

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas *As Engrossed: S4/7/25 S4/14/25*

2 95th General Assembly

A Bill

3 Regular Session, 2025

SENATE BILL 596

4

5 By: Senator M. McKee

6 By: Representative McAlindon

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For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW REGARDING ENERGY; TO
10 ESTABLISH A STATE ENERGY POLICY; TO REGULATE
11 RETIREMENT OF DISPATCHABLE ELECTRIC GENERATION
12 FACILITIES; TO DECLARE AN EMERGENCY; AND FOR OTHER
13 PURPOSES.

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15

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Subtitle

17 TO AMEND THE LAW REGARDING ENERGY; TO
18 ESTABLISH A STATE ENERGY POLICY; TO
19 REGULATE RETIREMENT OF DISPATCHABLE
20 ELECTRIC GENERATION FACILITIES; AND TO
21 DECLARE AN EMERGENCY.

22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24

25 SECTION 1. Arkansas Code Title 15, Chapter 10, Subchapter 1, is
26 amended to add an additional section to read as follows:

27 15-10-103. State energy policy.

28 (a) It is the policy of this state that the state shall have an
29 adequate, affordable, reliable, dispatchable, secure, and resilient electric
30 generation and transmission system.

31 (b) To further the policy described in subsection (a) of this section,
32 the state shall seek to:

33 (1) Remove policy barriers to the development of a diverse
34 electric generation portfolio;

35 (2) Maintain a regulatory environment that fosters growth and
36 innovation sufficient to meet the state's growing demand for energy while



1 contributing to the regional and national energy supply, thereby reducing
2 dependence on international energy sources; and

3 (3) Promote resources, tools, and infrastructure to enhance the
4 state's ability to:

5 (A) Respond effectively to significant disruptions to the
6 state's energy generation, energy delivery systems, or fuel supplies for
7 energy;

8 (B) Maintain an adequate supply of energy resources,
9 including without limitation proven and cost-effective dispatchable electric
10 generation to meet power grid demand; and

11 (C) Ensure the state's energy independence by removing
12 policy barriers to the use of energy resources generated within the state.

13 (c) The state shall seek to:

14 (1) Promote the development of a secure supply chain from
15 resource extraction to energy production and consumption;

16 (2) Maintain an environment that provides for stable consumer
17 prices that are as low as possible while providing producers and suppliers a
18 reasonable return on investment, recognizing that economic prosperity is
19 linked to the availability, reliability, and affordability of consumer energy
20 supplies; and

21 (3) Promote training and education programs focused on
22 developing a comprehensive understanding of energy, including without
23 limitation:

24 (A) Programs addressing:

25 (i) Energy conservation;

26 (ii) Energy efficiency;

27 (iii) Energy supply and demand; and

28 (iv) Energy-related workforce development; and

29 (B) Energy education programs in kindergarten through
30 grade twelve (K-12).

31 (d)(1) State regulatory processes regarding energy should be
32 streamlined to balance the economic costs of the regulation with the level of
33 review necessary to ensure protection of the state's various interests.

34 (2) When federal action regarding energy is required, the state
35 shall encourage expedited federal action and collaborate with United States
36 Government agencies to expedite review.

1 (e) A state agency is encouraged to conduct state agency activities
2 consistent with this section.

3
4 SECTION 2. Arkansas Code Title 23, Chapter 18, is amended to add an
5 additional subchapter to read as follows:

6 Subchapter 13 – Retirement of Dispatchable Electric Generation Facilities

7
8 23-18-1301. Legislative findings.

9 The General Assembly finds that:

10 (1) The long-term economic health and well-being of Arkansas
11 residents depends upon the availability and affordability of reliable sources
12 of energy;

13 (2) Arkansas has abundant reserves of natural gas and other
14 natural resources;

15 (3) The current economy and future economic development of
16 Arkansas requires reliable, resilient, dispatchable, secure, and abundant
17 supplies of electrical power;

18 (4) The demand for reliable, resilient, dispatchable electrical
19 power is anticipated to significantly increase in the coming decades as
20 Arkansas becomes home to additional manufacturing and other economic
21 development projects that increase demand for electrical power;

22 (5) It is in the interest of this state that it be able to
23 generate sufficient electricity within its borders to serve its own
24 industrial, residential, and commercial demand and to power the state's own
25 economy;

26 (6) The electrification of the United States' economy combined
27 with unprecedented federal regulatory pressures have created an electric
28 generation resource crisis;

29 (7) Existing state and federal policies with respect to energy
30 do not adequately address the concerns of the General Assembly or Arkansas
31 residents such that a comprehensive state energy policy is required;

