ORDER NO. 26-456

ENTERED Nov 19 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

AR 681

In the Matter of Rulemaking to Establish Microgrid Frameworks (HB 2065 & HB 2066 Implementation).	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED AS MODIFIED

This order memorializes our decision, made and effective at our November 19, 2026 Special Public Meeting, to adopt Staff's recommendation in this matter, as modified to additionally direct that further changes to the rule language be considered in the formal rulemaking process regarding wildfire liability, interconnection queue prioritization, and participation by potentially affected governmental entities in the community microgrids designation process. The Staff Report with the recommendation is attached as Appendix A.

Made, entered, and effective Nov 19 2026.

Letha Tawney
Chair

Les Perkins
Commissioner

Karin Power
Commissioner

ITEM NO. RM1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: November 19, 2026

RULEMAKING X CONSENT ____ EFFECTIVE DATE N/A

DATE: November 12, 2026

TO: Public Utility Commission

FROM: Peter Kernan

THROUGH: Caroline Moore, Nora Xu, and Sarah Hall **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. AR 681)
Request to Move AR 681 Microgrid and Community Microgrid Rules to Formal Rulemaking.

STAFF RECOMMENDATION:

Approve Staff's request to open a formal rulemaking and issue a notice of proposed rulemaking to adopt new Division 92, Microgrid and Community Microgrid Rules, included in Attachment 1.

DISCUSSION:

Issue

Whether the Commission should initiate a formal rulemaking to adopt microgrid and community microgrid rules to implement an initial regulatory framework as directed by House Bills (HB) 2065 and 2066 (2025).

Applicable Rule or Law

House Bill (HB) 2066 (2025) requires the Commission to establish, by March 26, 2027, a regulatory framework for allowing the ownership, deployment, and use of microgrids and community microgrids within electric-company service territories. The framework must address interconnections, safety and performance, an accessible application and approval process, compensation, cost allocation and cost recovery, avoided costs, and other statutory elements.

HB 2065 (2025) establishes requirements related to third-party interconnection studies, utility technical data, preliminary design review, timelines, and collaboration for microgrid interconnection evaluations.

ORS 756.060 authorizes the Commission to adopt and amend reasonable and proper rules and regulations relative to all statutes administered by the Commission.

Oregon Administrative Rules (OAR) 860-001-0160 and 860-001-0210 through 860-001-0260 set forth certain procedural requirements related to rulemaking.

Analysis

Background
The Commission opened Docket No. AR 681 to develop administrative rules establishing a microgrid framework under HB 2066. The rulemaking scope and process were finalized in December 2025 and allow the initial framework to be in place by the statutory deadline of March 26, 2027.[1]

Between January and June, Staff convened six workshops and fifteen meetings across four workstreams. Stakeholders responded to multiple requests for input following workstream meetings. In May, Staff published an update documenting progress and emerging policy directions.[2] In June, six stakeholders published written feedback in response. Staff organized a preliminary direction for the microgrid framework and shared it at the July 21, 2026 Public Meeting.[3]

Staff published draft Division 92 microgrid and community microgrid rules on October 2 and hosted a public workshop on October 19. Staff received comments on the draft rules from Clean Coalition, Idaho Power, PacifiCorp, Portland General Electric (PGE), ProtoGen, Inc. (ProtoGen), Robertson Energy Advisors, Reimagine Power, and joint commenters referred to as the Coalition (Cascadia Renewables; Clean Coalition; Green Energy Institute; Microgrid Resources Coalition; Oregon Solar + Storage Industries Association; PAE; ProtoGen, Inc.; Reimagine Power; Sol Coast; Sulis Energy; Sustainable Northwest; Wallowa Resources).

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1 See Docket No AR 681, Order No. 25-519, (December 18, 2025), accessed at: https://apps.puc.state.or.us/orders/2025ords/25-519.pdf.
2 See Docket No. AR 681, Staff Update and Request for Comment, accessed at: https://edocs.puc.state.or.us/edocs/HAHA/ar681haha346439048.pdf.
3 See Docket No. AR 681, Staff update on development of microgrid regulatory framework, accessed at: https://edocs.puc.state.or.us/efdocs/HAU/ar681hau347776029.pdf.

Staff made several revisions to the draft rules in response to this feedback. Key decision points and positions are well understood at this stage, and the revised rules are ready to transition to the formal rulemaking stage. This Staff report will first review the key policy proposals in the draft rules. Second, Staff will summarize notable stakeholder positions and share Staff's response to the feedback. Finally, Staff will tee up next steps including the proposed decision to transition to the formal rulemaking phase and consider supplemental implementation activities.

Overview of Draft Rules
Staff approached Division 92's rules with the goal of establishing clarity on the obligations of utilities and applicants seeking to build microgrids. The updated draft rules are found in Attachment 1 and the major policy proposals in the draft rules are summarized below.

Distinguish eligible pathways for community and non-community microgrids. The draft rules outline different pathways for microgrids based on two sets of variables. First, the rules distinguish between a Track A microgrid, which does not have utility grid infrastructure within the microgrid boundary, versus a Track B microgrid that does. For example, an islandable university campus where the utility owns the distribution wires and transformers connecting the buildings, generators, and storage assets would be categorized as Track B.

Separately, the rules distinguish between a microgrid and community microgrid, based on whether the microgrid is located within a microgrid zone as designated by a local government. A community microgrid, within a microgrid zone, could be either a Track A or Track B microgrid and is understood to be a priority use case for a resilience project in the community.

Staff made efforts to clarify the microgrid development process for both Track A and B microgrids in Division 92. Track A microgrids require minimal changes to existing processes but receive clarity in how to initiate an application with a utility and receive utility feedback on a preliminary design. Division 92 details how islanding studies must be coordinated with existing generator interconnection and how a coordinated operations agreement (COA) establishes microgrid use.

Division 92 establishes a simple process for both microgrids and community microgrids to initiate the microgrid development process. Both can be initiated in the same way, by submitting an initial microgrid application, which is a new form to be developed by utilities and approved by the Commission. In the case of a prospective community microgrid, an authorization letter meeting certain criteria from the local government can serve as the initial microgrid application. In addition, Division 92 details the process by

which local governments must apply to the PUC for approval of a microgrid zone and may request local cost recovery under ORS 757.302(3)(L).

Maintain clarity between microgrids under islanded operations and microgrids under normal operations. The draft rules distinguish between the frameworks needed to island the microgrid from the rest of the electric system under "islanded operations" and the frameworks needed for the DER(s) in a microgrid to export power to the grid under "normal operations." The new Division 92 focuses on microgrid issues related to islanded operations, such as islanding studies and operational coordination. The rules defer to existing generator interconnection procedures under Division 39 (net metering) and Division 82 (small generators) to govern interconnection of the DERs operating under normal conditions. However, the draft rules bridge the separate requirements and processes by requiring that utilities study the contemporaneously-proposed DERs in a microgrid for interconnection in a single queue position, similar to a mini-cluster study, and coordinate the islanding study with generator interconnection. Staff believes the coordination will streamline administrative processes for microgrids and prevent duplication of upgrades and costs between studies, without interfering with the efficient operation of the interconnection queue.

