October 21, 2026

Peter Kernan
Senior Utility Analyst, Resources and Programs
Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

RE: Joint Comments on Draft Microgrid and Community Microgrid Rules and Request for Comment

Dear Mr. Kernan,

The undersigned organizations support Staff's draft Division 92 rules and ask the Commission to open formal rulemaking on this text at its November public meeting. We recognize and appreciate the tremendous effort Staff, and all parties have put into this process. The draft follows HB 2065 and HB 2066 closely and keeps the Commission on track for the March 26, 2027, deadline in HB 2066 Section 3.

March 26 is not the finish line. Compensation, the value of lost load methodology, standard agreements, utility handbooks, and the emergency operations investigation under ORS 757.302(3)(o) will all take work after the rules are adopted. Staff's memo already identifies several of these as open questions. We ask the Commission to set a schedule for that work when it adopts the rules, so the effort keeps its momentum. The changes we request below are targeted and leave the draft's structure intact. Attachment A lists each one, with suggested rule text, in rule order; item numbers cited in this letter refer to that table.

Coalition members are available to discuss any item with the Commission or at a future workshop. The undersigned authorize the Commission to post this letter publicly to the AR 681 docket. Questions may be directed to Kevin Wright, ProtoGen, Inc., Kevin@ProtoGen.com.

Respectfully submitted,



M. Alex Clingman, Sustainable Northwest, joined by:

Cascadia Renewables; Clean Coalition; Lewis & Clark Law School's Green Energy Institute; Microgrid Resources Coalition; Oregon Solar + Storage Industries Association; PAE; ProtoGen, Inc.; Reimagine Power; Sol Coast; Sulis Energy; Sustainable Northwest; Wallowa Resources

Support for Staff's approach

We support the approach Staff took. Treating a microgrid as one application with one queue position (0035, 0040) avoids studying the same project piece by piece. The authorization letter (0025) lets a city or county get data and a preliminary design review before it commits money. The data and third-party study rules (0075, 0080) track the statute. The controller and coordinated operations agreement requirements, with the utility keeping control of its own lines (0015(9), 0050, 0070), answer the safety concerns raised in this docket. Finally, 0060 and 0065 set up both compensation paths outlined in HB 2066.

Two statutory provisions to add

The draft does not yet carry two provisions of HB 2066. Each can be added with a sentence or two of rule text (Attachment A).

- **Zones across jurisdictions.** ORS 197.729(2)(c) lets local governments, as defined in ORS 197.015, designate a zone together by intergovernmental agreement. The draft provides only for a single local government's resolution. Feeders and resilience needs do not follow city and county lines, so this path matters in practice. Attachment A also defines “local government” by reference to ORS 197.015, so it is clear which bodies hold the land use authority to designate a zone (items 5, 6).
- **Front-of-meter resources.** ORS 757.302(3)(j) requires the framework to allow a microgrid to incorporate front-of-meter resources owned or operated by a utility, third-party developer, local or tribal government, or community-based organization, subject to ORS 757.300, PURPA, and utility technical and reliability requirements. The draft does not state this. Attachment A adds the provision and the two statutory definitions it relies on (items 2, 3, 9).

Answers to Staff's questions

1) **Community access and scope.** Workable. Add the intergovernmental agreement path, a target decision time for zone applications, and a one-time deadline extension for local governments whose governing body must vote (items 6, 12, 16). Also make clear that a Track A community microgrid, interconnected under Division 39 or 82, keeps full access to zone approval and local cost recovery under Division 92 (item 7).

2) **Obligations.** Clear. Tie islanding authorization to the conditions in the coordinated operations agreement, and require a written safety or reliability basis before a Track A microgrid must complete an islanding study (items 11, 15). State the utility's role as a technical collaborator when an applicant uses its own engineer, as distinct from when the utility leads the interconnection study or design (item 13). Convene a workshop on the standard agreement and handbooks within the 120-day development period.

