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Representative John Lively, Chair
House Climate, Energy, and Environment Committee
900 Court St. NE
Salem, OR 97301

February 6, 2025

Re: HB 2064, HB 2065, and HB 2066

Chair Lively, Vice Chairs Gamba and Levy, and members of the committee,

Thank you for the opportunity to provide testimony on HB 2064, HB 2065, and HB 2066 on behalf of Portland General Electric. PGE is a fully integrated electric utility that serves over 900,000 customers with a service area population of 2 million Oregonians in seven counties and 51 incorporated cities.

PGE exists to provide reliable, affordable and increasingly clean power to the customers we serve. We know that resilience is top of mind for legislators, as it is for many of the communities in our service territory. PGE is actively engaged in operating microgrids and community based renewable energy projects. As we evaluate microgrid opportunities, we must balance costs, opportunities, safety and operational risks for all utility customers. The package of bills before the committee raises important questions about safety, customer costs, and grid operations that must be addressed, and we look forward to conversations with this committee and proponents to address these issues.

Ahead of the 2023 session, PGE participated in the workgroup convened by Rep. Marsh on resilience and microgrids. That workgroup led to a bill on county resilience planning that passed in the 2023 session. HB 3171, heard in the committee on Tuesday, updates that language and provides more flexibility to counties in this planning.

PGE already operates microgrids with public partners

PGE currently operates two microgrids, one at the Beaverton Public Safety Center and another at the State of Oregon's Anderson Readiness Center in Salem. PGE partnered with the City of Beaverton to add a .25 MW (250 kW) storage system at the Beaverton Public Safety Center, paired with on-site solar to deliver consistent power, capable of self-sustaining facility operations in the event of an outage.

Working in collaboration with the Oregon Military Department, PGE and other partners completed a microgrid at the Anderson Readiness Center in 2023, which houses elements of the Oregon Army and Air National Guard and the Oregon National Guard's Joint Operations Center. The on-site microgrid at the Anderson Readiness Center includes solar panels and a battery energy storage system. The system plays a crucial role in helping mitigate outages, adding a layer of resiliency in the event of a power disruption.

PGE's Community Based Renewable Energy Approach

Based on direction from the legislature in HB 2021 (2021 session), PGE is actively working to enable Community Based Renewable Energy (CBRE) projects. HB 2021 defined a CBRE as "one or more renewable energy systems that interconnect to utility distribution or transmission assets and may be combined with microgrids, storage systems or demand response measures, or energy-related infrastructure that promotes climate resiliency or other such measures, and that provide a direct benefit to a particular community through a community-benefits agreement or direct ownership by a

local government, nonprofit community organization or federally recognized Indian tribe; or result in increased resiliency or community stability, local jobs, economic development or direct energy cost savings to families and small businesses."

As an outcome of PGE's 2023 Clean Energy Plan and Integrated Resource Plan Action Plan, we have opened a Request for Offers (RFO) for CBREs which seeks to pair small-scale (<20MW) renewable resources with dispatchable capacity product(s). This combination is commonly described as a microgrid.

PGE is committed to investing in CBREs that create grid value for all customers, while delivering social and environmental benefits to the communities we serve and elevating community voices from inception through design and execution. The RFO allows communities to define their own project benefits, with evaluation conducted by our community advisory group. The RFO is currently open and will run for a full year with multiple evaluation cycles, providing opportunities for feedback and improvement with both communities and the OPUC. This comprehensive approach demonstrates PGE's commitment to elevating community voices, ensuring that renewable energy projects truly serve the needs of the communities they're intended to benefit, and promoting equitable access to clean energy resources and community resilience. As we evaluate projects, we must balance costs, opportunities, safety and operational risks for all utility customers.

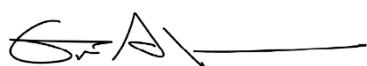
The introduced bills create safety, cost, and operational risks that must be addressed

HB 2066 and HB 2064 outline direction to the Oregon Public Utility Commission to conduct investigations on microgrid policy. Both bills need significant work as the current wording blurs and conflates the roles and obligations of a public utility versus those of a microgrid owner. Further, as written, these bills look to enable third party operation of utility infrastructure, creating safety risks. The bills also lack protections against cost-shifting to other utility customers. Any microgrid policy in law or at the OPUC must balance costs, opportunities, and risks for the grid and utility customers.

HB 2065 focuses on third-party interconnection studies for microgrid and CBRE projects, and, as drafted, may add cost, complexity, and duplication. The commission is already examining these issues in UM2111, the state interconnection modernization docket.

Given our work with microgrids and bringing community-based renewables online, we appreciate the intent of the microgrid bill package before the committee. But microgrid opportunities must be carefully evaluated and scoped to protect against cost-shifting to other utility customers and/or creating safety or operational risks for the grid. **This package of bills raises important questions about safety, customer costs, and grid operations that need to be addressed. We look forward to working with the committee and bill proponents to address these issues.**

Thank you for your consideration,



Greg Alderson
Senior Manager, State and Federal Government Affairs