

State of Arkansas

As Engrossed: S4/7/25

95th General Assembly

## A Bill

Regular Session, 2025

SENATE BILL 596

By: Senator M. McKee

By: Representative McAlindon

### For An Act To Be Entitled

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

### Subtitle

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

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

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

15-10-103. State energy policy.

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

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

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

(2) Maintain a regulatory environment that fosters growth and  
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.

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

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

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

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

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33                                   /s/M. McKee  
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