

HB 3378 -2 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

Prepared By: Erin Pischke, LPRO Analyst

Meeting Dates: 3/29, 4/3

WHAT THE MEASURE DOES:

Requires Oregon Public Utility Commission (PUC), in consultation with Oregon Department of Energy (ODOE), to conduct a study related to the development and adoption of microgrid systems and the use of microgrid systems for increasing electric grid and energy resilience. Requires study to include, but is not limited to, an examination of the following: 1) financing mechanisms, funding options and financial incentives to encourage, facilitate, or fund the development and adoption of microgrid systems; 2) provision of technical assistance to counties, cities, and districts for energy resilience planning and incorporating energy resilience planning into any hazard mitigation plan; 3) opportunities for enhanced coordination between utilities and local governments, special districts, and federally recognized Indian tribes to apply for state and federal funding programs to implement energy resilience strategies and projects for community and grid benefits; 4) removal of barriers to the development of microgrid systems, including the standardization and streamlining of processes for interconnection and permitting rights of way for microgrids; and 5) methodologies for valuing the grid system reliability and resilience services provided by microgrids and social, economic, and environmental justice benefits that accrue when communities are made more resilient by microgrids. Requires PUC to report study findings to the interim committees of the Legislative Assembly related to energy and development no later than September 15, 2024. Sunsets study and reporting requirements on January 2, 2025.

ISSUES DISCUSSED:

- Eligible uses of grant funds
- Voluntary nature of energy resilience planning
- Definition of microgrid
- Microgrid jurisdiction for operating independently
- Examples of microgrids in other states

EFFECT OF AMENDMENT:

-2 Replaces the measure.

Authorizes counties—in planning for and developing energy resilience and being prepared, in the event of major grid disruption, to maintain basic services and functions—to develop and adopt an **energy resilience plan**; and incorporate the energy resilience plan into the county’s applicable natural hazard mitigation plan. Establishes requirements for energy resilience plan. Requires counties to consult with representatives from local environmental justice communities when identifying and mapping communities that experience social vulnerabilities. Requires a public utility that is operating or serving customers within the boundaries of a county that is developing an energy resilience plan to use reasonable efforts to assist with and comply with requests from the county for information regarding energy infrastructure. Requires Oregon Department of Energy (ODOE) to establish a **program for awarding grants** to counties to cover the costs of developing energy resilience plans. Establishes grant criteria and eligible entities. Requires ODOE to establish grant criteria and, no later than September 15, 2025, to **submit a report** to the interim committees of the Legislative Assembly related to energy. Sunsets grant program and reporting requirement on January 2, 2026. Appropriates to ODOE, out of the General Fund, \$2 million to be used to provide grants. Takes effect on 91st day following adjournment sine die.

- *FISCAL: Fiscal impact statement issued*

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- *REVENUE: No revenue impact*
- *Subsequent referral to Joint Committee on Ways and Means*

BACKGROUND:

House Bill 2021 (2021) directed ODOE to convene a work group to examine opportunities to encourage development of small-scale and community-based renewable energy projects in Oregon that contribute to economic development and local energy resiliency. In 2022, ODOE issued its study on the work group's findings, as required in HB 2021. The work group found that small-scale energy projects can play a role in "improving equitable access to clean energy, making more efficient use of state land resources, supporting community energy resilience, and increasing local economic performance."

ODOE's report also provided the following definition of "resilience": "Resilience is the ability of power systems to withstand and rapidly restore power delivery to customers following non-routine disruptions of severe impact or duration. Resilience includes the ability to withstand and recover from deliberate attacks, accidents, or naturally occurring events such as earthquakes or catastrophic wildfires."

According to the National Renewable Energy Laboratory, a "microgrid" is "a group of interconnected loads and distributed energy resources that acts as a single controllable entity with respect to the grid. It can connect and disconnect from the grid to operate in grid-connected or island mode. Microgrids can improve customer reliability and resilience to grid disturbances."

House Bill 3378 would require the Oregon Public Utility Commission, in consultation with Oregon Department of Energy, to conduct a study related to the development and adoption of microgrid systems and the use of microgrid systems for increasing electric grid and energy resilience.