

REFERENCE TITLE: agricultural improvement districts; renewable energy

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

## **SB 1362**

Introduced by  
Senators Aboud, Hale, Landrum Taylor; Representative Lujan: Senators  
Arzberger, Miranda, Soltero; Representatives Ableser, Cajero Bedford,  
Campbell CH, Farley, Sinema

AN ACT

AMENDING TITLE 48, CHAPTER 17, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8;  
RELATING TO AGRICULTURAL IMPROVEMENT DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 48, chapter 17, Arizona Revised Statutes, is amended  
3 by adding article 8, to read:

4 ARTICLE 8. RENEWABLE ENERGY

5 48-2491. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "ANNUAL RENEWABLE ENERGY REQUIREMENT" MEANS THE PORTION OF A  
8 DISTRICT'S ANNUAL RETAIL ELECTRICITY SALES THAT MUST COME FROM ELIGIBLE  
9 RENEWABLE ENERGY RESOURCES.

10 2. "CONVENTIONAL ENERGY RESOURCE" MEANS AN ENERGY RESOURCE THAT IS  
11 NONRENEWABLE IN NATURE, SUCH AS NATURAL GAS, COAL, OIL AND URANIUM, OR  
12 ELECTRICITY THAT IS PRODUCED WITH ENERGY RESOURCES THAT ARE NOT RENEWABLE  
13 ENERGY RESOURCES.

14 3. "DISTRIBUTED GENERATION" MEANS ELECTRIC GENERATION SITED AT A  
15 CUSTOMER'S PREMISES THAT PROVIDES ELECTRIC ENERGY TO THE CUSTOMER LOAD ON  
16 THAT SITE OR THAT PROVIDES WHOLESALE CAPACITY AND ENERGY TO A LOCAL UTILITY  
17 DISTRIBUTION COMPANY OR DISTRICT FOR USE BY MULTIPLE CUSTOMERS IN CONTIGUOUS  
18 DISTRIBUTION SUBSTATION SERVICE AREAS. THE GENERATOR SIZE AND TRANSMISSION  
19 NEEDS SHALL BE SUCH THAT THE PLANT OR ASSOCIATED TRANSMISSION LINES DO NOT  
20 REQUIRE A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY FROM THE CORPORATION  
21 COMMISSION.

22 4. "DISTRIBUTED RENEWABLE ENERGY REQUIREMENT" MEANS A PORTION OF THE  
23 ANNUAL RENEWABLE ENERGY REQUIREMENT THAT MUST BE MET WITH RENEWABLE ENERGY  
24 CREDITS DERIVED FROM RESOURCES THAT QUALIFY AS DISTRIBUTED RENEWABLE ENERGY  
25 RESOURCES PURSUANT TO SECTION 48-2492, SUBSECTION B.

26 5. "ELIGIBLE CUSTOMER" MEANS AN ENTITY THAT PAYS AT LEAST TWENTY-FIVE  
27 THOUSAND DOLLARS ANNUALLY FOR ANY NUMBER OF RELATED ACCOUNTS OR SERVICES  
28 WITHIN A DISTRICT'S SERVICE AREA.

29 6. "ENERGY OFFICE" MEANS THE DEPARTMENT OF COMMERCE ENERGY OFFICE OR  
30 ITS SUCCESSOR.

31 7. "RENEWABLE ENERGY CREDIT" MEANS THE UNIT CREATED TO TRACK KILOWATT  
32 HOURS DERIVED FROM AN ELIGIBLE RENEWABLE ENERGY RESOURCE OR KILOWATT HOURS  
33 EQUIVALENT OF CONVENTIONAL ENERGY RESOURCES DISPLACED BY DISTRIBUTED  
34 RENEWABLE ENERGY RESOURCES.

35 8. "RENEWABLE ENERGY RESOURCE" MEANS AN ENERGY RESOURCE THAT IS  
36 REPLACED RAPIDLY BY A NATURAL, ONGOING PROCESS AND THAT IS NOT NUCLEAR OR  
37 FOSSIL FUEL.