3) **Integrated review and operations.** Yes, if the rules state how Divisions 39 and 82 apply to generators inside a microgrid. The rules need to be expanded to include generation and energy storage, which may be interconnected together or separately. This can be done in Division 92 without amending rules under revision in AR 688 (items 7, 14). The rules should also let a customer's engineer complete the islanding

study and file it with the application, as ORS 757.304(7)(c) contemplates, so that utility staff capacity does not become the bottleneck HB 2065 was passed to remove (item 3).

4) **Compensation.** Workable, with clarifications. State the public safety power shutoff component separately, including equivalent mitigation efforts such as enhanced safety settings, emergency de-energization, enhanced powerline safety settings (EPSS), etc., and set the tariff and value of lost load filing dates in the order adopting the rules. The comparable basis to qualifying facility rates in 0060(3) should be a floor, not a ceiling, because standard avoided cost methods do not capture the locational and resilience value 0060(2)(f) contemplates (item 18). The methodology for both the tariff rates and the value of lost load should be set in this docket. For reference, the Commission is also developing community-based renewable energy (CBRE) performance incentive mechanisms (PIMs) in AR 676, which may involve related valuation questions. Distribution deferral should be named as a compensable locational service, available to third-party and utility-owned microgrids on equal terms (item 17). A microgrid compensated under net metering should remain eligible for tariff compensation for services net metering does not value (item 19). On double recovery, OAR 860-092-0065(3) already bars recovering any cost more than once, which answers Staff's question, and the coalition supports it as written. Local cost recovery should also allow redundant infrastructure that supports a community microgrid, consistent with ORS 757.302(3)(m), and should treat designated community identified resilience facilities as shared resilience infrastructure (item 20.

   Resilience needs are variable and locationally dependent. In addition to the measurable benefits a microgrid provides through generation valued by net metering or grid services, there is a resilience value that the community has identified. Determining that resilience value so it can inform a tariff is the capability HB 2065 and HB 2066 were written to enable, and Staff has identified it as an outstanding question in this docket.[1] Washington project data show why this matters. Cascadia Renewables' records cover 81 solar and storage resilience projects in Washington serving shelters, community centers, clinics, public safety, and emergency management facilities. Across them, installed cost follows battery storage, not solar, and it does so predictably whatever the facility's mission (Figure 1).[2] The 17 projects that are in service, under construction, or under contract had a median installed cost of about $1.2 million before incentives.[3] In itemized designs for the other 64 sites, storage made up about three quarters of project cost in every use category.[4] Storage is the component that keeps a facility operating through an outage. A

[1] ORS 757.302(3)(g)(A) (the compensation framework must consider "the reliability and resilience services that a microgrid or community microgrid provides … to a community in which the microgrid or community microgrid is located"); ORS 757.302(3)(h)(A) (the methodology must "incorporate the value of lost load during a public safety power shutoff"); Staff, AR 681 Draft Rules and Request for Comment, at 3 (Oct. 2, 2026) (listing as an outstanding question how to "determine resilience value and when it can inform compensation").

[2] Cascadia Renewables and Sulis Energy, Washington Resilience Microgrid Portfolio (anonymized, October 2026), on file with Cascadia Renewables and available to Staff upon request. The dataset includes 17 solar-plus-storage resilience microgrids that are in service, under construction, or in contracting, and 64 feasibility designs. Figure 1 plots pre-incentive cost against battery storage capacity (kWh) for all 81 projects, using contract or proposal value for the 17 projects and estimated design cost for the 64 designs.

[3] *Id.* Project cost is total contract or proposal value (or, for feasibility designs, estimated total cost) before grants, tax credits, or other incentives.

[4] *Id.* Storage share is calculated from itemized cost estimates in the 64 feasibility designs, grouped into five use-case categories based on each facility's primary emergency support function as assigned by Cascadia Renewables.

compensation benchmark that values only energy output, whether at net metering or qualifying facility rates, would therefore leave out the resilience capability these communities chose to build.[5]