Establish the framework for microgrid compensation and cost recovery.
Division 92 proposes two frameworks for microgrid compensation and cost recovery. First, OAR 860-092-0060 proposes a microgrid services tariff (MST), which provides compensation for microgrids and community microgrids based on measurable services to the utility's electric system. Second, OAR 860-092-0065 establishes what a local government must demonstrate in a request for Commission approval to get local cost recovery for the costs for designing, constructing or maintaining a community microgrid.

These two rules establish the cost and compensation framework for microgrids, while leaving actual valuation to an upcoming investigation and subsequent Commission order. Staff proposes the investigation occur in the six months following rule adoption. Staff will seek a Commission order in the fourth quarter of 2027. Staff proposes that utilities file an initial microgrid services tariff 300 days after rule adoption to allow for approved microgrid services tariffs roughly a year after rule adoption.

Stakeholder Feedback
Stakeholders broadly support establishing a microgrid framework that is aligned with the structural choices Staff proposed in draft rules. Notably, material disagreements remain on the scope and timing of utility obligations and around compensation and cost recovery. Staff shares main areas of comment below.

Issue No. 1: Development process and responsibilities

1.1. Utility and applicant responsibilities

PGE argues that a local-government authorization letter could trigger substantial engineering and planning obligations before a project has sufficient definition. PGE proposes readiness criteria for project-specific work, a designated applicant representative, complete and accurate information, timely responses, and responsibility for applicant-owned equipment. PGE also seeks flexibility to use existing contractors and employees.[4] The Coalition supports the authorization-letter process because it allows communities to obtain information before committing substantial resources. The Coalition also suggests the rules distinguish the utility's technical collaboration role from a developer's independent engineering work.[5] Idaho Power requests clearer responsibilities for design, interconnection, safety, and claims.[6]

> *Staff response: Staff agrees with clearer applicant responsibilities once a project is ready to submit a final Track B interconnection application and proposes redlines to OAR 860-092-0035(2) to have the applicant designate a single point of contact and document agreement from participants. Staff notes that PGE's comments included additional recommendations for requirements, many of which Staff believes can be addressed in utility forms or standard agreements.*
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> *Staff supports additions to allow utilities to flexibly staff the program contact and technical liaison if utilities meet the obligations established in rule. The requested clarity is that each position need not be a dedicated full-time position, can be supported by employees with other assignments, and can be supported by qualified contractors retained by the utility.*

1.2. Coordinated review

PGE supports coordinated generator and islanding studies but opposes a single queue position if it allows a later resource to inherit an earlier resource's priority. It proposes retaining each generator's queue position and requests an AR 681/AR 688 crosswalk.[7] PGE also recommends limiting the $1,000 caps on the Track B application fee (OAR 860-092-0035) and the third-party study review charge (OAR 860-092-0080) to

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4 See Docket No. AR 681, *PGE's Comments on Staff's Draft Microgrid and Community Microgrid Rules*, (Oct. 22, 2026), pp. 6-10, https://edocs.puc.state.or.us/efdocs/HAC/ar681hac350150039.pdf.

5 See Docket No. AR 681, *Coalition's Joint Comments on Staff's Draft Microgrid and Community Microgrid Rules*, (Oct. 21, 2026), p.2, Attachment A, item 13, https://edocs.puc.state.or.us/efdocs/HAC/ar681hac350102112.pdf.

6 See Docket No. AR 681, *Idaho Power's Comments on Staff's Draft Microgrid and Community Microgrid Rules*, (Oct. 21, 2026), p. 2, https://edocs.puc.state.or.us/efdocs/HAC/ar681hac350104112.pdf.

7 See PGE's comments, pp. 14-15.

administrative work.[8] PacifiCorp seeks clarity on whether Division 92 intends to prioritize microgrids over other resources.[9] The Coalition supports one application and coordinated treatment of the microgrid. It seeks protection of existing interconnection and net-metering rights and clearer treatment of storage and third-party studies. PacifiCorp proposes a 10 MW microgrid cap in Division 92.[10] The Coalition argues that Division 82's 10 MW limit should apply to individual facilities rather than the aggregate microgrid.[11]

Staff response: Staff's intention with draft rules is not to establish a microgrid priority within existing interconnection queues. The design decision to have generator interconnection happen via the existing Division 39 and 82 rules was intended to preserve the efficient function of the queue processes established in those rules. To the extent that a Track B microgrid includes multiple contemporaneously-proposed generators and/or storage assets in the proposed design, the entire microgrid gets assigned a single queue position and is studied as a collective entity when its queue position comes up.

If a generator is already in the queue ahead of a Track B microgrid application, the microgrid does not assume the position of the generator ahead of it in the queue. Similarly, if a Track B microgrid is in the queue ahead of a separate generator within the microgrid boundary, the latter resource does not jump the queue to join the microgrid application. A resource seeking interconnection to an existing Track B microgrid may require an additional islanding study. Staff agrees that applicable microgrid resources should remain eligible for existing net metering rights.

At this juncture, Staff does not support limiting the $1,000 caps on utility charges for the Track B application fee or review of third-party islanding studies. Staff prefers initial projects to inform future consideration of caps and fee structures.

With respect to the question of a 10 MW cap, the revised rules specify that each individual generator or storage asset within a microgrid is individually subject to any applicable resource sizing caps, even though the microgrid is studied as a collective. Staff thinks this adds clarity to the interpretation of how resources are considered. However, Staff notes that it could result in the collective resources within the microgrid exceeding a nameplate rating of 10 MW. Stakeholders

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8 See PGE's comments, pp. 17-18.
9 See Docket No. AR 681, *PacifiCorp's Comments on Staff's Draft Microgrid and Community Microgrid Rules*, (Oct. 21, 2026), pp. 4-6, https://edocs.puc.state.or.us/efdocs/HAC/ar681hac350103112.pdf.
10 See PacifiCorp's comments, pp. 6-7.
11 See the Coalition's comments, pp. 4-5.

present differing opinions on this, with the Coalition advocating flexibility to allow microgrids larger than 10 MW and PacifiCorp explicitly requesting a 10 MW cap within Division 92. Staff notes that these rules were intended to focus on simpler microgrids, while also creating rules built to adapt to more complex microgrids in the future. Staff did not include a hard cap in the draft rules, but notes that practical limits may exist. For example, developing more than 10 MW of generation in proximity to enough load to justify a >10 MW microgrid may not be feasible from a land and local hosting capacity basis, particularly with PacifiCorp's current hosting capacity. If the Commission prefers to consider a hard cap in the formal rulemaking, Staff recommends that the Commission direct Staff to modify the scope of the draft rules before issuing the NOPR.

