

## Distributed Energy Generation Systems: Disclosure

This Act provides disclosure requirements to be included in agreements for the sale or lease of a distributed energy generating system.

Submitted as:

Arizona

[SB 1465](#)

Status: Signed into law on March 30, 2015.

### Suggested State Legislation

(Title, enacting clause, etc.)

- 1 Section 1. [*Definitions.*]  
 2 In this article, unless the context otherwise requires:  
 3 1. “Collector” means a component of a solar energy device that is used to absorb solar  
 4 radiation, convert it to heat or electricity and transfer the heat to a heat transfer fluid or to  
 5 storage.  
 6 2. “Distributed Energy Generation System”:  
 7 (a) Means a device or system that is used to generate or store electricity, that has a capacity,  
 8 singly or in connection with other similar devices or systems, greater than one kilowatt  
 9 that is primarily for on-site consumption.  
 10 (b) Does not include an electric generator that is intended for occasional use.  
 11 3. “Heat exchanger” means a component of a solar energy device that is used to transfer heat  
 12 from one fluid to another.  
 13 4. “Seller or marketer” means an individual or a company acting through its officers, employees  
 14 or agents that markets, sells or solicits the sale, financing or lease of distributed energy  
 15 generation systems or negotiates or enters into agreements for the sale, financing or lease of  
 16 distributed energy generation systems.  
 17 5. “Solar daylighting” means a device that is specifically designed to capture and redirect the  
 18 visible portion of the solar beam spectrum, while controlling the infrared portion, for use in  
 19 illuminating interior building spaces in lieu of artificial lighting.  
 20 6. “Solar energy device” means a system or series of mechanisms that is designed primarily to  
 21 provide heating, to provide cooling, to produce electrical power, to produce mechanical  
 22 power, to provide solar daylighting or to provide any combination of the foregoing by means  
 23 of collecting and transferring solar generated energy into such uses either by active or passive  
 24 means. Such systems may also have the capability of storing such energy for future  
 25 utilization. Passive systems shall clearly be designed as a solar energy device such as a  
 26 trombe wall and not merely a part of a normal structure such as a window.  
 27 7. “Storage unit” means a component of a solar energy device that is used to store solar  
 28 generated electricity or heat for later use.

1 Section 2. [*Distributed energy generation system agreements; disclosures; exception.*]

2 (A) An agreement governing the financing, sale or lease of a distributed energy generation  
3 system to any person or a political subdivision of this state must:

- 4 1. Be signed by the person buying, financing or leasing the distributed energy generation  
5 system and must be dated. Any agreement that contains blank spaces affecting the timing,  
6 value or obligations of the agreement in a material manner when signed by the buyer or  
7 lessee is voidable at the option of the buyer or lessee until the distributed energy  
8 generation system is installed.
- 9 2. Be in at least ten-point type.
- 10 3. Include a provision granting the buyer or lessee the right to rescind the financing, sale or  
11 lease agreement for a period of not less than three business days after the agreement is  
12 signed by the buyer or lessee and before the distributed energy generation system is  
13 installed.
- 14 4. Provide a description, including the make and model of the distributed energy generation  
15 system's major components or a guarantee concerning energy production output that the  
16 distributed energy generation system being sold or leased will provide over the life of the  
17 agreement.
- 18 5. Separately set forth the following items, if applicable:
  - 19 (a) The total purchase price or total cost to the buyer or lessee under the agreement for  
20 the distributed energy generation system over the life of the agreement.
  - 21 (b) Any interest, installation fees, document preparation fees, service fees or other costs  
22 to be paid by the buyer or lessee of the distributed energy generation system.
  - 23 (c) If the distributed energy generation system is being financed or leased, the total  
24 number of payments, the payment frequency, the amount of the payment expressed in  
25 dollars and the payment due date.
- 26 6. Provide a disclosure in the sale and financing agreements, to the extent they are used by  
27 the seller or marketer in determining the purchase price of the agreement, identify all  
28 current tax incentives and rebates or other state or federal incentives for which the buyer  
29 may be eligible and any conditions or requirements pursuant to the agreement to obtain  
30 these tax incentives, rebates or other incentives.
- 31 7. Identify the tax obligations that the buyer or lessee may be required to pay as a result of  
32 buying, financing or leasing the distributed energy generation system, including:
  - 33 (a) The assessed value and the property tax assessments associated with the distributed  
34 energy generation system calculated in the year the agreement is signed.
  - 35 (b) Transaction privilege taxes that may be assessed against the person buying or leasing  
36 the distributed energy generation system.
  - 37 (c) Any obligation of the buyer or lessee to transfer tax credits or tax incentives of the  
38 distributed energy generation system to any other person.
- 39 8. Disclose whether the warranty or maintenance obligations related to the distributed  
40 energy generation system may be sold or transferred to a third party.
- 41 9. Include a disclosure, the receipt of which shall be separately acknowledged by the buyer  
42 or lessee, if a transfer of the sale, lease or financing agreement contains any restrictions  
43 pursuant to the agreement on the lessee's or buyer's ability to modify or transfer  
44 ownership of a distributed energy generation system, including whether any modification  
45 or transfer is subject to review or approval by a third party. If the modification or transfer  
46 of the distributed energy generation system is subject to review or approval by a third