38 9. "SOLAR ELECTRIC GENERATOR" MEANS ELECTRIC GENERATION SITED AT A  
39 CUSTOMER'S PREMISES THAT PROVIDES ELECTRIC ENERGY FROM SOLAR ELECTRIC  
40 RESOURCES TO THE CUSTOMER LOAD ON THAT SITE OR THAT PROVIDES WHOLESALE  
41 CAPACITY AND ENERGY TO A LOCAL UTILITY DISTRIBUTION COMPANY OR DISTRICT FOR  
42 USE BY MULTIPLE CUSTOMERS IN CONTIGUOUS DISTRIBUTION SUBSTATION SERVICE  
43 AREAS. THE GENERATOR SIZE AND TRANSMISSION NEEDS SHALL BE SUCH THAT THE  
44 PLANT OR ASSOCIATED TRANSMISSION LINES DO NOT REQUIRE A CERTIFICATE OF  
45 ENVIRONMENTAL COMPATIBILITY FROM THE CORPORATION COMMISSION.

10. "UTILITY DISTRIBUTION COMPANY" MEANS A PUBLIC SERVICE CORPORATION THAT OPERATES, CONSTRUCTS OR MAINTAINS A DISTRIBUTION SYSTEM FOR DELIVERY OF POWER TO RETAIL CUSTOMERS.

11. "WHOLESALE DISTRIBUTED GENERATION COMPONENT" MEANS NONUTILITY OWNERS OF ELIGIBLE RENEWABLE ENERGY RESOURCES THAT ARE LOCATED WITHIN THE DISTRIBUTION SYSTEM AND THAT DO NOT REQUIRE A TRANSMISSION LINE OVER SIXTY-NINE KILOVOLTS TO DELIVER POWER AT WHOLESALE TO A DISTRICT TO MEET ITS ANNUAL RENEWABLE ENERGY REQUIREMENTS.

48-2492. Eligible renewable energy resources; distributed renewable energy resources

A. THE FOLLOWING TECHNOLOGIES THAT DISPLACE CONVENTIONAL ENERGY RESOURCES THAT WOULD OTHERWISE BE USED TO PROVIDE ELECTRICITY TO A DISTRICT'S CUSTOMERS CONSTITUTE ELIGIBLE RENEWABLE ENERGY RESOURCES FOR THE PURPOSES OF THIS ARTICLE:

1. BIOGAS ELECTRICITY GENERATORS THAT PRODUCE ELECTRICITY FROM GASES THAT ARE DERIVED FROM PLANT-DERIVED ORGANIC MATTER, AGRICULTURAL FOOD AND FEED MATTER WOOD WASTES, AQUATIC PLANTS, ANIMAL WASTES, VEGETATIVE WASTES OR WASTEWATER TREATMENT FACILITIES USING ANAEROBIC DIGESTION OR FROM MUNICIPAL SOLID WASTE THROUGH A DIGESTER PROCESS, AN OXIDATION PROCESS OR ANOTHER GASIFICATION PROCESS.

2. BIOMASS ELECTRICITY GENERATORS THAT USE ANY RAW OR PROCESSED PLANT-DERIVED ORGANIC MATTER AVAILABLE ON A RENEWABLE BASIS, INCLUDING DEDICATED ENERGY CROPS AND TREES, AGRICULTURAL FOOD AND FEED CROPS, AGRICULTURAL CROP WASTES AND RESIDUES, WOOD WASTES AND RESIDUES, INCLUDING LANDSCAPE WASTE, RIGHT-OF-WAY TREE TRIMMINGS OR SMALL DIAMETER FOREST THINNINGS THAT ARE TWELVE INCHES IN DIAMETER OR LESS, DEAD AND DOWNED FOREST PRODUCTS, AQUATIC PLANTS, ANIMAL WASTES AND OTHER VEGETATIVE WASTE MATERIALS, NONHAZARDOUS PLANT MATTER, WASTE MATERIAL THAT IS SEGREGATED FROM OTHER WASTE, FOREST-RELATED RESOURCES, SUCH AS HARVESTING AND MILL RESIDUE, PRECOMMERCIAL THINNINGS, SLASH AND BRUSH, MISCELLANEOUS WASTE SUCH AS WASTE PELLETS, CRATES AND DUNNAGE, RECYCLED PAPER FIBERS THAT ARE NO LONGER SUITABLE FOR RECYCLED PAPER PRODUCTION, BUT NOT INCLUDING PAINTED, TREATED OR PRESSURIZED WOOD OR WOOD THAT IS CONTAMINATED WITH PLASTICS, METALS, TIRES OR RECYCLABLE POSTCONSUMER WASTE PAPER.