1.3. Operations agreements

PGE argues that operating agreements require more time to resolve liability, insurance, cybersecurity, and operational terms. It proposes baseline liability and insurance requirements for both tracks.[12] Idaho Power identifies unresolved liability and responsibility questions.[13] The Coalition and Clean Coalition request standing authorization to island within agreed operating conditions, rather than discretionary approval for each event. They support continued utility control of utility-owned infrastructure.[14] PGE also requests clarification of emissions information, reporting, and compliance responsibilities.[15]

Staff response: Staff's primary position is that utilities may propose reasonable liability, insurance, indemnification, and compensation terms in each Company's standard Track B microgrid coordinated operations agreement, which requires Commission approval. However, based on recommendations, Staff finds it important to establish certain guardrails for utility requirements in the COA, as proposed in additions to OAR 860-092-0070(3)(d). Generally, these proposed changes ensure insurance requirements are commensurate with the microgrid configuration and operational risks and consider applicable laws such as those related to generator interconnection.

With respect to emissions, Staff believes that existing rules provide an adequate framework for emitting generators as part of a microgrid and does not recommend that these initial rules adopt new direction. As an example, fossil-

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12 See PGE's comments, pp.12, 19-21.
13 See Idaho Power's comments, p. 2.
14 See Coalition's comments, p. 2 and Attachment A item 15.
See Docket No. AR 681, *Clean Coalition's Comments on Staff's Draft Microgrid and Community Microgrid Rules*, p. 3, https://edocs.puc.state.or.us/efdocs/HAC/ar681hac350105112.pdf.
15 See PGE's comments, pp. 21-22.

fueled generators that participate in PGE's Distributed Standby Generation program in Schedule 200 are covered by Oregon Department of Environmental Quality rules for emergency and non-emergency engines.[16] These rules allow for unlimited use during emergencies and limit use for non-emergencies to 100 hours per year. Staff does not believe that the microgrid frameworks proposed in Division 92 enable new types of generators. These rules leverage existing frameworks for individual generators exporting power to the utilities' systems under normal operations. Should the Commission identify the need for a more explicit discussion of which resource types should be eligible or encouraged in microgrid designs, Staff recommends that the Commission direct Staff to ensure limits on resource type are in scope when issuing the NOPR.

1.4. Preliminary design review

ORS 757.304(7) requires that within 30 days utilities provide a no-cost review to preliminary microgrid designs submitted by applicants. PGE proposes limiting the scope of utility requirements including capping cumulative utility labor hours at eight hours. PGE also seeks to be explicit that the review does not require the utility to include a feasibility study, validate the design, develop alternative configurations, or review revised designs.

Staff response: Staff recognizes PGE's interest in defining the scope of preliminary design review and managing workload, costs, and expectations. Staff does not recommend adopting a fixed eight-hour limit at this time because the record does not establish that this limit would accommodate the range of anticipated designs while allowing utilities to provide the feedback required by ORS 757.304(7). Staff agrees that preliminary design review does not require the utility to perform a feasibility study or develop alternative configurations. Staff prefers to allow initial projects to test how long preliminary design review takes and consider clarifications and boundaries in a future phase.

Issue No. 2: Implementation timing and administrative burden

2.1. Implementation milestones

PGE requests at least 12 months to develop and file foundational documents, interim forms, and later development of compensation, design services, and expanded data requirements.[17] PacifiCorp requests 180 days instead of 120 days for required documents and tariffs.[18] Idaho Power would defer standard documents and the design

[16] See Oregon Department of Environmental Quality, *Emergency and Non-Emergency Engines* (Air Quality Program guidance), available at: https://www.oregon.gov/deq/aq/Documents/aqpEngines.pdf.
[17] See PGE's comments, pp. 15-17.
[18] See PacifiCorp's comments, p. 5.

tariff until project experience provides greater certainty.[19] The Coalition and Clean Coalition seek concrete implementation milestones.[20] Reimagine Power requests stakeholder participation and a firm date for tariff availability.[21]

Staff response: Staff acknowledges the volume of implementation work that Division 92 directs to utilities and seeks to balance competing requests for speed and additional time. Staff includes Table 1 below, which details proposed timing for the key utility requirements. For certain requirements, Staff proposes a 30-day deadline from rule adoption. This list includes administrative forms and more minor requirements such as designating and publishing contact information for the program contact and technical liaison, as well as establishing the public facing microgrid website. Staff includes utility distribution equipment data on this list since such data is already required of utilities via Commission order.

For more substantive filings requiring new utility work and Commission approval, Staff proposes more customized deadlines depending upon the magnitude or complexity of the work. Staff proposes a 60-day timeline for the initial microgrid request form, which is a form that a microgrid or community microgrid could complete to initiate the planning process with the utility. A standard non-disclosure agreement and Final Track B application form would be requested within 120 days. A group of four substantive filings are requested within 180 days. The microgrid services tariff (MST) is requested within 300 days which allows time for utility and Commission workshops to discuss elements of implementation. Finally, Staff recommends a two-year timeline for two elements, the microgrid design tariff and utilities' publication of third-party study guidance and acceptance criteria.

For the microgrid design tariff, Staff notes that this tariff is intended as an optional pathway for local governments to work with the utility to design a microgrid instead of hiring a third party. Utilities recommend deferring this work and since local governments retain the option to hire third parties in the interim, Staff is comfortable delaying this piece of implementation.

For third-party study guidance, ORS 757.304 gives microgrid applicants the right to contract with a third party to conduct a utility-required study whether utilities provide guidance or not. In the absence of published guidance, utilities and third

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19 See Idaho Power's comments, pp. 1-2.
20 See the Coalition's comments, pp. 1-5; Clean Coalition's comments, pp. 2-3.
21 See Docket No. AR 681, *Reimagine Power's Comments on Staff's Draft Microgrid and Community Microgrid Rules,* (Oct. 21, 2026), p. 3, https://edocs.puc.state.or.us/efdocs/HAC/ar681hac350115029.pdf.

parties would have to work collaboratively on the scope and timing of a study. To the extent that lack of guidance would drive applicants to hiring the utility for initial microgrid studies such as islanding studies, the two year horizon provides utilities time to develop the experience to communicate adequate guidance to third parties.

Staff plans to bring the proposed timelines to the Commission to adopt at the same public meeting where the Commission makes its final decisions in the formal rulemaking. Staff may adjust the timeline proposal recommendation in response to progress made in the formal rulemaking.

