



SEIA/ARISEIA COMPLIANCE GUIDE: ARIZONA SB 1417

INTRODUCTION

In response to the Arizona SB 1417, SEIA and AriSEIA have developed this compliance guide for solar companies operating in Arizona. This guide is designed to summarize the requirements that SB 1417 imposes on solar companies and is not intended to provide legal advice. For legal advice, please consult with your legal advisor.

COMPLIANCE

Where can I find the full text of the bill?

<https://legiscan.com/AZ/text/SB1417/2016>

When does SB 1417 take effect?

August 6, 2016.

Who is affected by the law?

Companies that sell/finance or offer third-party owned (TPO) solar systems. Persons who install their own system are unaffected by the law. TPO systems typically operate under leases and power purchase agreements.

What is a consumer certificate?

A certificate is a document stating that the installed solar system complies with Arizona law, including SB 1417.

When are certificates required?

Any installer or other entity who sells or leases a solar system in Arizona has to give the consumer a certificate that the solar energy device complies with Arizona's new laws.

What happens if you violate the new Arizona rules?

The registrar of contractors may suspend or revoke a noncompliant company's license. Companies should read A.R.S. § [32-1155](#) for more information on what happens when a complaint is filed with the registrar of contractors.

What size system is covered?

Systems of any size are subject to the law.

CONTRACT REQUIREMENTS

What happens if a contract has blank spaces?

If a contract has blank spaces in areas that may have a material effect on the “timing, value or obligations of the agreement,” then the agreement is voidable until the company installs the system. In addition, any blank spaces must be shown and initialed by the consumer at the time the agreement is signed.

What must the TPO agreement disclose?

- Either the make/model of all major components or the company must provide a production guarantee good for the life of the system. This must be separately acknowledged by the consumer.
- If the warranty for the major components is less than the duration of the agreement, you must list the length of the warranty. This must be separately acknowledged by the consumer.
- The cooling off period provision must be separately acknowledged by the consumer
- Cost/payment details that must also be separately acknowledged by the consumer
 1. Total price and cost of the system
 2. Interest, installation fees, document preparation fees, and other fees
 3. For leased/financed systems, number of payments, payment frequency, amount of each payment, and payment due dates
- All contract must comply with Arizona law as to the minimum elements of a contractor’s agreement (see A.R.S. § [32-1158](#))
- If a company projects future electricity rates, include projections over the life of the agreement (see the **Marketing** section for more detail) based on at least 5% decreases per year through at least 5% increases per year, and you must do so in 1% increments.
 - For example, if a company offers a 20-year lease and predicts that utility rates will increase 3% per year, it must include estimated future electricity rates over the next 20 years based on:
 - 5%, 4%, 3%, 2%, 1% decreases per year **and** 0%, 1%, 2%, 3%, 4%, and 5% increases per year (i.e., at least 11 projections)

MARKETING RULES

If you provide a savings estimate, what do you have to do?

The language from the Arizona laws is unclear. But in general, if a savings estimate is provided or savings are suggested, the document provided by the company to the consumer with the estimate needs to substantiate the methodology used to calculate savings and quantify the savings over the life of the agreement.

While Arizona does not provide any guidance on what constitutes substantiation, companies should document the program used to model system production (e.g., National Renewable Energy Laboratory's System Advisor Model), the inputs used (system size, tilt, shading, etc.), the consumer's current utility rates, and how they estimated future electricity rates (if at all).

Further, a document that provides a savings estimate must also show the previous utility rates for the consumer's utility over a number of years equal to the duration of the agreement.

WARRANTIES

A company (manufacturers or installers) must provide a written description of the warranty, responsibilities assumed or disclaimed, and a device's performance data, along with the components of the device. The source of any performance data must be disclosed. The Registrar of Contractors is responsible for approving such written description.

Are there any minimum warranty requirements?

Panels or storage units along with the installation must be warranted for the longer of either 2 years or include a performance guarantee pursuant to 44-1763.

INTERCONNECTION

When can a system be installed?

The utility must approve the interconnection agreement before the system can be installed and has 60 days to make a decision. If no decision is made by the utility within 60 days, installation may go through; however, there is no guidance as to how often a utility may reject an interconnection application.

When can lease payments begin?

Lease payments may begin only after the system is interconnected.

Does anyone have to be present when the system is interconnected?

Yes. A representative from the solar company or the installer must be present at interconnection, and that person has to be "an engineer or other person who is knowledgeable about the installation, energizing, and interconnection."

ADDITIONAL RESOURCES

- Solar Energy Industries Association (www.seia.org/consumers)
- Arizona Solar Energy Industries Association (www.ariseia.org)

Email SEIA with any questions at consumer@seia.org