3. DISTRIBUTED RENEWABLE ENERGY RESOURCES.

4. HYDROPOWER FACILITIES THAT WERE IN EXISTENCE BEFORE 1997 AND THAT SATISFY ONE OF THE FOLLOWING CRITERIA:

(a) AN EXISTING HYDROPOWER FACILITY THAT INCREASES CAPACITY DUE TO IMPROVED TECHNOLOGICAL OR OPERATIONAL EFFICIENCIES OR OPERATIONAL IMPROVEMENTS RESULTING FROM IMPROVED OR MODIFIED TURBINE DESIGN, IMPROVED OR MODIFIED WICKET GATE ASSEMBLY DESIGN, IMPROVED HYDROLOGICAL FLOW CONDITIONS, IMPROVED GENERATOR WINDINGS, IMPROVED ELECTRICAL EXCITATION SYSTEMS, INCREASES IN TRANSFORMATION CAPACITY, AND IMPROVED SYSTEM CONTROL AND OPERATING LIMIT MODIFICATIONS. THE ELECTRICITY KILOWATT HOURS THAT ARE ELIGIBLE TO MEET THE ANNUAL RENEWABLE ENERGY REQUIREMENTS ARE LIMITED TO THE

1 NEW, INCREMENTAL KILOWATT HOURS OUTPUT RESULTING FROM THE CAPACITY INCREASE  
2 THAT IS DELIVERED TO CUSTOMERS IN THIS STATE TO MEET THE ANNUAL RENEWABLE  
3 ENERGY REQUIREMENT.

4 (b) GENERATION FROM PRE-1997 HYDROPOWER FACILITIES THAT IS USED TO  
5 FIRM OR REGULATE THE OUTPUT OF OTHER ELIGIBLE, INTERMITTENT RENEWABLE  
6 RESOURCES. THE ELECTRICITY KILOWATT HOURS THAT ARE ELIGIBLE TO MEET THE  
7 ANNUAL RENEWABLE ENERGY REQUIREMENTS ARE LIMITED TO THE KILOWATT HOURS  
8 ACTUALLY GENERATED TO FIRM OR REGULATE THE OUTPUT OF ELIGIBLE INTERMITTENT  
9 RENEWABLE ENERGY RESOURCES AND THAT ARE DELIVERED TO CUSTOMERS IN THIS STATE  
10 TO MEET THE ANNUAL RENEWABLE ENERGY REQUIREMENTS.

11 5. FUEL CELLS THAT USE ONLY RENEWABLE FUELS THAT ARE ELECTRICITY  
12 GENERATORS THAT OPERATE ON RENEWABLE FUELS, SUCH AS HYDROGEN CREATED FROM  
13 WATER BY ELIGIBLE RENEWABLE ENERGY RESOURCES. HYDROGEN CREATED FROM  
14 NONRENEWABLE ENERGY RESOURCES, SUCH AS NATURAL GAS OR PETROLEUM PRODUCTS, IS  
15 NOT A RENEWABLE FUEL.

16 6. GEOTHERMAL GENERATORS THAT USE HEAT FROM WITHIN THE EARTH'S SURFACE  
17 TO PRODUCE ELECTRICITY.

18 7. HYBRID WIND AND SOLAR ELECTRIC GENERATORS IN WHICH A WIND GENERATOR  
19 AND A SOLAR ELECTRIC GENERATOR ARE COMBINED TO PROVIDE ELECTRICITY.

20 8. LANDFILL GAS GENERATORS THAT USE METHANE GAS OBTAINED FROM  
21 LANDFILLS TO PRODUCE ELECTRICITY.

22 9. NEW HYDROPOWER GENERATORS OF TEN MEGAWATTS OR LESS THAT ARE  
23 INSTALLED AFTER JANUARY 1, 1997, THAT PRODUCE TEN MEGAWATTS OR LESS AND THAT  
24 ARE EITHER:

25 (a) A LOW-HEAD, MICRO HYDRO RUN-OF-THE-RIVER SYSTEM THAT DOES NOT  
26 REQUIRE ANY NEW DAMMING OF THE FLOW OF THE STREAM.