Table 1: Proposed utility filing or publication requirements timing

Proposed filing timing	Utility filing or publication required	Rules
Within 30 days	Program contact and technical liaison	0015(1)-(3), 0025(2); ORS 757.304(6)(d)
	Public microgrid website	0015(4), 0075, 0080(1)
	Local government authorization letter template	0015(4)(b); 0025(3)
	Public distribution screening dataset	0075(1)
	Third-party study notice-of-intent form	0080(1), (2)(b)
	Technical data request forms	0015(4)(b); 0075(2), (3)
60 days	Initial microgrid interconnection request form	0070(1); 0025(1)
120 days	Standard nondisclosure agreements	0070(2)(a);0075(4)
	Final Track B application form	0070(2)(b);0035(2)-(4)
180 days	Standard Track B islanding study agreement	0070(3)(a); 0045(1)
	Microgrid requirements handbook	0070(3)(b)
	Generator interconnection handbook revision	0070(3)(c); 860-082-0030
	Standard coordinated operations agreement (COA)	0070(3)(d); 0015(12); 0050
300 days	Microgrid services tariff (MST)	0015(11); 0060
Two years	Microgrid design services tariff	0070(4); 0030(3)
	Third-party study guidance and acceptance criteria	0080(1)(a)-(d); 0070(3)(c)

2.2. Schedule flexibility

PGE proposes mutual extensions and tolling[22] when necessary information or third-party action is outstanding. Its proposed language preserves statutory deadlines, requires written notice, and excludes ordinary workload as a sufficient reason for tolling. It also favors greater reliance on project-specific schedules.[23] The Coalition requests a one-time extension of up to 30 business days for certain applicant actions requiring local-government approval, plus target decision times for zone designation applications.[24]

Staff response: With proposed redlines, Staff generally erred toward providing additional time to complete new processes. For example, Staff proposed adopting a PGE recommendation to allow 30 business days for a utility to provide a draft microgrid coordinated operations agreement after a Track B microgrid interconnection application is approved. The previously proposed timing was five days.

For microgrid islanding studies, Staff proposes to adopt PGE recommendations to allow fifteen business days, instead of five, to hold a scoping meeting or provide a written scoping notice once a microgrid interconnection application is complete. The utility would then have another 15 business days after the scoping meeting to provide the applicant with an executable microgrid islanding study agreement. In general, this recommendation was adopted to allow flexibility for utilities to figure out what studies are needed within the broader category of islanding studies based on the complexity of the Track B microgrid in question.

Additionally, Staff recommends provisions throughout the rules that allow the utility and microgrid applicant to mutually agree to reasonable timeline extensions. Staff's goal is to provide the flexibility sought by utility requests for tolling and for the Coalition's request for flexibility for applications requiring local government approval.

2.3. Reporting and data

PGE proposes annual reporting with explanations of study revisions, rejections, and implementation lessons. PacifiCorp seeks either elimination of reporting or annual reporting instead of quarterly reports. Idaho Power requests clear commencement and

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22 PGE describes automatic tolling as a utility's ability to pause a deadline based on a triggering condition, without requiring separate request or approval. The clock resumes when the triggering condition is resolved.

23 See PGE's comments, pp. 9-10.

24 See Coalition's comments, Attachment A, items 12, 16.

filing dates.[25] The Coalition requests reporting by project stage.[26] Clean Coalition seeks geographically referenced, downloadable public grid data using existing platforms.[27] PacifiCorp emphasizes protection of project-specific confidential information. PGE would defer expanded data systems.

Staff response: Staff agrees to modify reporting requirements to annual instead of quarterly and recommends adding a May 30 filing date to align with Division 82's interconnection report. Staff adds specificity that annual reports include information on project status by stages and explanations of delays and study outcomes. Staff also requests an ongoing list of microgrids seeking interconnection. This means that utilities should track projects using a unique identifier by stage in an ongoing manner.

Staff also clarifies in response to PacifiCorp's comments that draft OAR 860-092-0015(4) calls for public posting of standard forms and procedures, not public posting of every project's application.

Staff's goal with technical data access is to establish in rule existing requirements from various Commission orders. Staff appreciates stakeholder comments that clarify that utilities may satisfy the criteria with existing maps and datasets, so long as they meet the requirements of OAR 860-092-0075(1). As a result, Staff recommends maintaining rules on data access despite utility recommendations to delay this component.

Issue No. 3: Compensation, cost allocation, and resilience value

3.1. Resilience valuation and Microgrid Services Tariff (MST)

PGE supports payment for measurable, verifiable, nonduplicative services but would defer resilience valuation until a methodology is developed. It emphasizes that customer outage benefits do not automatically constitute utility avoided costs.[28] Idaho Power supports compensation for utility-system benefits based on actual avoided costs.[29] PacifiCorp would remove explicit locational-service language, defer broader valuation issues, and leave community resilience compensation to arrangements between communities and microgrid providers.[30] The Coalition seeks separate recognition of PSPS lost-load value, distribution deferral, and other services beyond conventional

[25] See comments from PGE, p. 11; PacifiCorp, p. 2; Idaho Power, p. 2.
[26] See the Coalition's comments, Attachment A, item 8.
[27] See the Clean Coalition's comments, p. 3.
[28] See PGE's comments, pp. 13-14.
[29] See Idaho Power's comments, p. 2.
[30] See PacifiCorp's comments, pp. 4-6.

energy compensation.[31] Clean Coalition distinguishes utility-system, shared-community, and private resilience benefits.[32] Reimagine Power proposes a detailed menu of services including locational benefits, readiness payments, and PSPS-related compensation.[33] Robertson requests evidence of hazard preparedness, critical-load service duration, sustaining energy supply, post-event storage availability, and restart capability.[34] PacifiCorp identifies limitations in existing meters' ability to distinguish islanded from normal operation and recommends the MST specify that customers within the microgrid pay retail rates when in islanded mode.[35]

Staff response: Staff appreciates stakeholder comments and notes that comments fell across a broad spectrum. Resilience is an essential piece of understanding microgrid value, and Staff recommends retaining the rule language to reference a Commission methodology that considers resilience and the value of lost load. At this juncture, there needs to be additional investigation to determine how to calculate those benefits and consider what degree of benefits deserves compensation. Staff proposes an investigation in 2027 to inform a Commission-approved methodology in advance of the required utility filing.

As an alternative, PGE proposes that rules state that the Commission will consider incorporating additional resilience value after the Commission adopts a valuation methodology in a separate proceeding. Staff thinks this could be a viable alternative but comes with two considerations. First, Staff agrees with stakeholders that establishing how and at what magnitude microgrids are compensated is essential and timely for the development of microgrids. For this reason, Staff does not support PGE's separate, but overarching proposal to defer further valuation work until a third implementation phase that launches after microgrid projects have been built. Second, exclusion of the Commission's intent to adopt a methodology that considers resilience and the value of lost load in this initial framework, would require a future rulemaking to add back in this provision. For this reason, Staff prefers retaining the framework guidance that rates must include a Commission approved methodology that considers resilience and the value of lost load. Staff's goal with the timeline proposed in Table 1, is approved microgrid services tariffs within a year.

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31 See the Coalition's comments, pp. 3-4.
32 See Clean Coalition's comments, pp. 1-2.
33 See Reimagine Power's comments, pp. 2-3, 6-8.
34 See Docket No. AR 681, *Robertson Energy Advisor's Comments on Staff's Draft Microgrid and Community Microgrid Rules*, (Oct. 23, 2026), pp. 1-2, https://edocs.puc.state.or.us/efdocs/HAC/ar681hac350159038.pdf.
35 See PacifiCorp's comments, pp. 2-3, 6.

