, THAT DO NOT PROVIDE

1 DISTRIBUTION SERVICE TO THE GENERAL PUBLIC AND THAT ARE USED SOLELY TO
2 SERVE THE LARGE CUSTOMER AND ELIGIBLE AFFILIATED LOAD AUTHORIZED BY THIS
3 SECTION.

4 5. "SELF-SUPPLY" MEANS THE GENERATION, STORAGE AND DELIVERY OF
5 ELECTRICITY THAT IS INTENDED SOLELY FOR CONSUMPTION BY A LARGE CUSTOMER
6 AND ITS ELIGIBLE AFFILIATED LOAD AND THAT IS NOT FOR SALE TO THE PUBLIC.

7 6. "SELF-SUPPLY FACILITY" MEANS ONE OR MORE GENERATION UNITS,
8 ENERGY STORAGE RESOURCES AND RELATED EQUIPMENT, TOGETHER WITH PRIVATE
9 LINES AND INTERCONNECTION EQUIPMENT, THAT ARE USED TO PROVIDE SELF-SUPPLY.

10 7. "SELF-SUPPLY OPERATOR" MEANS AN ENTITY THAT OWNS OR OPERATES A
11 SELF-SUPPLY FACILITY ON BEHALF OF A LARGE CUSTOMER UNDER CONTRACT AND THAT
12 IS PROHIBITED FROM FURNISHING ELECTRICITY EXCEPT AS AUTHORIZED BY THIS
13 SECTION.

14 P. THIS SECTION DOES NOT AFFECT OR MODIFY THE COMMISSION'S
15 CONSTITUTIONAL AND STATUTORY AUTHORITY.

16 Sec. 2. Section 40-281, Arizona Revised Statutes, is amended to
17 read:

18 40-281. Certificate required before construction by public
19 service corporation; exceptions; complaint by
20 corporation injuriously affected by construction
21 hearing; exclusive franchise or monopoly

22 A. A public service corporation, other than a railroad, shall not
23 begin construction of a street railroad, a line, plant, service or system,
24 or any extension thereof, without first having obtained from the
25 commission a certificate of public convenience and necessity.

26 B. This section ~~shall~~ DOES not require such corporation to secure a
27 certificate for an extension within a city, county or town within which it
28 has lawfully commenced operations, or for an extension into territory
29 either within or without a city, county or town, contiguous to its street
30 railroad or line, plant or system, and not served by a public service
31 corporation of like character, or for an extension within or to territory
32 already served by it, necessary in the ordinary course of its
33 business. If a public service corporation, in constructing or extending
34 its line, plant or system, interferes or is about to interfere with the
35 operation of the line, plant or system of any other public service
36 corporation already constructed, the commission, on complaint of the
37 corporation claiming to be injuriously affected, ~~may~~, after hearing, MAY
38 make an order and prescribe terms and conditions for the location of
39 lines, plants or systems affected as it deems just and reasonable.

40 C. ~~No such~~ A PUBLIC SERVICE corporation shall NOT exercise any
41 right or privilege under any franchise or permit without first having
42 obtained from the commission a certificate of public convenience and
43 necessity.

1 D. This article ~~shall~~ DOES not ~~be construed as granting or as~~
2 ~~having granted~~ GRANT to any telecommunications corporation an exclusive
3 franchise or monopoly within the territory described by its certificate
4 unless the commission determines after notice and hearing that such an
5 exclusive franchise or monopoly is in the public interest.

6 E. When the commission determines after notice and hearing that any
7 product or service of a telecommunications corporation is neither
8 essential nor integral to the public service rendered by ~~such~~ THE
9 TELECOMMUNICATIONS corporation, ~~it~~ THE COMMISSION shall declare that such
10 product or service is not subject to regulation by the commission.

11 F. THIS SECTION DOES NOT REQUIRE A CERTIFICATE OF PUBLIC
12 CONVENIENCE AND NECESSITY FOR THE CONSTRUCTION OR OPERATION OF A
13 SELF-SUPPLY FACILITY THAT IS REGISTERED AND APPROVED UNDER SECTION 40-207
14 AND THAT DOES NOT FURNISH ELECTRICITY TO THE PUBLIC.

15 Sec. 3. Short title

16 This act may be cited as the "Bring Your Own Power Bill Act".