27 (b) AN EXISTING DAM THAT ADDS POWER GENERATION EQUIPMENT WITHOUT  
28 REQUIRING A NEW DAM, DIVERSIONS STRUCTURES OR A CHANGE IN WATER FLOW THAT  
29 WILL ADVERSELY IMPACT FISH, WILDLIFE OR WATER QUALITY.

30 (c) GENERATION USING CANALS OR OTHER IRRIGATION SYSTEMS.

31 10. SOLAR ELECTRICITY RESOURCES THAT USE SUNLIGHT TO PRODUCE  
32 ELECTRICITY BY EITHER PHOTOVOLTAIC DEVICES OR SOLAR THERMAL ELECTRIC  
33 RESOURCES.

34 11. WIND GENERATORS THAT ARE MECHANICAL DEVICES DRIVEN BY WIND TO  
35 PRODUCE ELECTRICITY.

36 B. THE FOLLOWING TECHNOLOGIES THAT ARE LOCATED AT A CUSTOMER'S  
37 PREMISES AND THAT DISPLACE CONVENTIONAL ENERGY RESOURCES THAT WOULD OTHERWISE  
38 BE USED TO PROVIDE ELECTRICITY TO CUSTOMERS IN THIS STATE ARE DISTRIBUTED  
39 RENEWABLE ENERGY RESOURCES:

40 1. BIOGAS ELECTRICITY GENERATORS, BIOMASS ELECTRICITY GENERATORS,  
41 GEOTHERMAL GENERATORS, FUEL CELLS THAT USE ONLY RENEWABLE FUELS, NEW  
42 HYDROPOWER GENERATORS OF TEN MEGAWATTS OR LESS, OR SOLAR ELECTRICITY  
43 RESOURCES, AS PRESCRIBED IN SUBSECTION A.

2. BIOMASS THERMAL SYSTEMS AND BIOGAS THERMAL SYSTEMS THAT USE FUELS PRESCRIBED IN SUBSECTION A TO PRODUCE THERMAL ENERGY AND THAT COMPLY WITH ENVIRONMENTAL PROTECTION AGENCY CERTIFICATION PROGRAMS OR ARE PERMITTED BY STATE, COUNTY OR LOCAL AIR QUALITY AUTHORITIES. FOR THE PURPOSES OF THIS PARAGRAPH, BIOMASS THERMAL SYSTEMS AND BIOGAS THERMAL SYSTEMS DO NOT INCLUDE BIOMASS AND WOOD STOVES, FURNACES AND FIREPLACES.

3. COMMERCIAL SOLAR POOL HEATERS THAT USE SOLAR ENERGY TO HEAT COMMERCIAL OR MUNICIPAL SWIMMING POOLS.

4. GEOTHERMAL SPACE HEATING AND PROCESS HEATING SYSTEMS THAT USE HEAT FROM WITHIN THE EARTH'S SURFACE FOR SPACE HEATING OR FOR PROCESS HEATING.

5. RENEWABLE COMBINED HEAT AND POWER SYSTEMS THAT ARE DISTRIBUTED GENERATION SYSTEMS, FUELED BY AN ELIGIBLE RENEWABLE ENERGY RESOURCE, THAT PRODUCE BOTH ELECTRICITY AND USEFUL RENEWABLE PROCESS HEAT. BOTH THE ELECTRICITY AND RENEWABLE PROCESS HEAT MAY BE USED TO MEET THE DISTRIBUTED RENEWABLE ENERGY REQUIREMENT.

6. SOLAR DAYLIGHTING THAT IS THE NONRESIDENTIAL APPLICATION OF A DEVICE SPECIFICALLY DESIGNED TO CAPTURE AND REDIRECT THE VISIBLE PORTION OF THE SOLAR BEAM, WHILE CONTROLLING THE INFRARED PORTION, FOR USE IN ILLUMINATING INTERIOR BUILDING SPACES INSTEAD OF ARTIFICIAL LIGHTING.

7. SOLAR HEATING, VENTILATION AND AIR CONDITIONING THAT IS THE COMBINATION OF SOLAR SPACE COOLING AND SOLAR SPACE HEATING AS PART OF ONE SYSTEM.

8. SOLAR INDUSTRIAL PROCESS HEATING AND COOLING THAT IS THE USE OF SOLAR THERMAL ENERGY FOR INDUSTRIAL OR COMMERCIAL MANUFACTURING OR PROCESSING APPLICATIONS.