Staff interprets broad agreement that net metering or PURPA provide the base compensation for microgrids. The MST's goal is to determine how microgrids provide incremental value beyond those existing compensation mechanisms. One example is a tariff that invites microgrids to provide additional grid services and provide commensurate compensation. A facility microgrid may get its primary compensation from net-metering, but could also provide dispatchable capacity and frequency response. The full list of compensable services will also be a component of the investigation into resilience valuation.

Finally, Staff is intrigued by PacifiCorp's recommendation that customers continue to pay retail rates while the microgrid operates in islanded mode and proposes the feasibility and benefits of this concept is a topic of exploration in the microgrid services tariff investigation.

3.2. Local cost recovery

PacifiCorp argues that the detailed provisions blur local-government and utility roles and could allow local governments to initiate utility rate-design proceedings. It recommends withdrawing or narrowing them.[36] PGE supports the local cost recovery framework and seeks recognition of reasonable utility development-support costs not otherwise paid.[37] Clean Coalition supports allocating shared benefits to appropriate beneficiaries, accounting for other revenues, and accommodating customer contributions.[38] The Coalition seeks eligibility for redundant infrastructure and community resilience facilities.[39]

Staff response: Staff agrees with PacifiCorp that a local government's request for recovery of community microgrid development costs serves a distinct purpose from a utility rate proceeding. However, ORS 757.302(3)(L) requires the Commission to establish a standard for reasonable shared costs that allows community microgrid owners or operators to recover eligible costs. The proposed rules establish that standard and supporting filing requirements. Staff expects initial community requests for local cost recovery and associated utility tariff filings to address the specific costs, proposed allocation, and resulting customer charges. The community microgrid application must provide sufficient detail for the Commission to determine whether the proposed recovery is reasonable. Proposed OAR 860-092-0015(7)(e) requires utilities to provide analysis and data necessary for the design of any local cost recovery proposal and OAR 860-092-0065(2)(a) provides for Commission consideration of incremental utility

[36] See PacifiCorp's comments, pp. 3-4.
[37] See PGE's comments, p. 14.
[38] See Clean Coalition's comments, pp. 1-2.
[39] See the Coalition's comments, p. 3, Attachment A, item 20.

coordination costs. Staff therefore recommends retaining the local cost recovery filing requirements.

Staff agrees with PGE's principle that incremental costs incurred by the utility that are directly attributable to a specific microgrid project, should get allocated to that project. However, Staff also wants to ensure that utilities are not assigning undue costs and recommends that utilities be expected to detail any expenses not already covered by existing fees.

Major Issues Going into Formal Rulemaking
In this section, Staff highlights key questions for the Commission for its ability to direct course in the formal rulemaking phase.

1. Timelines

In Table 1, Staff proposes revised timelines based on stakeholder feedback to comments, and removed timeline references from the rules. Staff will seek timeline adoption via Commission order with the final rules in March 2027. Staff erred on the side of providing additional time for issues requiring substantive utility work. However, Staff also accelerated some timelines for simpler tasks. The Commission can redirect any of the timelines from Table 1.

2. Resilience value

The main Commission question around resilience value is whether to keep the microgrid services tariff's inclusion that, "rates must use a Commission-approved methodology to consider resilience value and incorporate the value of lost load, including during a public safety power shutoff." Keeping the language sets Staff and stakeholders on a course to investigate and propose a methodology for resilience value on a 300 day timeline. Removing the language would defer implementation of resilience value to a later date, as was recommended by utilities.

3. Microgrid services tariff

There are two main questions for the microgrid services tariff. First, is 300 days sufficient for stakeholders and utilities to develop a methodology and scope for initial utility filings? Second, are the rules prescriptive enough about what values must be included in the tariff? Staff supports the 300 day filing timeline to give enough time to investigate the tariff, but with a finite deadline to ensure implementation proceeds. Staff supports references to grid services, locational value, and deferred investment, but does not recommend adoption of certain stakeholder recommendations to be even more expansive about items that must be included in the value stack.

4. Microgrid design tariff

Staff prioritized other utility deliverables over the development of microgrid design tariffs for communities that wish to have the utility design and implement their microgrid project. Some stakeholders support greater prioritization, such as 180 days, and other stakeholders suggest removing the concept from this round of policy decisions due to other priorities. Staff included the proposal for a microgrid design tariff in draft rules to create a pathway for a local government to work directly with the utility in microgrid design. It is an optional pathway for communities and thus is not a requirement of this initial microgrid regulatory framework, if the Commission wants to direct Staff to remove it from the NOPR.

5. Project size

Staff has not proposed a rule that directly caps microgrid size. However, the draft rules clarify that existing rules associated with generator size in Division 39 and Division 82 will apply individually to each generator in a microgrid. Staff thinks large configurations are likely to be rare and prefers a wait-and-see approach to what projects get proposed by communities. If the Commission prefers to consider a cap in the formal rulemaking, it can direct Staff to ensure that is in scope when submitting the NOPR.

6. Coordinated interconnection

Staff endeavors to be responsive to utility concerns about coordinating interconnection studies with new microgrid study requirements for Track B. Specifically, Staff clarifies that a proposed microgrid with multiple contemporaneously proposed generators should be assigned a single queue position in interconnection and be coordinated in a single queue position akin to a mini-cluster study. Utility comments seemed to generally support such treatment as long as there were protections about microgrids not jumping the queue. Staff proposed such language in the redline. For community microgrids, the Commission may consider whether there should be queue prioritization due to the planning importance of these resources to individual communities around the state.

7. Third-party islanding studies

HB 2065 gives the right to microgrid applicants to retain third-party consultants to conduct islanding studies. The rulemaking question is whether to require utilities to publish third-party islanding study guidance on an expedited basis. Utilities highlighted that they need time to figure out their own study methods and process before they can provide standard guidance to third parties. Staff proposes the rules allow two years for utilities to provide this guidance. The Commission could request utilities complete this work sooner, on a similar timeline to other study timelines. Alternatively, the Commission could waive any timing requirement and allow utilities and microgrid applicants to negotiate individual islanding studies.

8. Retail billing during islanded operation

PacifiCorp raised the issue that existing meters will not be able to detect the difference between electricity consumption when a load is in grid-connected versus islanded mode. As a result, PacifiCorp recommends the rules be explicit so that customers are expected to continue paying retail rates when in islanded mode. In workshops, advocates have identified that utilities are likely to earn more revenue with microgrid adoption due to fewer outages. Staff notes this potential alignment of stakeholder positions but has questions about whether the retail billing during islanding guidance is the correct approach. Staff did not propose new language in draft rules but highlights the option for Commission consideration.

9. Utility implementation costs

PGE requested the rules specify a utility may request recovery for reasonable costs, including through a deferral. Staff agrees that guidance on recovery is an important addition and proposes a new rule, OAR 860-092-0085, to provide guidance on recovery through rates, but not a deferral. "Reasonable start-up costs incurred during the development or modification of the microgrid framework are recoverable in electric company rates. These costs must be reviewed and approved by Commission order."

