

## HB 2066 A STAFF MEASURE SUMMARY

### House Committee On Climate, Energy, and Environment

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**Action Date:** 04/08/25

**Action:** Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

**Vote:** 11-1-0-0

**Yeas:** 11 - Andersen, Edwards, Gamba, Helm, Levy B, Levy E, Lively, Marsh, Neron, Osborne, Owens

**Nays:** 1 - Wallan

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Erin Pischke, LPRO Analyst

**Meeting Dates:** 2/6, 4/8

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#### WHAT THE MEASURE DOES:

The measure requires the Oregon Public Utility Commission to conduct an investigation to establish a regulatory framework for allowing the ownership, deployment, and use of microgrids and community microgrids within the service territories of electric companies.

#### Detailed summary:

Defines terms. Requires the Oregon Public Utility Commission (PUC) to conduct an investigation to establish a regulatory framework for allowing the ownership, deployment, and use of microgrids and community microgrids within the service territories of electric companies. Outlines the requirements of PUC's regulatory framework for microgrids and community microgrids. Outlines the methodology for compensating an owner, subscriber, or developer of a microgrid or community microgrid for the value that the microgrid or community microgrid provides. Requires PUC to consult with appropriate local, state, and federal agencies in conducting the investigation. Requires PUC to complete the investigation and establish a regulatory framework within 18 months from the effective date of the Act. Requires the Oregon Department of Consumer and Business Services to adopt rules to the state building code that support the integration of buildings with community microgrids. Permits local governments to:

- Adopt land use regulations that correspond to microgrid zones to encourage development that is compatible with microgrids and community microgrids.
- Designate a geographical area based on existing electric service infrastructure located within the jurisdiction of the local government as a microgrid zone, subject to the approval of the PUC or the governing body of certain consumer-owned utilities.
- Enter into an intergovernmental agreement with one or more local governments to designate a geographical area based on existing electric service infrastructure located within and across the jurisdictions of the local governments as a microgrid zone, subject to the approval of PUC or the governing body of certain consumer-owned utilities.

Takes effect on the 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

- Current Oregon Public Utility Commission authority related to microgrids and utilities
- Source of power for microgrids
- Potential outcomes of proposed legislation

#### EFFECT OF AMENDMENT:

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The amendment modifies, removes, and adds new requirements to PUC's regulatory framework for microgrids and community microgrids.

### Detailed summary:

Adds, removes, and modifies definitions. Specifies that the investigation into microgrids the Oregon Public Utility Commission (PUC) must conduct is within service territories of electric companies. Modifies, removes, and adds new requirements to PUC's regulatory framework for microgrids and community microgrids. Requires PUC to complete the investigation and establish a regulatory framework within 18 months from the effective date of the Act. Requires the Oregon Department of Consumer and Business Services (DCBS) to adopt rules to the state building code that support the integration of buildings with community microgrids. Permits local governments to:

- Adopt land use regulations that correspond to microgrid zones to encourage development that is compatible with microgrids and community microgrids.
- Designate a geographical area based on existing electric service infrastructure located within the jurisdiction of the local government as a microgrid zone, subject to the approval of the PUC or the governing body of certain consumer-owned utilities.
- Enter into an intergovernmental agreement with one or more local governments to designate a geographical area based on existing electric service infrastructure located within and across the jurisdictions of the local governments as a microgrid zone, subject to the approval of PUC or the governing body of certain consumer-owned utilities.

### **BACKGROUND:**

The Oregon Public Utility Commission (PUC) regulates investor-owned electric and natural gas utilities providing service to ensure they offer safe and reliable energy at reasonable rates. Oregon law allows the PUC to approve a rate if the government enacts or adopts an ordinance, charter provision, resolution, or other regulation requiring that retail electricity consumers within the boundaries of the government must be served with resources such as energy from community-based resources, including microgrids, among others, that provide community co-benefits (Oregon Revised Statute 757.603).

According to the U.S. Department of Energy's Grid Deployment Office, microgrids can be comprised of various electricity-generation sources, including fossil- or renewable-based sources; can include battery energy storage of various sizes; and have control systems that allow them to be disconnected and reconnected to the main grid as needed.