9. SOLAR SPACE COOLING THAT IS A TECHNOLOGY THAT USES SOLAR THERMAL ENERGY WITHOUT THE GENERATION OF ELECTRICITY TO DRIVE A REFRIGERATION MACHINE THAT PROVIDES FOR SPACE COOLING IN A BUILDING.

10. SOLAR SPACE HEATING IN WHICH A MECHANICAL SYSTEM IS USED TO COLLECT SOLAR ENERGY TO PROVIDE SPACE HEATING FOR BUILDINGS.

11. SOLAR WATER HEATERS THAT USE SOLAR ENERGY RATHER THAN ELECTRICITY OR FOSSIL FUEL TO HEAT WATER FOR RESIDENTIAL, COMMERCIAL OR INDUSTRIAL PURPOSES.

12. WIND GENERATORS OF ONE MEGAWATT OR LESS THAT ARE MECHANICAL DEVICES WITH AN OUTPUT OF ONE MEGAWATT OR LESS AND THAT ARE DRIVEN BY WIND TO PRODUCE ELECTRICITY.

C. EXCEPT FOR HYDROPOWER FACILITIES AS PRESCRIBED IN SUBSECTION A, PARAGRAPH 4, ELIGIBLE RENEWABLE ENERGY RESOURCES SHALL NOT INCLUDE FACILITIES INSTALLED BEFORE JANUARY 1, 1997.

48-2493. Renewable energy credits; transfers

A. ONE RENEWABLE ENERGY CREDIT IS CREATED FOR EACH KILOWATT HOUR DERIVED FROM AN ELIGIBLE RENEWABLE ENERGY RESOURCE AS PRESCRIBED BY SECTION 48-2492.

B. FOR DISTRIBUTED RENEWABLE ENERGY RESOURCES, ONE RENEWABLE ENERGY CREDIT IS CREATED FOR EACH 3,415 BRITISH THERMAL UNITS OF HEAT PRODUCED BY A SOLAR WATER HEATING SYSTEM, A SOLAR INDUSTRIAL PROCESS HEATING AND COOLING SYSTEM, A SOLAR SPACE COOLING SYSTEM, A BIOMASS THERMAL SYSTEM, A BIOGAS THERMAL SYSTEM OR A SOLAR SPACE HEATING SYSTEM THAT IS AN ELIGIBLE RENEWABLE ENERGY RESOURCE AS PRESCRIBED BY SECTION 48-2492.

C. A DISTRICT MAY TRANSFER RENEWABLE ENERGY CREDITS TO ANOTHER PARTY AND MAY ACQUIRE RENEWABLE ENERGY CREDITS FROM ANOTHER PARTY. A RENEWABLE ENERGY CREDIT IS OWNED BY THE OWNER OF THE ELIGIBLE RENEWABLE ENERGY RESOURCE FROM WHICH IT WAS DERIVED, UNLESS SPECIFICALLY TRANSFERRED.

D. ALL TRANSFERS OF RENEWABLE ENERGY CREDITS SHALL BE APPROPRIATELY DOCUMENTED TO DEMONSTRATE THAT THE ENERGY ASSOCIATED WITH THE RENEWABLE ENERGY CREDITS COMPLIES WITH SECTION 48-2492.

E. ANY CONTRACT BY A DISTRICT FOR PURCHASE OR SALE OF ENERGY OR RENEWABLE ENERGY CREDITS, OR BOTH, TO MEET THE REQUIREMENTS OF THIS ARTICLE SHALL EXPLICITLY DESCRIBE THE TRANSFER OF RIGHTS CONCERNING BOTH ENERGY AND RENEWABLE ENERGY CREDITS.

F. IN ORDER TO RECEIVE A CREDIT PURSUANT TO THIS SECTION, AND EXCEPT FOR DISTRIBUTED RENEWABLE ENERGY RESOURCES, A DISTRICT SHALL DEMONSTRATE THAT THE DELIVERY OF ENERGY WAS FROM ELIGIBLE RENEWABLE ENERGY RESOURCES TO RETAIL CONSUMERS, SUCH AS BY PROVIDING PROOF THAT THE NECESSARY TRANSMISSION RIGHTS WERE RESERVED AND USED TO DELIVER ENERGY FROM ELIGIBLE RENEWABLE ENERGY RESOURCES TO THE DISTRICT'S SYSTEM, IF TRANSMISSION IS REQUIRED, OR BY DEMONSTRATING THAT THE APPROPRIATE CONTROL AREA OPERATORS SCHEDULED THE ENERGY FROM ELIGIBLE RENEWABLE ENERGY RESOURCES FOR DELIVERY TO THE DISTRICT'S SYSTEM.