32 (8) Current policies at the state and federal level do not
33 adequately assess capacity, availability, reliability, or resilience of
34 existing and new dispatchable, nuclear, or other emerging electric generating
35 resources;

36 (9) Retirement of dispatchable electric generating resources is

1 not necessary for the protection of the environment or the health, safety,
2 and welfare of the residents of this state;

3 (10) The health, happiness, safety, economic opportunity, and
4 general welfare of Arkansas residents will be promoted and protected by the
5 operation of dispatchable electric generating resources and, conversely,
6 those interests would be harmed by the premature retirement of those
7 generating resources;

8 (11) Arkansas can support a multitude of potential electric
9 generating resources and energy fuel supply sources so as to be a national
10 leader in the production of energy in all forms;

11 (12) Local economic development is essential to the health,
12 happiness, safety, and general welfare of the residents of this state; and

13 (13) Local economic development requires an adequate supply of
14 electricity to support new and expanding industries and is enhanced by robust
15 employment at electric generating facilities, the local job multiplier effect
16 of employment in the natural gas and electric generating industries, and
17 state and local taxes and other forms of economic value creation for this
18 state.

19
20 23-18-1302. Definitions.

21 As used in this subchapter:

22 (1) "Dispatchable" means a source of electrical power generation
23 or biomass energy that is:

24 (A) Available on demand;

25 (B) Not intermittent; and

26 (C) Can either:

27 (i) Be adjusted to increase or decrease its power
28 output upon request of a power grid operator or otherwise upon demand or
29 request of a power grid operator; or

30 (ii) Have its power output adjusted in response to
31 market or system needs;

32 (2) "Dispatchable electric generation facility" means a facility
33 that uses water, coal, natural gas, geothermal, biomass, or nuclear power, or
34 a combination of equivalent fuels and technologies to generate dispatchable,
35 reliable electricity to provide to end users;

36 (3) "Electric generation asset" means a plant, facility,

1 equipment, or system that converts nonelectrical energy into electricity;

2 (4) "Intermittent" means:

3 (A) A source of electrical power generation from a solar
4 photovoltaic, solar thermal heating, concentrating solar thermal collector,
5 or other solar energy collection or generation system;

6 (B) A source of electrical power that generates energy by
7 harnessing wind power or energy, whether through a turbine or other device;

8 (C) Anaerobic digestion or combined heat and power from
9 solar, wind, or anaerobic digestion sources;

10 (D) Any short-duration energy storage, which includes any
11 method of storing generated electricity for later dispatch to the power grid,
12 whether alone or in conjunction with any other intermittent sources described
13 in this subdivision (4), that is equivalent to less than forty-eight (48)
14 hours of the average peak generation of the unit the short-duration energy
15 storage is used to offset; and

16 (E) Conventional hydropower and pumped storage hydropower,
17 unless they are capable of providing energy on demand, in which case they
18 shall be deemed to be dispatchable;

19 (5) "Public utility" means the same as defined in § 23-1-101;

20 (6) "Reliability" means having adequate dispatchable electric
21 generation capacity to safely deliver electrical energy in the quantity, with
22 the quality, and at a time that public utility customers demand;

23 (7) "Resilience" means having the ability to quickly and
24 effectively respond to and recover from events that compromise power grid
25 reliability;

26 (8) "Retirement" means the closure or the complete and permanent
27 cessation of operations of a dispatchable electric generation facility; and

28 (9) "Secure" means to harden to a reasonable extent against an
29 attack, including a cyberattack or a kinetic attack, or an extreme weather
30 event.

31
32 23-18-1303. Retirement of dispatchable electric generation facilities.

33 (a)(1) Notwithstanding any provision of law to the contrary, the
34 Arkansas Public Service Commission may approve or deny the retirement of a
35 dispatchable electric generation facility owned by a public utility.

36 (2) Before retiring a dispatchable electric generation facility,

1 a public utility shall:

2 (A) Apply to the commission for an order approving the
3 retirement; and

4 (B) Give the commission thirty-days' notice of the
5 application.

6 (3) The application shall include a statement certifying the
7 applicant's compliance with the requirements of this subchapter.

8 (4) The commission shall enter an order within one hundred
9 eighty (180) days of receiving an administratively complete application to
10 approve the application for retirement to:

11 (A) Approve the application for retirement;

12 (B) Approve the application for retirement with
13 conditions; or

14 (C) Deny the application for retirement.

15 (b)(1) There is a rebuttable presumption against the retirement of a
16 dispatchable electric generation facility.