1 party, the agreement must identify the name, address and telephone number of, and  
2 provide for updating any change in, the entity responsible for approving the modification  
3 or transfer.

4 10. Include a disclosure, the receipt of which shall be separately acknowledged by the buyer  
5 or lessee, if a modification or transfer of ownership of the real property to which the  
6 distributed energy generation system is or will be affixed contains any restrictions  
7 pursuant to the agreement on the lessee's or buyer's ability to modify or transfer  
8 ownership of the real property to which the distributed energy generation system is  
9 installed or affixed, including whether any modification or transfer is subject to review or  
10 approval by a third party. If the modification or transfer of the real property to which the  
11 distributed energy generation system is affixed or installed is subject to review or  
12 approval by a third party, the agreement must identify the name, address and telephone  
13 number, and provide for updating any change in, the entity responsible for approving the  
14 modification or transfer.

15 11. Provide a full and accurate summary of the total costs under the agreement for  
16 maintaining and operating the distributed energy generation system over the life of the  
17 distributed energy generation system, including financing, maintenance and construction  
18 costs related to the distributed energy generation system.

19 12. If the agreement contains an estimate of the buyer's or lessee's future utility charges based  
20 on projected utility rates after the installation of a distributed energy generation system,  
21 provide an estimate of the buyer's or lessee's estimated utility charges during the same  
22 period as impacted by potential utility rate changes ranging from at least a five percent  
23 annual decrease to at least a five percent annual increase from current utility costs. The  
24 comparative estimates must be calculated based on the same utility rates.

25 13. Include a disclosure, the receipt of which shall be separately acknowledged by the buyer  
26 or lessee, that states:

27 Utility rates and utility rate structures are subject to change. These changes cannot  
28 be accurately predicted. Projected savings from your distributed energy  
29 generation system are therefore subject to change. Tax incentives are subject to  
30 change or termination by executive, legislative or regulatory action.

31 (B) Before the maintenance or warranty obligations of a distributed energy generation system  
32 under an existing lease, financing or purchase agreement is transferred, the person who is  
33 currently obligated to maintain or warrant the distributed energy generation system must  
34 disclose the name, address and telephone number of the person who will be assuming the  
35 maintenance or warranty of the distributed energy generation system.

36 (C) If the seller's or marketer's marketing materials contain an estimate of the buyer's or lessee's  
37 future utility charges based on projected utility rates after the installation of a distributed  
38 energy generation system, the marketing materials must contain an estimate of the buyer's or  
39 lessee's estimated utility charges during the same period as impacted by potential utility rate  
40 changes ranging from at least a five percent annual decrease to at least a five percent annual  
41 increase from current utility costs.

42 (D) This section does not apply to an individual or company, acting through its officers,  
43 employees or agents, that markets, sells, solicits, negotiates or enters into an agreement for  
44 the sale, financing or lease of a distributed energy generation system as part of a transaction  
45 involving the sale or transfer of the real property to which the distributed energy generation  
46 system is or will be affixed.