48-2494. Annual renewable energy requirement

A. IN ORDER TO ENSURE RELIABLE ELECTRIC SERVICE AT REASONABLE RATES, A DISTRICT SHALL SATISFY AN ANNUAL RENEWABLE ENERGY REQUIREMENT PRESCRIBED BY THIS SECTION BY OBTAINING RENEWABLE ENERGY CREDITS FROM ELIGIBLE RENEWABLE ENERGY RESOURCES.

B. A DISTRICT'S MINIMUM ANNUAL RENEWABLE ENERGY REQUIREMENT SHALL BE CALCULATED EACH CALENDAR YEAR BY APPLYING THE FOLLOWING APPLICABLE ANNUAL PERCENTAGE TO THE NUMBER OF RETAIL KILOWATT HOURS SOLD BY THE DISTRICT DURING THAT CALENDAR YEAR:

2009	2.00%
2010	2.50%
2011	3.00%
2012	3.50%
2013	4.00%
2014	4.50%
2015	5.00%
2016	6.00%
2017	7.00%
2018	8.00%

1	2019	9.00%
2	2020	10.00%
3	2021	11.00%
4	2022	12.00%
5	2023	13.00%
6	2024	14.00%
7	AFTER 2024	15.00%

8 THE ANNUAL INCREASE IN THE ANNUAL PERCENTAGE FOR EACH DISTRICT SHALL BE  
9 PRORATED FOR THE FIRST YEAR.

10 C. A DISTRICT MAY USE RENEWABLE ENERGY CREDITS ACQUIRED IN ANY YEAR TO  
11 MEET ITS ANNUAL RENEWABLE ENERGY REQUIREMENT. ONCE A RENEWABLE ENERGY CREDIT  
12 IS USED BY A DISTRICT TO SATISFY THESE REQUIREMENTS, THE CREDIT IS RETIRED  
13 AND SUBSEQUENTLY CANNOT BE USED TO SATISFY THESE RULES OR ANY OTHER  
14 REGULATORY REQUIREMENT.

15 D. IF A DISTRICT TRADES OR SELLS ENVIRONMENTAL POLLUTION REDUCTION  
16 CREDITS OR ANY OTHER ENVIRONMENTAL ATTRIBUTES ASSOCIATED WITH KILOWATT HOURS  
17 PRODUCED BY AN ELIGIBLE RENEWABLE ENERGY RESOURCE, THE DISTRICT MAY NOT APPLY  
18 RENEWABLE ENERGY CREDITS DERIVED FROM THAT SAME KILOWATT HOUR TO SATISFY THE  
19 REQUIREMENTS OF THIS ARTICLE.

20 48-2495. Distributed renewable energy requirement

21 A. IN ORDER TO IMPROVE SYSTEM RELIABILITY, EACH DISTRICT SHALL SATISFY  
22 A DISTRIBUTED RENEWABLE ENERGY REQUIREMENT PRESCRIBED BY THIS SECTION BY  
23 OBTAINING RENEWABLE ENERGY CREDITS FROM DISTRIBUTED RENEWABLE ENERGY  
24 RESOURCES.

25 B. A DISTRICT'S MINIMUM DISTRIBUTED RENEWABLE ENERGY REQUIREMENT SHALL  
26 BE CALCULATED EACH CALENDAR YEAR BY APPLYING THE FOLLOWING APPLICABLE ANNUAL  
27 PERCENTAGE TO THE DISTRICT'S ANNUAL RENEWABLE ENERGY REQUIREMENT:

28	2009	15%
29	2010	20%
30	2011	25%
31	AFTER 2011	30%

32 THE ANNUAL INCREASE IN THE ANNUAL PERCENTAGE FOR A DISTRICT SHALL BE PRORATED  
33 FOR THE FIRST YEAR.

34 C. A DISTRICT MAY USE DISTRIBUTED RENEWABLE ENERGY CREDITS ACQUIRED IN  
35 ANY YEAR TO MEET ITS DISTRIBUTED RENEWABLE ENERGY REQUIREMENT. ONCE A  
36 RENEWABLE ENERGY CREDIT IS USED TO SATISFY THESE REQUIREMENTS, THE CREDIT IS  
37 RETIRED.