10. Liability and insurance

The draft rules do not include detailed liability protections for microgrid equipment and operations, and Staff would need Commission direction to adjust the scope before filing the NOPR to do so. Staff agrees liability protections are important, but proposals were too broadly applicable and prescriptive. For example, Track A microgrids are already successfully developed in Oregon today without these additional requirements. Staff views additional requirements as most important to Track B microgrids and believes that this discussion will be best had when utilities file standard coordinated operations agreements within 180 days of rule adoption.

Next Steps

On Friday, November 20, 2026, the PUC plans to issue a notice of proposed rulemaking (NOPR) to the Oregon Secretary of State, subject to revisions as directed by the Commission at the Special Public Meeting on Thursday, November 19. The NOPR will detail a timeline for formal comments and a hearing process. Subsequently, the PUC's Administrative Hearings Division will present final recommendations to the Commission in time to allow adoption of initial Division 92 rules by the statutory deadline of March 26, 2027. Staff will also plan to present its timelines for utility actions and deliverables at this public meeting. Following rule adoption, Staff, stakeholders, and utilities will proceed with implementation activities as directed by the rules and Commission order.

Conclusion

Staff finds that the revised draft rules included in the notice or proposed rulemaking are ready for Commission approval to transition to formal rulemaking. The current redline of Division 92 rules is informed by workstream investigations and reflects substantial stakeholder development and input via comments and workshops. Staff believes that the rules will help establish initial pathways for projects around the state to initiate microgrid planning with utility partners. As noted in comments, outstanding issues remain and Staff presents those as items for further Commission consideration in the formal rulemaking.

PROPOSED COMMISSION MOTION:

Approve Staff's request to open a formal rulemaking and issue a notice of proposed rulemaking to adopt new Division 92 Microgrid and Community Microgrid Rules. The proposed draft rules are included in Attachment 1.

RM1 – AR 681

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Adopt:

Division 092
Microgrids and Community Microgrids

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860-092-0005 Applicability, Purpose, and Waiver

(1) OAR 860-092-0005 through OAR 860-092-0080 establish rules governing microgrids and community microgrids under ORS 757.302, ORS 757.304, and ORS 197.729.

(2) Upon request or its own motion, the Commission may waive any of the rules in this Division for good cause shown, except where a requirement is also imposed by statute. A request for waiver must be made in writing, unless otherwise allowed by the Commission.

(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.

860-092-0010 Definitions

As used in this Division, except when the context requires otherwise:

(1) "Applicant" means a person who has submitted a Track A or Track B microgrid interconnection request to a public utility.

(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.

(3) "Community microgrid" has the meaning given that term in ORS 757.302(1)(b). A community microgrid can be a Track A or Track B microgrid.

(4) "Distribution system" means the portion of an electric system that delivers electricity from transformation points on the transmission system to points of connection on a customer's premises.

(5) "Electric company" has the meaning given that term in ORS 757.600.

(6) "Energy storage system" means a mechanical, electrical, or electrochemical means to store and release electrical energy, and its associated interconnection and control equipment. For the purposes of these rules, an energy storage system can be considered part of a microgrid that operates in parallel with the distribution system.

(7) "Front-of-meter" means the utility side of a transmission or distribution system in reference to a customer's meter.

(8) "IEEE 1547" means the standards published in the 2018 edition of the Institute of Electrical and Electronics Engineers (IEEE) Standard 1547, titled "IEEE Standard for Interconnection and Interoperability of Distributed Energy Resources with Associated Electric Power Systems Interfaces" and approved by the IEEE SA Standards Board on February 15, 2018.

(9) "IEEE 2030.7" means the 2017 edition of the Institute of Electrical and Electronics Engineers (IEEE) Standard 2030.7, titled "IEEE Standard for the Specification of Microgrid Controllers," and approved by the IEEE SA Standards Board on December 7, 2017.

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(10) "IEEE 2030.8" means the 2018 edition of the Institute of Electrical and Electronics Engineers (IEEE) Standard 2030.8, titled "IEEE Standard for the Testing of Microgrid Controllers," and approved by the IEEE SA Standards Board on June 14, 2018.

(11) "Local government" has the meaning given that term in ORS 197.015.

(12) "Microgrid" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that functions as a single controllable system, irrespective of whether the microgrid is operating independently of or in conjunction with an electric grid.

(13) "Microgrid controller" or "microgrid control system" means the hardware and software that coordinate a microgrid's distributed energy resources, energy storage systems, controllable loads, and intertie equipment so that the microgrid operates as a single controllable system. The microgrid control system performs dispatch and transition functions, including coordination of grid-connected operation, islanding, and reconnection.

(14) "Microgrid coordinated operations agreement" or "COA" means an agreement among a public utility, a microgrid operator, and other necessary parties that establishes their respective responsibilities, operating authority, and requirements for coordinated operation of a microgrid, including grid-connected operation, transitions to and from islanded operation, and islanded operation.

(15) "Microgrid interconnection customer" means a person with one or more microgrids interconnected to a public utility's transmission or distribution system.

(16) "Microgrid interconnection request" means a single application for authority to interconnect and operate a microgrid or community microgrid in coordination with the interconnecting public utility.

(17) "Microgrid operator" means an entity that is identified as having responsibility for overseeing the coordination of a microgrid's interconnected loads and distributed energy resources and representing the interests of the microgrid participants in interactions with an electric company.

(18) "Microgrid participant" means a person whose load or distributed energy resource is included within a microgrid under an agreement authorizing that participation.

(19) "Microgrid services tariff" means a generally available Commission-approved tariff that establishes eligibility, performance requirements, measurement, verification, and compensation for services provided by a microgrid to the public utility or electric system.

(20) "Microgrid zone" means a geographical area that a local government designates as a microgrid zone by resolution, or that multiple local governments designate by intergovernmental agreement, under ORS 197.729, subject to Commission approval.

(21) "Person" includes individuals, joint ventures, partnerships, corporations and associations or their officers, employees, agents, lessees, assignees, trustees or receivers, as supplemented to include governmental entities.

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(22) "Point of common coupling" means the point of connection between the public utility's distribution system and the electrical system of a small generator facility or microgrid, as defined in IEEE 1547.

(23) "Point of distributed energy resources connection," "point of DER connection," or "PoC" means the point within a microgrid at which an individual distributed energy resource is electrically connected and at which the resource, exclusive of any load in the applicable portion of the facility or microgrid, meets the requirements of IEEE 1547.

(24) "Point of interconnection" or "POI" means the electrical point where a microgrid connects to, or disconnects from, a public utility's distribution system. This term has the meaning as defined in IEEE 2030.7.

(25) "Public utility" has the meaning set forth in ORS 757.005 and is limited to a public utility that is an electric company.

(26) "Reference point of applicability" (RPA) means a location proximate to the microgrid where the interconnection and interoperability performance requirements, as specified by IEEE 1547, apply.

