

August 27, 2026

Chairman Myers and Commissioners

Arizona Corporation Commission

1200 W. Washington Street Phoenix, AZ 85007

**Ensure Transparency and Protecting Arizona Ratepayers Through Utility Oversight in
Regional Market Decisions**

Dear Chairman and Commissioners:

The 18 undersigned community advocacy and nonprofit organizations write to strongly urge the Arizona Corporation Commission (ACC) to fulfill its mission to protect the interests of Arizonans and assert its oversight authority and require rigorous transparency as Arizona's regulated utilities evaluate their participation in regional electricity markets. **We respectfully request that the Commission revive [Docket No. E-00000A-21-0271](#) without delay to thoroughly and transparently evaluate the profound economic and operational impacts of utilities joining the Extended Day-Ahead Market (EDAM) versus the Southwest Power Pool's Markets+.**

The transition to a regional day-ahead electricity market is a generational decision. Arizona utilities estimate significant increased electricity demand over the next 15 years, largely due to the construction of data centers, projecting a 40% increase in peak demand. Participation in a regional market can allow Arizona to pull in low-cost power from other parts of the region during times of grid stress. The choice between markets will be a major factor in customer costs, grid reliability, clean energy integration, and our state's economic competitiveness for decades to come. However, utilities are moving toward long-term market commitments without providing the public or the Commission with the comprehensive, side-by-side analyses to justify their choice. This lack of transparency and reporting to this elected Commission is deeply concerning.

Arizona's businesses and families rely on stable, predictable electricity rates. Large operational decisions with massive potential cost impacts must not be made behind closed doors. Without a transparent evaluation of these market options and other major planning decisions, Arizona ratepayers and businesses are left exposed to unknown variables that could drastically increase their utility bills. Ratepayers in the state are already experiencing higher utility costs. Last year Arizona Public Service proposed a rate increase of nearly 15% for residential consumers, outpacing the national consumer price index of 6.7% for electricity services, and Tucson Electric Power has proposed a similar increase.

Recent [independent, empirical modeling](#) highlights the monumental financial stakes of this decision. The data consistently demonstrates that the size and resource diversity of a market footprint matter immensely. Participating in a highly integrated, West-wide regional market rather than a smaller, fragmented footprint could yield profound benefits, including:

- **Massive Cost Savings:** Delivering well over \$100 million in collective annual savings for Arizona utility customers, translating to more than \$1.5 billion in systemic cost reductions between 2027 and 2040.
- **Strengthening Grid Reliability:** During extreme weather like heat waves, a widespread day-ahead market can provide crucial benefits, helping route power to areas in Arizona at risk of outages or price spikes before shortages occur. Research from Stanford found that the Western states would have [less risk of outages](#) with one large market.
- **Reducing Pollution:** Facilitating greater use of renewables across the region will offset the need to run expensive, polluting peaker fossil plants, substantially lowering power sector pollution, and decreasing wasted clean energy, yielding public health and environmental benefits for all Arizonans.

Prior concerns regarding out-of-state policy influence in regional markets have been definitively resolved. The newly established Regional Organization for Western Energy (ROWE) guarantees an independent, West-wide governing structure. This protects market operations decisions from the politics of any single state and ensures such decisions are aligned with the operational needs of all participating utilities.

The ACC has a constitutional mandate to oversee these consequential decisions. As detailed in [EDF's filing](#) recently submitted to the Commission, the ACC holds well-established authority to demand utilities report and justify any expenses they will pass on to customers:

- **Ratemaking Oversight:** Under its constitutional ratemaking purview, the Commission is obligated to ensure that operating expenses passed on to consumers are "prudent." Requiring comparative modeling to justify future ratepayer expenses is not managerial interference; it is a fundamental exercise of regulatory due diligence. If utilities select a market construct that imposes greater costs or fails to maximize system efficiencies without adequate empirical justification, the Commission retains the clear right to disallow the recovery of those imprudent costs.
- **Permissive Regulatory Authority:** Backed by Arizona Supreme Court precedent, the Commission possesses independent "permissive" regulatory authority to protect the public health, safety, convenience, and comfort of Arizonans. This empowers the Commission to establish forward-looking transparency rules, demand comprehensive cost-benefit disclosures, and hold public hearings to ensure utility decisions align with the broader public interest.

The relevant questions before the Commission are no longer *whether* Arizona utilities should participate in a regional market, but *which* market structure best serves our state's economic and environmental future and *whether* the selection process is transparent and protects the interests of all ratepayers.

We strongly urge the Commission to fulfill its mandate by reviving Docket No. E-00000A-21-0271. The Commission must require a transparent, data-driven comparison of the balancing market options, subject to meaningful stakeholder review, before binding commitments are made and irrevocable actions taken.

We thank you for your ongoing commitment to protecting Arizona's communities, businesses, and ratepayers.

Sincerely,

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