38 D. A DISTRICT SHALL MEET ONE-HALF OF ITS ANNUAL DISTRIBUTED RENEWABLE  
39 ENERGY REQUIREMENT FROM RESIDENTIAL APPLICATIONS AND THE REMAINING ONE-HALF  
40 FROM NONRESIDENTIAL, NONUTILITY APPLICATIONS.

41 E. A DISTRICT MAY SATISFY NO MORE THAN TEN PER CENT OF ITS ANNUAL  
42 DISTRIBUTED RENEWABLE ENERGY REQUIREMENT FROM RENEWABLE ENERGY CREDITS  
43 DERIVED FROM DISTRIBUTED RENEWABLE ENERGY RESOURCES THAT ARE NONUTILITY OWNED  
44 GENERATORS THAT SELL ELECTRICITY AT WHOLESALE TO PUBLIC SERVICE CORPORATIONS

OR DISTRICTS. THIS WHOLESALE DISTRIBUTED GENERATION COMPONENT QUALIFIES FOR THE NONRESIDENTIAL PORTION OF THE DISTRIBUTED RENEWABLE ENERGY REQUIREMENT.

48-2496. Compliance reports; public comment; hearing

A. ON OR BEFORE APRIL 1, 2010 AND EVERY YEAR THEREAFTER, A DISTRICT SHALL FILE WITH THE ENERGY OFFICE A REPORT THAT DESCRIBES ITS COMPLIANCE WITH THE REQUIREMENTS OF THIS ARTICLE FOR THE PREVIOUS YEAR. THE DISTRICT SHALL ALSO TRANSMIT TO THE ENERGY OFFICE AN ELECTRONIC COPY OF THIS REPORT.

B. THE COMPLIANCE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION:

1. THE ACTUAL KILOWATT HOURS OF ENERGY OR EQUIVALENT OBTAINED FROM ELIGIBLE RENEWABLE ENERGY RESOURCES.

2. THE KILOWATT HOURS OF ENERGY OR EQUIVALENT OBTAINED FROM ELIGIBLE RENEWABLE ENERGY RESOURCES NORMALIZED TO REFLECT A FULL YEAR'S PRODUCTION.

3. THE KILOWATTS OF GENERATION CAPACITY, DISAGGREGATED BY TECHNOLOGY TYPE.

4. COST INFORMATION REGARDING CENTS PER ACTUAL KILOWATT HOURS OF ENERGY OBTAINED FROM ELIGIBLE RENEWABLE ENERGY RESOURCES, DISAGGREGATED BY TECHNOLOGY TYPE.

5. A BREAKDOWN OF THE RENEWABLE ENERGY CREDITS USED TO SATISFY BOTH THE ANNUAL RENEWABLE ENERGY REQUIREMENT AND THE DISTRIBUTED RENEWABLE ENERGY REQUIREMENT AND APPROPRIATE DOCUMENTATION OF THE DISTRICT'S RECEIPT OF THOSE RENEWABLE ENERGY CREDITS.

6. A DESCRIPTION OF THE DISTRICT'S PROCEDURES FOR CHOOSING ELIGIBLE RENEWABLE ENERGY RESOURCES AND A CERTIFICATION FROM AN INDEPENDENT AUDITOR THAT THOSE PROCEDURES ARE FAIR AND UNBIASED AND HAVE BEEN APPROPRIATELY APPLIED.

C. THE ENERGY OFFICE SHALL REVIEW THE REPORT WITHIN SIXTY DAYS AND RECEIVE PUBLIC COMMENT TO DETERMINE WHETHER THE DISTRICT IS IN COMPLIANCE. THE AGENCY MAY CONDUCT A HEARING TO ASSIST IT IN MAKING THAT DETERMINATION.