(27) "Small generator facility" has the meaning given that term in OAR 860-082-0015.

(28) "System upgrade" means an addition or modification to a public utility's transmission or distribution system or to an affected system that is required to accommodate the interconnection of a microgrid.

(29) "Track A microgrid" means a microgrid that does not include any utility distribution infrastructure within the islanded electrical boundary.

(30) "Track B microgrid" means a microgrid that includes utility distribution infrastructure within the islanded electrical boundary.

(31) "Transmission system" means a public utility's high voltage facilities and equipment used to transport bulk power or to provide transmission service under the public utility's open access transmission tariff.

(32) "Utility distribution infrastructure" means conductors, transformers, switches, protective equipment, communications, meters, and other facilities owned or operated by a public utility and used to provide distribution service.

(33) "Written notice" means a required notice sent via electronic mail or First Class United States mail to the electronic mail or physical address provided by the recipient for that purpose.

860-092-0015 Obligations of Public Utilities

(1) Each public utility must designate an employee or office as a program contact for the community microgrid zone designation and microgrid-specific interconnection processes. The public utility must post contact information for the employee or office on a publicly-accessible website.

(2) Each public utility must designate an employee or office as a technical liaison for the

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community microgrid zone designation and microgrid-specific interconnection processes. The public utility must post contact information for the microgrid technical liaison on a publicly-accessible website. The responsibilities of the technical liaison include those set out in ORS 757.304(6)(d).

(3) The program contact and technical liaison roles may be held by the same employee or office and may be supported by qualified contractors retained by the public utility. These rules do not require dedicated full-time positions.

(4) Each public utility must post on a publicly accessible website relevant information about the microgrid zone designation and microgrid interconnection processes, including:

(a) A plain-language description of Track A and B pathways, with links to applicable statutes and rules;

(b) Current application, data request, authorization letter, study, and agreement forms developed by the utility and approved by the Commission pursuant to OAR 860-092-0070;

(c) Applicable fees, deposits, target timelines, and escalation options;

(d) The public utility's Commission-approved microgrid requirements handbook and interconnection requirements handbook; and

(e) Available microgrid, DER, storage, demand response, and resilience tariffs and programs.

(5) Each public utility must process the interconnection of Track A microgrids, including Track A community microgrids, under division 39 or division 82 of these rules, subject to any additional or different policies that apply to Track A microgrids as set out in this division.

(6) Each public utility must process the interconnection of generating resources within an existing or proposed microgrid under division 39 or division 82 of these rules, subject to the study coordination requirements for the interconnection of generating resources within an existing or proposed microgrid set out in OAR 860-092-0040.

(7) Each public utility must cooperate with a local government, or with two or more local governments acting together, in the development of an application for microgrid zone designation, including:

(a) Timely planning and engineering coordination;

(b) Development of microgrid operating arrangements;

(c) Discussion of required operating criteria;

(d) Discussion of public safety power shutoff and emergency operating scenarios; and

(e) Providing analysis and data necessary for the design of any local cost recovery proposal.

(8) Each public utility must use IEEE 2030.7 to evaluate the microgrid controller functions applicable to a Track B microgrid's proposed operating modes, unless otherwise specified in these rules or unless the Commission grants a waiver to use different or additional standards.

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(9) Each public utility must retain exclusive operational control of its own utility distribution infrastructure. The exchange of operational signals with a microgrid controller does not transfer ownership or operating authority.

(10) Each public utility must ensure that each microgrid in its service territory includes metering sufficient to administer applicable retail rates, compensation, cost allocation, and measurement and verification requirements.

(11) Each public utility must file with the Commission a microgrid services tariff consistent with OAR 860-092-0060.

(12) Each public utility must file with the Commission a form of microgrid coordinated operations agreement for approval consistent with OAR 860-092-0070.

(13) Each public utility must file with the Commission an annual microgrid report by May 30 of each year, including:

(a) List of microgrids seeking interconnection with project details, including:

(A) A unique identifier for each microgrid;

(B) Microgrid location;

(C) List of microgrid generation and storage resources;

(D) Size in kW of each microgrid generation and storage resource;

(E) Status of microgrid generator interconnection;

(F) Status of islanding study;

(G) Status of coordinated operations agreement; and

(H) Status of necessary upgrades;

(b) Number of local governments liaising with the public utility to develop microgrid zone applications; and

(c) Number of third-party studies submitted pursuant to OAR 860-092-0080, and for any study that required revision or was rejected, a summary of reasons.

(14) Nothing in these rules restricts a public utility from owning or operating a microgrid or community microgrid.

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860-092-0020 Obligations of Microgrid Owners and Operators

(1) The owner of a Track B microgrid must:

(a) Ensure that the microgrid uses a controller capable of performing the core functions of IEEE 2030.7 applicable to its approved operating modes and be able to demonstrate conformance per IEEE 2030.8 or another Commission approved method as set forth in the coordinated operations agreement.

(b) Ensure that the microgrid and its component parts under the microgrid owner's control comply with applicable Commission rules, approved interconnection and coordinated

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operation agreements, IEEE 2030.7, and applicable federal, state, and local safety requirements.

(2) The operator of a Track B microgrid must use the microgrid controller to coordinate the microgrid's loads and distributed energy resources and support the communications, protection, grid-connected operation, islanding, resynchronization, and restoration functions required by the approved coordinated operations agreement. The microgrid operator may delegate responsibility for operating the microgrid controller to the public utility or a third party through the coordinated operations agreement, without transferring authority over utility distribution infrastructure.

(3) The operator of a Track B microgrid may operate or direct the operation only of equipment for which it has authority under the coordinated operations agreement. The exchange of operational signals with utility distribution infrastructure does not transfer ownership or operating authority.

(4) Subject to ORS 757.300, the Public Utility Regulatory Policies Act of 1978, and the public utility's technical feasibility and system reliability requirements, a microgrid 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.

860-092-0025 Initiation of Microgrid and Community Microgrid Development

(1) The microgrid development process is initiated by the submission to the public utility of a microgrid interconnection request under OAR 860-092-0035.

(a) A person may submit an initial microgrid application form to the public utility. The completed initial microgrid application form is deemed a microgrid interconnection request for the purpose of ORS 757.304(6) and ORS 757.304(7).

(b) For one or more local governments considering a microgrid zone, an authorization letter that meets the requirements of this rule may function as an initial microgrid interconnection request.

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(c) If the applicant elects to proceed with microgrid development, it must submit a full interconnection request under OAR 860-092-0035.

(2) Upon request of one or more local governments considering designation of a microgrid zone or a person acting on behalf of such a local government or group of local governments, the public utility microgrid technical liaison must be available to discuss the community microgrid designation and interconnection processes and data relevant to the local government's decision that the utility can share without requiring a non-disclosure agreement.

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(3) One or more local governments may initiate the microgrid zone designation process by issuing a microgrid zone authorization letter to the public utility that operates the affected distribution system.

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(a) The authorization letter must be signed on behalf of each participating local government

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but does not constitute a binding decision to proceed with microgrid zone designation.

