

## Unlocking energy affordability in Arizona

By treating households as energy infrastructure, Arizona can make whole-home electrification, rooftop solar, and battery storage affordable for **1.2 million additional households** — unlocking **\$28,600 in average lifetime savings** per household and **\$33.5 billion statewide**.<sup>1</sup> This means a more efficient, resilient energy system that can meet growing demand without driving up costs.

### Why this matters now

Arizona is facing a growing energy affordability challenge. As electricity demand grows and the grid ages, utilities are ramping up spending on new generation and transmission — costs that will ultimately be passed on to ratepayers.

Yet even as spending accelerates, the system is underinvesting in the lowest-cost ways to reduce bills and meet energy needs: efficient electric appliances, rooftop solar, and battery storage.



In *Homegrown Energy: A policy blueprint for energy affordability*, we outline a set of interlocking policies that correct this imbalance by directing a meaningful share of energy system investment toward homes. Together, these policies create a self-reinforcing cycle that drives down costs and scales adoption over time.

**The result is a more affordable, flexible, and resilient energy system — one that delivers immediate benefits to families while reducing long-term costs for all ratepayers.**

<sup>1</sup> Affordability is defined as a household's ability to adopt home energy upgrades at the same or lower total cost — accounting for both upfront and operating costs — than replacing existing equipment with new like-for-like systems. Lifetime savings reflect average household savings over 15 years.

# How Arizona unlocks energy affordability

## Today's baseline:

Only **14,400** households in Arizona can afford home energy upgrades under current market conditions<sup>2</sup>

## Policy interventions

### Reduce soft costs:

**+ 252,000** more households could afford home energy upgrades  
*Cut red tape to lower project costs and increase the impact of every other policy*

### Align system incentives and investment:<sup>3</sup>

<b>Data centers pay</b>	<b>Non-pipeline alternatives</b>	<b>Inclusive utility investment</b>	<b>Electrification-friendly rate design</b>
<i>Require AI data centers to invest in distributed energy resources and household upgrades</i>	<i>Redirect gas infrastructure spending toward electrification, avoiding costly pipeline investments</i>	<i>Enable utilities to fund the upfront cost of upgrades and recover those costs through energy bill savings</i>	<i>Align electricity pricing with system costs to lower operating costs for electrified homes</i>
<b>+ 649,700</b> households	<b>+ 541,400</b> households	<b>+ 623,900</b> households	<b>+ 29,300</b> households

### Ensure households are paid for the value they provide:

Households where home energy upgrades are affordable can join **virtual power plants**, becoming grid assets and earning compensation

## If Arizona invests in households as an energy solution:

# 1.2 million

Households could afford home energy upgrades — lowering system costs while building a more flexible and resilient grid<sup>4</sup>

<sup>2</sup> "Home energy upgrades" includes whole-home electrification, solar, and storage.

<sup>3</sup> Values shown reflect the additional number of households for which home energy upgrades become affordable under each policy, assuming soft cost reductions have already been applied.

<sup>4</sup> The total impact is not the sum of individual policy impacts, as these policies interact and their effects partially overlap.