

B-Engrossed House Bill 2066

Ordered by the House June 19
Including House Amendments dated April 15 and June 19

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Climate, Energy, and Environment for Representative John Lively)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells the PUC to create rules and a framework to allow microgrids. (Flesch Readability Score: 72.6).

Directs the Public Utility Commission to establish a regulatory framework to allow the ownership, deployment and use of microgrids and community microgrids within the service territories of electric companies.

Requires the Department of Consumer and Business Services to adopt rules that support the integration of buildings with community microgrids.

Allows local governments to adopt land use regulations that correspond to microgrid zones and designate a geographical area as a microgrid zone, subject to the approval of the commission or local consumer-owned utility.

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

A BILL FOR AN ACT

Relating to microgrids; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 757.

SECTION 2. (1) As used in this section:

(a) **"Community-based organization" means an organization with demonstrated efficacy that is representative of a community or specific segments of a community and serves to meet the community's needs.**

(b) **"Community microgrid" means a microgrid that is located within a geographical area that a local government designates as a microgrid zone under section 7 of this 2025 Act.**

(c) **"Electric company" has the meaning given that term in ORS 757.600.**

(d) **"Front-of-meter" means the utility side of a transmission or distribution system in reference to a customer's meter.**

(e) **"Microgrid" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that functions as a single controllable system, irrespective of whether the microgrid is operating independently of or in conjunction with an electric grid.**

(f) **"Microgrid operator" means an entity that is identified as having responsibility for overseeing the coordination of a microgrid's interconnected loads and distributed energy resources and representing the interests of the microgrid participants in interactions with an electric company.**

(2) The Public Utility Commission shall conduct an investigation and establish a regula-

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 tory framework for allowing the ownership, deployment and use of microgrids and commu-
2 nity microgrids within the service territories of electric companies.

3 (3) The regulatory framework established under this section must:

4 (a) Take into consideration the benefits and constraints of deploying microgrids and
5 community microgrids.

6 (b) Take into consideration the role of microgrids and community microgrids in sup-
7 porting economic growth, innovations around zero emissions energy and reliable electricity
8 service.

9 (c) Take into consideration different approaches to designing, deploying and operating
10 microgrids or community microgrids that serve a single customer or multiple customers.

11 (d) Provide for interconnection standards and requirements.

12 (e) Provide for safety and performance standards.

13 (f) Utilize an application and approval process that is accessible.

14 (g) Include a framework for compensation and cost allocation that recognizes the value
15 microgrids and community microgrids provide to all electricity customers, the electric grid
16 and local users of the electric grid. The framework for compensation and allocation must
17 take into consideration:

18 (A) The reliability and resilience services that a microgrid or community microgrid pro-
19 vides to a transmission or distribution system and to a community in which the microgrid
20 or community microgrid is located.

21 (B) A microgrid or community microgrid's ability to operate in parallel to a transmission
22 or distribution system as a resource pursuant to a tariff rate.

23 (h) Include a methodology for compensating an owner, subscriber or developer of a
24 microgrid or community microgrid for the value that the microgrid or community microgrid
25 provides. The methodology must:

26 (A) Incorporate the value of lost load during a public safety power shutoff; and

27 (B) Include a schedule of avoided costs of a utility that reflects the value of the energy
28 generated or saved by a microgrid or community microgrid.

29 (i) Allow excess energy generated by a microgrid or community microgrid to be sold to
30 a utility on a nondiscriminatory basis.

31 (j) Subject to ORS 757.300, the Public Utility Regulatory Policies Act of 1978, 16 U.S.C.
32 2601 to 2645, and an electric company's technical feasibility and system reliability require-
33 ments, allow an owner or microgrid operator of a microgrid or community microgrid to in-
34 corporate front-of-meter energy resources that are owned or operated by a utility,
35 third-party developer, local or tribal government or community-based organization.

