## Joint Stakeholder Proposal for Arizona's Future Renewable Energy, Energy Efficiency, and Resource Planning Policies

**Background:**

- With current energy rules expiring within the next few years, new rules need to be implemented to reflect the recent changes in the energy industry and utility planning.
- 25 stakeholders from faith-based, consumer-based, environmental-based, for-profit organizations have agreed on a set of principles that should guide the Arizona Corporation Commission's energy rules through the year 2050.
- These principles are built on existing, successful ACC policies and address aspects of current proposals from different Commissioners.

**Components of the Joint Stakeholder Proposal:**

1. **Clean Energy Standard (CES):** 100% clean energy by 2045; the framework for all energy procurement and resource planning decisions into the future.
2. **Renewable Energy Standard (RES)**: 50% renewable energy by 2030; replaces 2006 Renewable Energy Standard and Tariff (REST)
3. **Distributed Renewable Energy Requirement (DRER):** 10% distributed generation by 2030; replaces the 2006 Distributed Generation(DG) carve-out that required a portion of the REST to come from DG.
4. **Energy Efficiency Standard (EERS):** 35% cumulative energy efficiency by 2030
5. **Integrated Resource Planning (IRP):** A more comprehensive and robust process.
6. **Just Transition:** Support for communities impacted by power plant closures.

**Comparing the Existing REST with the Stakeholder Proposed RES:**

| Existing REST | Stakeholder Proposed RES |
|---|---|
| • Adopted in 2006.<br>• Requires regulated electric utilities to obtain Renewable Energy Credits (RECs)[1] from eligible renewable energy resources to meet 15% of their retail electric load by 2025.<br>• Each regulated utility must add more renewable energy every year, starting at 1.25% and ending at 15%.<br>  ◦ 30% of the RECs must come from distributed generation (DG)[2] by 2012 and thereafter. | • 50% renewable energy by 2030.<br>• Eliminates extra credit multipliers.<br>• No biomass carve-out.<br>• Requires filings to include the type and scale of projects proposed near communities impacted by plant closures and reasons why those projects were selected or rejected. |

[1] Renewable Energy Credits are tradable, non-tangible energy commodities that prove that 1 megawatt-hour (MWh) of electricity was generated from an eligible renewable energy resource.
[2] A distributed generation used small-scale technology to produce electricity close to the end-user. An example of this would be rooftop solar.

**Comparing the Existing EERS with the Stakeholder Proposed EERS**

| Existing EERS | Stakeholder Proposed EERS |
|---|---|
| • Adopted unanimously in 2010.<br>• Requires regulated electric utilities to achieve 22% energy savings by 2020 (energy savings of 20% of retail energy sales by 2020, plus 2% for reductions from demand response)<br>• Requires regulated cooperatives to meet 75% of these requirements. | • Maximizes least-cost energy efficiency and reduces regulatory barriers.<br>• Requires cumulative energy-savings of at least 35% by 2030 (aligns With Commissioner Dunn's Proposal).<br>• Proposes changes to cost-effectiveness screening to be in alignment with national practices. |

**Comparing the Existing IRP Rules with the Stakeholder Proposed IRP Rules**

| 2010 IRP | Proposed IRP Rules |
|---|---|
| • Adopted in 2010.<br>• Meant to provide meaningful opportunities for energy efficiency and renewable energy to compete with conventional resources.<br>• Utility performance in rate cases and proceedings. | • Robust stakeholder engagement and access to modeling software, assumptions, and work papers.<br>• ACC can decide to acknowledge or not acknowledge IRP plan.<br>• ACC reviews any updates to IRP before deployment. |

**How It All Comes Together:**

- Joint stakeholder proposal ensures that low-cost and local resources that provide maximum net benefits to society are first considered in utility's IRP process.
- CES is the foundation for all energy resource considerations for Arizona's electric utilities.
- RES ensures that Arizona's most prominent and affordable resources are used first and foremost within our state.
- DRER ensures that customer's choice for distributed generation will be allowed and protected.
- EERS ensures that the most cost-effective resources are deployed, while also providing customers direct opportunities to save on their electric bills, and utilities opportunities to reduce and shift peak and total demand.
- IRP process will enable compliance and accountability with these standards.
- Just transition support will ensure that a switch to a low-carbon economy will not devastate communities whose economies are driven by conventional power sources.