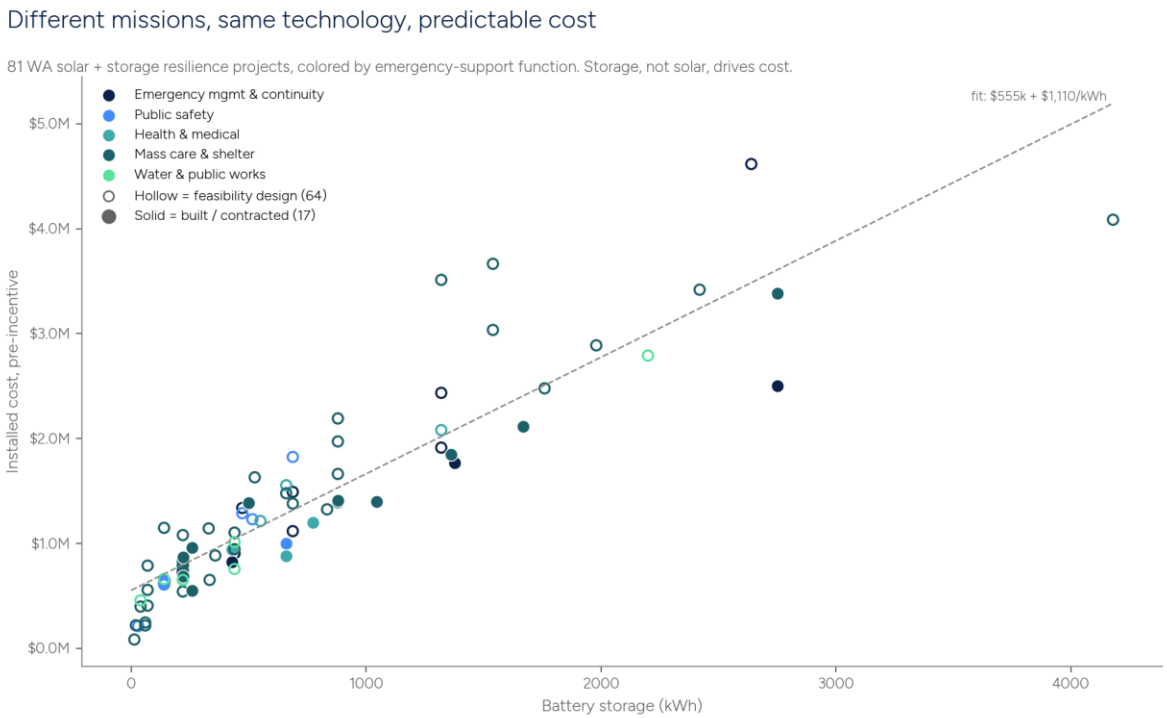


Figure 1. Installed cost compared with battery storage, 81 Washington solar and storage resilience projects. Source: Cascadia Renewables. Used with permission.

A microgrid services tariff that pays for measurable services beyond those already compensated under existing tariffs gives microgrids a predictable revenue stream that supports third-party financing and new partnerships among developers, communities, and customers. Services the tariff can value include energy generation, energy storage, demand response, requested or intentional islanding, flexible load management, regulation, reactive power, capacity reserves, black start, and other grid services or locational benefits. Those services lower system costs for all customers in blue-sky conditions and provide resilience in black-sky conditions.

5) **Division 82 conformance.** Division 82 was written for individual small generator facilities of 10 MW or less, including energy storage, a logical break point based on the typical capacity of a single 13 kV-class distribution circuit. A community microgrid that spans several circuits can easily exceed 10 MW in total, a configuration Division 82 never contemplated. Division 92 should state that the 10 MW limit applies to each facility rather than to the microgrid as a whole, and that Division 92 controls where the two conflict (item 14). This can be done now without waiting on AR 688. Beyond this phase of the current rulemaking, the coalition will look for a future rulemaking phase or other Commission process to audit and align Divisions 39, 82, and 92, including adding the statutory microgrid operator definition, aligning the point of

[5] *See* ORS 757.300 and OAR chapter 860, division 39 (net metering); OAR 860-029-0040(4)(a) (standard rates for qualifying facilities), which is the comparable basis used in draft OAR 860-092-0060(3).

interconnection and point of common coupling definitions with current IEEE usage, and raising the 10 MW nameplate limit to 20 MW, the break point FERC uses between its small and large generator and energy storage interconnection procedures (Order No. 2006). This rulemaking should not wait for that work. To the extent AR 688 or another active proceeding does not already address this work, the Commission may consider adding a narrowly scoped audit and integration of microgrid-specific standards to the next phase of this rulemaking.