36 (k) Allow an electric company to partner with municipalities, businesses or communities
37 to develop microgrids that improve resilience or mitigate the need for infrastructure up-
38 grades.

39 (L) Provide for a standard for reasonable shared costs for community energy resilience
40 that is provided by a community microgrid that allow for owners or microgrid operators of
41 a community microgrid to recover the costs for designing, constructing or maintaining the
42 community microgrid from customers who use:

43 (A) The microgrid;

44 (B) The distribution system located within a microgrid zone designated under section 7
45 of this 2025 Act within which the community microgrid is located; or

(C) The distribution system local to the community microgrid.

(m) Allow for redundant infrastructure that supports community microgrids.

(n) Provide for the approval of a community microgrid if the community microgrid enhances local energy resilience and is capable of supporting critical infrastructure during and after an emergency, natural disaster or disruption to the electric grid or energy supply.

(o) Include a process for investigating standards and procedures that would enable a microgrid operator to operate one or more community microgrids independently from the electric grid system during an emergency.

(p) Provide standards for coordination and collaboration between microgrid operators and electric companies in the operation of microgrids and community microgrids.

(q) Prohibit a microgrid operator from assuming an electric company's role in controlling the electric company's own distribution infrastructure.

SECTION 3. The Public Utility Commission shall complete the investigation and establish a regulatory framework under section 2 of this 2025 Act not later than 18 months from the effective date of this 2025 Act. In conducting the investigation, the commission shall consult with appropriate local, state and federal agencies.

SECTION 4. Section 5 of this 2025 Act is added to and made a part of ORS chapter 455.

SECTION 5. (1) As used in this section:

(a) "Community microgrid" means a microgrid that is located within a geographical area that a local government designates as a microgrid zone under section 7 of this 2025 Act.

(b) "Microgrid" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that functions as a single controllable system, irrespective of whether the microgrid is operating independently of or in conjunction with an electric grid.

(2) The Department of Consumer and Business Services shall adopt rules to the state building code that support the integration of buildings with community microgrids.

SECTION 6. Section 7 of this 2025 Act is added to and made a part of ORS chapter 197.

SECTION 7. (1) As used in this section:

(a) "Community microgrid" means a microgrid that is located within a geographical area that a local government designates as a microgrid zone under this section.

(b) "Consumer-owned utility," "electric company" and "governing body" have the meanings given those terms in ORS 757.600.

(c) "Microgrid" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that functions as a single controllable system, irrespective of whether the microgrid is operating independently of or in conjunction with an electric grid.

(2) A local government may:

(a) Adopt land use regulations that correspond to microgrid zones to encourage development that is compatible with microgrids and community microgrids.

(b) 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:

(A) The Public Utility Commission, if the microgrid zone is located within the service territory of an electric company; or

(B) The governing body of a consumer-owned utility, if the microgrid zone is located

1 within the service territory of a consumer-owned utility.

2 (c) Enter into an intergovernmental agreement with one or more local governments to
3 designate a geographical area based on existing electric service infrastructure located within
4 and across the jurisdictions of the local governments as a microgrid zone, subject to the
5 approval of:

6 (A) The commission, if the microgrid zone is located within the service territory of an
7 electric company; or

8 (B) The governing body of a consumer-owned utility, if the microgrid zone is located
9 within the service territory of a consumer-owned utility.

10 **SECTION 8.** Notwithstanding any other law limiting expenditures, the limitation on
11 expenditures established by section 1 (1), chapter __, Oregon Laws 2025 (Enrolled House Bill
12 5034), for the biennium beginning July 1, 2025, for Utility program, as the maximum limit for
13 payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts,
14 but excluding lottery funds and federal funds, collected or received by the Public Utility
15 Commission, is increased by \$410,136 to carry out section 2 of this 2025 Act.

16 **SECTION 9.** This 2025 Act takes effect on the 91st day after the date on which the 2025
17 regular session of the Eighty-third Legislative Assembly adjourns sine die.
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