

**A-Engrossed**  
**Senate Bill 1143**

Ordered by the Senate April 14  
Including Senate Amendments dated April 14

Sponsored by Senators LIEBER, SOLLMAN, Representative LEVY B, Senator SMITH DB, Representatives 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. 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. Makes labor standards for certain covered projects. (Flesch Readability Score: 64.4).**

*[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.

**Establishes labor standards and reporting requirements for certain thermal energy network projects.**

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**

**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 and thermal energy network projects into the commission's regulatory processes.

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

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

6 (B) A plan, for acceptance by the commission, for measuring the effectiveness of the  
7 thermal energy network pilot project. The plan must include specific metrics that the na-  
8 tural gas company proposes to use to evaluate the pilot project; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (a) "Apprentice," "apprenticeable occupation" and "training agent" have the meanings  
44 given those terms in ORS 660.010.

45 (b) "Covered project" means:

1 (A) A project that facilitates the construction, repair or maintenance of the development  
2 of a thermal energy network; or

3 (B) A thermal energy network pilot project.

4 (c) “Journeyworker” has the meaning given that term in ORS 660.010.

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

7 (e) “Registered apprenticeship training program” means a program, as defined in ORS  
8 660.010.

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

12 (g) “Thermal energy network pilot project” means a thermal energy network pilot project  
13 developed under section 1 of this 2025 Act.

14 (2) A natural gas company that operates a covered project shall require each contractor  
15 with which the natural gas company has entered into a contract for the performance of work  
16 on the covered project to:

17 (a) Ensure that the following percentages of journeyworkers who are employed to per-  
18 form work on the covered project have completed a registered apprenticeship training pro-  
19 gram:

20 (A) For a covered project initiated between January 1, 2026, and December 31, 2026, at  
21 least 30 percent.

22 (B) For a covered project initiated between January 1, 2027, and December 31, 2027, at  
23 least 45 percent.

24 (C) For a covered project initiated on or after January 1, 2028, at least 60 percent.

25 (b) Participate as a training agent in an apprenticeship program registered with the State  
26 Apprenticeship and Training Council to provide on-the-job training opportunities for appren-  
27 tices in apprenticeable occupations to perform work on the project.

28 (c) Pay wages to the journeyworkers and apprentices who perform work on the covered  
29 project at a rate that is no less than the prevailing rate of wage that the Commissioner of  
30 the Bureau of Labor and Industries determines under ORS 279C.815 for the trade or occu-  
31 pation in the locality where the work is performed.

32 (d) Ensure all journeyworkers have completed at least 30 hours of occupational safety  
33 and health training before commencing work on the covered project and every two years  
34 thereafter for the duration of the project.

35 (e) Document and submit quarterly reports to the natural gas company demonstrating  
36 proof of compliance with the requirements described in paragraphs (a) to (d) of this sub-  
37 section.

38 (3)(a) A natural gas company shall keep and maintain records necessary to demonstrate  
39 compliance with the requirements in this section. A natural gas company must provide re-  
40 cords kept and maintained under this section to the Bureau of Labor and Industries upon  
41 request.

42 (b) A natural gas company shall compile any proof of compliance submitted by contrac-  
43 tors under this section with respect to the work performed on a covered project during each  
44 calendar year and submit an annual report to the Bureau of Labor and Industries no later  
45 than February 1 of the following year.

1        **SECTION 3.** Section 2 of this 2025 Act becomes operative on January 1, 2026.

2        **SECTION 4.** Section 2 of this 2025 Act applies to contracts for the performance of work  
3 on a covered project entered into, renewed or extended on or after January 1, 2026.

4        **SECTION 5.** Section 1 of this 2025 Act is repealed on January 2, 2036.

5        **SECTION 6.** This 2025 Act takes effect on the 91st day after the date on which the 2025  
6 regular session of the Eighty-third Legislative Assembly adjourns sine die.

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