6) **Implementation priorities.** In order: formal rulemaking in November; a schedule for methodology and tariff filing covering the microgrid value stack, the value of lost load, local resilience value, and locational system value; templates for the authorization letter and zone application; the agreement and handbook workshop; the emergency operations investigation under ORS 757.302(3)(o); and a future process to audit and align Divisions 39, 82, and 92.

Attachment A. Requested changes

#	Rule	Requested text	Statute
1	0005, new (3)	"To the extent these rules implement ORS 757.304, they do not apply to an interconnection subject to the jurisdiction of the Federal Energy Regulatory Commission."	ORS 757.304(9)
2	0010, new definition (between current (1) and (2))	"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.	ORS 757.302(1)(a)
3	0010, new definition (after current (5))	"Front-of-meter" means the utility side of a transmission or distribution system in reference to a customer's meter.	ORS 757.302(1)(d)
4	0010, new definition (after current (5))	Define or change the use of "generator" and "generating system" so that both include an energy storage system as defined in 0010(5).	ORS 757.302(1)(e), (3)(d)
5	0010, new definition (after current (8))	"Local government" has the meaning given that term in ORS 197.015. For a microgrid zone, the local government is the city or county with land use jurisdiction over the area within the proposed boundary, including an unincorporated community planned and zoned by a county.	ORS 197.015(13); ORS 197.729(2)
6	0010(17); 0025(3); 0055(1)(a)	In 0010(17), after "by resolution" add "or by intergovernmental agreement." In 0025(3), allow local governments acting together to issue one authorization letter. In 0055(1)(a), add: "or, for a microgrid zone designated by intergovernmental agreement under ORS 197.729(2)(c), the agreement and a resolution of each participating local government."	ORS 197.729(2)(c)
7	0015(4)	Add at the end: "Interconnection review under division 39 or division 82 does not limit a Track A community microgrid's access to microgrid zone approval under OAR 860-092-0055, local cost recovery under OAR 860-092-0065, the microgrid services tariff under OAR 860-092-0060, or any other provision of this division that applies to community microgrids."	ORS 757.302(3)(L), (n); ORS 197.729
8	0015(13)(a)	Revise (a) to read: "(a) Number of microgrids seeking interconnection, by stage of the process;"	ORS 757.302(3)(f)
9	0015, new (15)	"Subject to ORS 757.300, the Public Utility Regulatory Policies Act of 1978, and the public utility's technical feasibility and system reliability requirements, an owner or microgrid operator may incorporate into a microgrid or community microgrid front-of-meter energy resources owned or operated by a utility, third-party developer, local or tribal government, or community-based organization."	ORS 757.302(3)(j)
10	0030(1)	Replace "ORS 757.304(7)(a)" with "ORS 757.304(7)(d)," the subsection that bars a charge for preliminary design review.	ORS 757.304(7)(d)
11	0035(1)(a)	Replace "unless indicated by the public utility" with "unless the public utility identifies in writing a safety or reliability basis for requiring one."	ORS 757.304(8)(a)
12	0035(8)(a); 0045(1)(d); 0050(1)	"Where the applicant or a party to the agreement is a local government whose governing body must approve the action, the applicant may extend the deadline once, by up to 30 business days, by written notice."	ORS 757.302(3)(f)

