

Senate Bill 1143

Sponsored by Senators LIEBER, SOLLMAN, Representatives LEVY B, ANDERSEN, MARSH; Senator PHAM K, Representatives HELM, 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 **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Makes the PUC create a program to have each gas company create a thermal energy network pilot project. Makes each gas company apply to create a pilot project. (Flesch Readability Score: 65.7).

Directs the Public Utility Commission to establish a pilot program that allows each natural gas company to develop a utility-scale thermal energy network pilot project to provide heating and cooling services to customers. Requires each natural gas company to file a proposal and plan to develop a pilot project or an explanation for why the natural gas company is not submitting a proposal. Identifies criteria the commission shall take into consideration in evaluating a proposal.

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

A BILL FOR AN ACT

1
2 Relating to thermal energy networks; and prescribing an effective date.

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

4 **SECTION 1. (1) As used in this section:**

5 (a) **“Natural gas company” means a public utility, as defined in ORS 757.005, that provides**
6 **natural gas services to customers.**

7 (b) **“Thermal energy network” means a network of pipes and heat pumps that uses**
8 **noncombustible fluids within the network to distribute thermal energy between and among**
9 **ground, air and surface water sources and buildings connected to the network.**

10 (c) **“Thermal energy network pilot project” includes all real estate, fixtures and personal**
11 **property used for or in connection with developing or operating a thermal energy network.**

12 (2) **The Public Utility Commission shall establish a pilot program that allows each natural**
13 **gas company to develop a utility-scale thermal energy network pilot project to provide**
14 **heating and cooling services to customers. The purpose of the pilot program is to:**

15 (a) **Demonstrate the use and effectiveness of thermal energy networks to provide heating**
16 **and cooling services while reducing or eliminating greenhouse gas emissions or improving**
17 **energy efficiency;**

18 (b) **Allow each natural gas company to gain experience with using thermal energy net-**
19 **works to provide heating and cooling services to customers; and**

20 (c) **Provide the commission with experience on how to integrate thermal energy networks**
21 **and thermal energy network projects into the commission’s regulatory processes.**

22 (3) **The commission shall direct each natural gas company to file within 24 months from**
23 **the effective date of this 2025 Act, and in a form and manner prescribed by the commission:**

24 (a)(A) **A proposal to develop and operate a utility-scale thermal energy network pilot**
25 **project that serves customers; and**

26 (B) **A plan, for acceptance by the commission, for measuring the effectiveness of the**

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 thermal energy network pilot project. The plan must include specific metrics that the na-
2 tural gas company proposes to use to evaluate the pilot project; or

3 (b) An explanation for why the natural gas company is not submitting a proposal for a
4 thermal energy network pilot project.

5 (4) The commission shall evaluate a proposal to develop a thermal energy network pilot
6 project with consideration to the following criteria:

7 (a) Whether the proposed project serves low income and energy burdened communities;

8 (b) Whether the proposed project serves a mix of building types;

9 (c) Whether the proposed project utilizes the existing gas utility workforce, creates jobs
10 or uses labor agreements;

11 (d) The availability of local waste heat, ground heat sources and water bodies;

12 (e) The safety, reliability and resiliency objectives of the proposed project and whether
13 those objectives may be reasonably achieved;

14 (f) Whether the proposed project tests technical, operational and financial approaches to
15 achieving equitable and affordable decarbonization of buildings;

16 (g) Whether the proposed project leverages local and federal funding sources to offset
17 costs recovery from customers for costs and expenses related to developing the proposed
18 project;

19 (h) Whether the proposed project benefits the community by improving air quality, en-
20 ergy affordability and water conservation, avoiding or reducing electricity use or reducing
21 greenhouse gas emissions;

22 (i) Collaboration by the natural gas company with the local community, governments and
23 electric utility providers and regulators;

24 (j) Whether the proposed project will inform how thermal energy networks can help
25 support joint planning by natural gas and electric utility providers;

26 (k) Whether the proposed project will inform how thermal energy networks can reduce
27 overall and peak energy use;

28 (L) Whether the proposed project will inform how thermal energy networks can avoid
29 costs that might be incurred absent the thermal energy network, including infrastructure,
30 fuel, operations and maintenance costs; and

31 (m) Whether the proposed project provides learning to help the development of regu-
32 lations that allow and facilitate thermal energy networks.

33 (5) The commission shall allow a natural gas company to recover costs from all custom-
34 ers of the natural gas company for prudent costs or expenses related to developing and op-
35 erating a thermal energy network pilot project under this section.

36 **SECTION 2.** Section 1 of this 2025 Act is repealed on January 2, 2036.

37 **SECTION 3.** This 2025 Act takes effect on the 91st day after the date on which the 2025
38 regular session of the Eighty-third Legislative Assembly adjourns sine die.