

**Environmental Portfolio Standard:  
Summary:**

Arizona's Environmental Portfolio Standard (EPS) became effective on March 30, 2001. The Arizona Corporation Commission (ACC) started the EPS process with Dec. #62506 in 2000, but it was Dec. #63364 in February 2001 that approved the EPS. In March 2001, Dec. #63486 resulted in small modifications to the rules in response to a request for reconsideration. Under the standard, regulated utilities in the state are required to provide a certain percentage of their electricity from renewable energy. The standard begins with 0.2% renewables for 2001 and increases to 1.1% renewables according to the following schedule.

% Renewables	Date
0.2%	2001
0.4%	2002
0.6%	2003
0.8%	2004
1.0%	2005
1.05%	2006
1.1%	2007 - 2012

Of these amounts, solar electric must make up 50% in 2001, increasing to 60% for 2004 through 2012. Applicable technologies include solar generation, solar water heating and solar air conditioning, landfill gas generators, wind generators, and biomass generators. (At one point, one of Arizona's portfolio standard proposals was applicable only to solar technologies.)

Funding for the EPS comes from existing system benefits charges and a new surcharge to be collected by the state's regulated utilities. The new surcharge is capped at 35¢ per month for residential customers, \$13/month for non-residential, and \$39/month for customers with loads over 3 MW. In total, at least \$15 - \$20 million is expected to be collected annually for the EPS.

Interestingly, the standard includes a caveat that if the cost of solar technologies do not decrease to a Commission determined cost/benefit point by the end of 2004, the portfolio requirement will not continue to increase. If sustained, the standard will produce almost 100 MW of solar power by 2007.

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