#	Rule	Requested text	Statute
13	0040(4); 0045(1), new (f); 0080, new (5) and (6)	In 0040(4), add: "When a third-party consultant performs the study, the public utility provides common inputs and its published requirements under OAR 860-092-0080(1), and the consultant sets the scope and schedule consistent with them." In 0045(1), add: "(f) An applicant may instead file a completed islanding study by a third-party consultant, stamped by a professional engineer, with its final microgrid interconnection application under ORS 757.304(7)(c). The public utility then reviews the study under OAR 860-092-0080(4) and does not issue a study agreement." In 0080, add: "(5) When an applicant elects a third-party study or evaluation under ORS 757.304(2)(b), the public utility acts as a technical collaborator. It supports the applicant's consultant through the technical liaison, technical data under OAR 860-092-0075, and preliminary design review under OAR 860-092-0030, and it reviews the completed study under section (4). It does not direct the scope, methods, or schedule of the study beyond the requirements published under section (1). (6) When the applicant elects a study by the public utility under ORS 757.304(2)(a), or requests a design under the microgrid design tariff, the public utility leads the study or design and is responsible for its scope, schedule, and cost estimate."	ORS 757.304(2), (4), (6)(d), (7)
14	New 0042	"(1) A facility interconnected under division 39 keeps its eligibility under ORS 757.300 when it is included in a microgrid and reviewed under OAR 860-092-0040. (2) Where the microgrid controller has demonstrated conformance with IEEE 2030.7 and IEEE 2030.8 under OAR 860-092-0020(1), studies under division 39 or division 82 must evaluate the microgrid's combined output and load as limited by that controller, including export limits under OAR 860-082-0033. (3) A resource already interconnected keeps its interconnection agreement and is reviewed only for changed operating modes." Add: "(4) The nameplate capacity limit in OAR 860-082-0005(1) applies to each small generator facility, not to the combined capacity of a microgrid. A community microgrid whose combined resources exceed 10 MW, including one that spans more than one distribution circuit, remains eligible for coordinated review under OAR 860-092-0040. (5) Where division 82 conflicts with this division as applied to a microgrid, this division controls." Also state how OAR 860-082-0025(4) applies when generators at separate points of common coupling share a queue position under OAR 860-092-0040(1).	ORS 757.302(3)(d)
15	0050(3)	End with: "... given in the manner and under the conditions specified in the coordinated operations agreement."	ORS 757.302(3)(p), (q)
16	0055, new (3)	"(3) The Commission will endeavor to act on a complete application within 90 days when expedited consideration is requested under section (2), and within 180 days otherwise."	ORS 757.302(3)(f)
17	0060(2)(f)	"...including locational services, such as deferral or avoidance of distribution upgrades identified in the public utility's distribution system plan, on a nondiscriminatory and non-duplicative avoided cost basis. Deferral opportunities must be offered to third-party and utility-owned microgrids on the same terms."	ORS 757.302(3)(g)
18	0060(3)	After the first sentence add: "Comparable basis establishes a minimum; rates must also reflect locational and resilience value not captured in standard qualifying facility rates." Revise the second sentence to read: "...to incorporate the value of lost load, including during a public safety power shutoff." At the end of (3), add: "The public safety power shutoff component must be stated separately."	ORS 757.302(3)(g), (h)
19	0060, new (4)	"A microgrid or participant compensated under ORS 757.300 remains eligible for compensation under this rule for services not valued under net metering, subject to OAR 860-092-0065(3)."	ORS 757.300; ORS 757.302(3)(g)

#	Rule	Requested text	Statute
20	0065(4)	In (4), add: “Redundant infrastructure that supports the community microgrid may be included if it otherwise meets this rule. Equipment at a facility identified as a community resilience facility in an authorization letter or microgrid zone application is necessary to provide community energy resilience for purposes of this rule.”	ORS 757.302(3)(L), (m)
21	0070(1)(h)	“The design tariff is optional and cost based. A design under the tariff receives no preference over a third-party design, and the public utility must make the technical data it relies on available to the local government's consultant under OAR 860-092-0075.”	ORS 757.302(3)(k); ORS 757.304(2)(b)
22	0075(1)(b)	Add to the data required for each distribution feeder: “the location of reclosers, line segmentation devices, and any other utility distribution infrastructure that may increase the relative cost or complexity of a microgrid on that feeder.”	ORS 757.304(1)(d)(B), (E); ORS 757.302(3)(f)
23	0075(2)(a)	“Eligibility for access includes an applicant, a local government that has issued an authorization letter under OAR 860-092-0025(3), and the representatives that letter authorizes.”	ORS 757.302(3)(f)