17 (2) The commission shall not approve the retirement of a
18 dispatchable electric generation facility, authorize a surcharge for the
19 decommissioning of the dispatchable electric generation facility, or take any
20 other action that authorizes or allows for the recovery of costs for the
21 retirement of a dispatchable electric generation facility, including without
22 limitation any stranded asset recovery, unless the presumption under
23 subdivision (b)(1) of this section is rebutted by evidence sufficient for the
24 commission to find that the retirement is in the public interest, including
25 without limitation evidence that:

26 (A) The public utility will replace the retired
27 dispatchable electric generation facility with new electric generation assets
28 that:

29 (i) Are dispatchable by either the public utility or
30 the regional transmission organization or independent system operator
31 responsible for balancing load within the public utility's service area;

32 (ii) Maintain or improve the reliability and
33 resilience of the power grid;

34 (iii) Maintain the minimum reserve capacity
35 requirement established by the public utility's reliability coordinator; and

36 (iv) Have the same or higher capacity value and net

1 capability, unless the public utility can demonstrate that the capacity value
2 and net capability is not necessary to provide reliable service;

3 (B) The retirement will not harm the public utility's
4 ratepayers by causing the public utility to incur any net incremental costs
5 to be recovered from ratepayers that could be avoided by continuing to
6 operate the dispatchable electric generation facility proposed for retirement
7 in compliance with applicable law;

8 (C) The decision to retire the dispatchable electric
9 generation facility is not the result of any financial incentives or benefits
10 offered by a United States Government agency; and

11 (D) The public utility will not commence retirement or
12 decommissioning of the electric generating unit until the replacement
13 generating capacity meeting the requirements of subdivision (b)(2)(A) of this
14 section is fully constructed, permitted, and in operation, unless the public
15 utility can demonstrate that it is necessary under the circumstances to
16 commence retirement or decommissioning of the existing electric generating
17 unit earlier.

18 (c) At a minimum, the public utility shall provide the commission with
19 evidence of all known direct and indirect costs of retiring the dispatchable
20 electric generation facility and demonstrate that cost savings will result to
21 customers as a result of the retirement of the dispatchable electric
22 generation facility.

23 (d)(1) Under the commission's report under § 23-18-1104, the
24 commission shall prepare and submit an annual supplemental report to the
25 Joint Committee on Energy no later than December 1 of each year in which the
26 commission issues an order on an application under this subchapter.

27 (2) The annual supplemental report required under subdivision
28 (d)(1) of this section shall include:

29 (A) The number of applications by public utilities to
30 retire dispatchable electric generation facilities, the nameplate capacity of
31 each of the dispatchable electric generation facilities, and whether the
32 application was approved, approved with conditions, or denied;

33 (B) The impact of any commission-approved retirement or
34 retirement with conditions of a dispatchable electric generation facility on
35 the:

36 (i) State's electric generation fuel mix;

1 (ii) Required capacity reserve margins for the
2 public utility;

3 (iii) Need for capacity additions or expansions at
4 new or existing facilities as a result of the retirement; and

5 (iv) Need for additional purchase power or capacity
6 reserve arrangements; and

7 (C) Whether or not the retirement or retirement with
8 conditions resulted in stranded costs for the ratepayer that will be
9 recovered by the public utility through a surcharge or some other separate
10 charge on the ratepayer's bill.

11 (e) This section is applicable to a dispatchable electric generation
12 facility that is one hundred megawatts (100 MW) or larger located in
13 Arkansas.

14 (f) This subchapter does not apply to the retirement or repowering of
15 a dispatchable electric generation facility under any settlement, consent
16 decree, or other resolution of any litigation or legal proceeding executed or
17 ordered before the effective date of this subchapter.

18
19 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
20 General Assembly of the State of Arkansas that the continued unabated
21 retirement of needed electric generating resources threatens to harm
22 employment, tax revenue, and utility rates and is creating a crisis with
23 respect to the state's ability to meet current and projected future energy
24 demands; that this act will manage the retirement of needed electric
25 generating resources for this state; and that this act is immediately
26 necessary because continued electric generating resources are necessary for
27 employment, tax revenue, and regular utility rates. Therefore, an emergency
28 is declared to exist, and this act being immediately necessary for the
29 preservation of the public peace, health, and safety shall become effective
30 on:

31 (1) The date of its approval by the Governor;

32 (2) If the bill is neither approved nor vetoed by the Governor,
33 the expiration of the period of time during which the Governor may veto the
34 bill; or

35 (3) If the bill is vetoed by the Governor and the veto is
36 overridden, the date the last house overrides the veto.

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/s/M. McKee