48-2497. Implementation plans; report; public comment; hearing

A. ON OR BEFORE APRIL 1, 2009 AND EVERY YEAR THEREAFTER, A DISTRICT SHALL FILE WITH THE ENERGY OFFICE FOR REVIEW AND APPROVAL AN IMPLEMENTATION PLAN THAT DESCRIBES HOW IT INTENDS TO COMPLY WITH THIS ARTICLE FOR THE NEXT CALENDAR YEAR. THE DISTRICT SHALL ALSO TRANSMIT AN ELECTRONIC COPY OF THIS PLAN.

B. THE IMPLEMENTATION PLAN SHALL INCLUDE THE FOLLOWING INFORMATION:

1. A DESCRIPTION OF THE ELIGIBLE RENEWABLE ENERGY RESOURCES, IDENTIFIED BY TECHNOLOGY, PROPOSED TO BE ADDED BY YEAR FOR THE NEXT FIVE YEARS AND A DESCRIPTION OF THE KILOWATTS AND KILOWATT HOURS TO BE OBTAINED FROM EACH OF THOSE RESOURCES.

2. THE ESTIMATED COST OF EACH ELIGIBLE RENEWABLE RESOURCE PROPOSED TO BE ADDED, INCLUDING COST PER KILOWATT HOUR AND TOTAL COST PER YEAR.

3. A DESCRIPTION OF THE METHOD BY WHICH EACH ELIGIBLE RENEWABLE ENERGY RESOURCE IS TO BE OBTAINED, SUCH AS SELF-BUILD, CUSTOMER INSTALLATION OR REQUEST FOR PROPOSALS.



1           4. AN EVALUATION OF WHETHER THE DISTRICT'S EXISTING RATES ALLOW FOR  
2 THE ONGOING RECOVERY OF THE REASONABLE AND PRUDENT COSTS OF COMPLYING WITH  
3 THIS ARTICLE.

4           5. A LINE ITEM BUDGET THAT ALLOCATES SPECIFIC FUNDING FOR DISTRIBUTED  
5 RENEWABLE ENERGY RESOURCES, FOR THE CUSTOMER SELF-DIRECTED RENEWABLE ENERGY  
6 OPTION, FOR POWER PURCHASE AGREEMENTS, FOR UTILITY-OWNED SYSTEMS AND FOR EACH  
7 ELIGIBLE RENEWABLE ENERGY RESOURCE DESCRIBED IN THE DISTRICT'S IMPLEMENTATION  
8 PLAN.

9           C. THE ENERGY OFFICE SHALL REVIEW THE PLAN WITHIN SIXTY DAYS AND  
10 RECEIVE PUBLIC COMMENT TO DETERMINE WHETHER THE DISTRICT'S PLAN SATISFIES THE  
11 REQUIREMENTS OF THIS ARTICLE. THE ENERGY OFFICE MAY CONDUCT A HEARING TO  
12 ASSIST IT IN MAKING THAT DETERMINATION.

13           48-2498. Noncompliance; annual report; plan

14           A. IF A DISTRICT FAILS TO MEET THE ANNUAL REQUIREMENTS PRESCRIBED IN  
15 SECTIONS 48-2494 AND 48-2495, IT SHALL INCLUDE WITH ITS ANNUAL COMPLIANCE  
16 REPORT A NOTICE OF NONCOMPLIANCE.

17           B. THE NOTICE OF NONCOMPLIANCE SHALL PROVIDE THE FOLLOWING  
18 INFORMATION:

19           1. A COMPUTATION OF THE DIFFERENCE BETWEEN THE RENEWABLE ENERGY  
20 CREDITS REQUIRED BY SECTIONS 48-2494 AND 48-2495 AND THE AMOUNT ACTUALLY  
21 OBTAINED.

22           2. A PLAN DESCRIBING HOW THE DISTRICT INTENDS TO MEET THE SHORTFALL  
23 FROM THE PREVIOUS CALENDAR YEAR IN THE CURRENT CALENDAR YEAR.

24           3. AN ESTIMATE OF THE COSTS OF MEETING THE SHORTFALL.

25           Sec. 2. Effect on charges and rates; agricultural improvement  
26 and power districts; report

27           Within sixty days after the effective date of this act, the board of  
28 directors of an agricultural improvement and power district that is subject  
29 to this act shall review whether any changes in rates or charges are  
30 necessary to comply with this act and shall inform the Arizona department of  
31 commerce energy office and its customers of any changes in rates or charges.