(b) The authorization letter must identify the community and identify and authorize any representatives acting on the community's behalf.

(c) The authorization letter must identify the community's resilience needs and known critical loads and include a preliminary microgrid zone boundary under consideration. It may identify existing resources, a preliminary concept, possible funding sources, and whether utility design services or third-party assistance are requested. A completed design or committed financing is not required to initiate planning assistance.

(d) The local government must file a copy of the signed authorization letter with the Commission at the time the authorization letter is issued to the interconnecting public utility.

860-092-0030 Microgrid Preliminary Design Review

(1) If a third-party consultant who is conducting a study or evaluation for microgrid interconnection under ORS 757.304(2)(b) submits to a public utility a preliminary design for review by the public utility without charge pursuant to ORS 757.304(7), the preliminary design must:

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(a) Indicate whether the proposal is for a Track A or Track B microgrid;

(b) Indicate the proposed scope of the microgrid, including the electrical island boundaries, point of interconnection, reference point of applicability, and point or points of common coupling;

(c) Identify proposed loads and resources; and

(d) Indicate proposed microgrid operating modes.

(2) A public utility must provide written feedback on the preliminary design that identifies potential compliance issues or modifications to the design that are needed consistent with the requirements of, and within the time required by, ORS 757.304(7), including identifying any known concerns regarding the proposed reference point of applicability.

(3) The public utility microgrid design services offered under OAR 860-092-0070 are separate from this review, but are intended to be available to a community microgrid applicant seeking microgrid design support through the utility prior to a final interconnection request.

860-092-0035 Microgrid Interconnection Requests

(1) A person proposing to develop a Track A microgrid must submit any interconnection application required under division 82 or division 39, as applicable to the proposed microgrid design and operation.

(a) A Track A microgrid is not subject to a microgrid islanding study or coordinated operations agreement unless indicated by the public utility.

(2) A person proposing islanded operations of a new Track B microgrid interconnected to a public utility's transmission or distribution system must submit a microgrid interconnection

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application to the public utility using the Track B microgrid interconnection application form developed by the public utility and approved by the Commission. The Track B microgrid interconnection application form must request and the applicant must provide:

(a) A single authorized representative responsible for coordinating participant input, submitting project information, and communicating project decisions to the public utility;

(b) A description of the proposed microgrid and identifying all existing and proposed resources and their interconnection status;

(c) For each microgrid participant, the point of common coupling, customer class, service type, and metering type; and for each new and existing microgrid resource, the point of distributed energy resources connection, resource type, and nameplate capacity;

(d) The ownership and responsibility for operation, maintenance, and control of equipment used to connect, disconnect, or isolate the microgrid; and

(e) A standard attestation of agreement to microgrid participation by the owners or operators of any resources proposed to be included in the microgrid.

(3) If a Track A or Track B microgrid interconnection applicant is requesting priority review pursuant to ORS 757.304(8), it must indicate its request in the microgrid interconnection application. The review and disposition of applications meeting priority review requirements are governed by ORS 757.304(8) notwithstanding any provision of this division.

(4) All microgrid interconnection applications must be made using the appropriate interconnection application form and must follow the standard form application developed by the public utility and approved by the Commission. The public utility must provide a copy of a Track B microgrid interconnection application form to any person upon request and must post a copy of the application form on a publicly accessible website. Applicants must use the Track B application form for a microgrid that meets the definition of OAR 860-092-0010(27).

(5) A public utility may require payment of a nonrefundable application processing fee. The amount of the fee is intended to cover the reasonable costs of processing and evaluating the Track B microgrid interconnection application. The application fee may not exceed $1,000.

(6) An applicant must pay the reasonable costs incurred by the public utility to perform any studies and engineering evaluations permitted by these rules and necessary to evaluate the proposed application to interconnect. Before the public utility may assess any costs in excess of the application fee, the public utility must receive written authorization from the applicant. If the applicant does not authorize the additional costs, then the application is deemed withdrawn, and the original application fee is forfeited. Declining a utility study does not cause withdrawal if the applicant timely elects a third-party study under ORS 757.304(2)(b).

(7) An applicant may choose to file a completed islanding study by a third-party consultant,

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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 under OAR 860-092-0045(1).

(8) A public utility may not duplicate recovery of costs through application fees, study charges, or other charges assessed under this division or under division 82 or division 39 of these rules.

(9) Application review process.

(a) Within 10 business days of receipt of a final application to interconnect a microgrid, the interconnecting public utility must provide written notice to the applicant stating whether the application is complete. If the applicant requested priority review pursuant to ORS 757.304(8), the written notice must in addition state whether the application is accepted for priority review. If the request for priority review is denied, the written notice must explain why the application does not meet the criteria set out in ORS 757.304(8).

(A) If the application is incomplete, then the public utility must provide the applicant with a detailed list of the information needed to complete the application. An application is deemed complete when the public utility receives the listed information. The applicant must provide the listed information within 10 business days of receipt of the list, or the application is deemed withdrawn.

(B) If a public utility does not have a record of receipt of an application or cannot locate an application, then the applicant must provide an additional copy of the application to the public utility.

(C) If the public utility determines during the evaluation process that supplemental or clarifying information is required, then the public utility must request the information from the applicant, and the applicant must provide the requested information within 15 business days of the request, or the application will be deemed withdrawn. The time necessary to complete the evaluation of the application may be extended by the time required for the receipt of the additional information.

(10) A public utility and an applicant or interconnection customer may agree to reasonable extensions to the required timelines established solely by this rule without requesting a waiver from the Commission.

860-092-0040 Coordination of Microgrid Generator Interconnection and Islanding Study

(1) If multiple generator interconnections are contemporaneously proposed to be included within the electrical boundaries of a single existing or proposed microgrid, all such generators must be assigned a single queue position for coordinated review under division 39 or division 82 of these rules as applicable. A generator already in a queue that is subsequently proposed for inclusion in a microgrid retains its existing queue position while any new generator interconnections proposed for the microgrid are assigned a new queue position. If a microgrid generator cluster has been assigned a queue position, and an

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additional generator is subsequently proposed for addition to the microgrid, the new generator is assigned a new queue position while the microgrid generator cluster retains its existing queue position.

(2) Generator interconnection applications within a single existing or proposed microgrid must be studied in a coordinated manner.

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(3) If there are pending interconnection applications for both a microgrid and one or more generators to be located within that microgrid, including applications based on a change to an existing microgrid or microgrid resource, then the generator interconnection application or applications must be studied in coordination with the microgrid interconnection application.

(4) The public utility must establish the scope, schedule, and common inputs for any coordinated generator interconnection and islanding studies. The public utility must reconcile the facilities, equipment, and system upgrades identified through generator interconnection review under division 39 or division 82 and the microgrid islanding study to avoid unnecessary duplication. The public utility may not recover the same costs more than once.

(5) When a third-party consultant performs the islanding study, the public utility must provide common inputs and its published requirements under OAR 860-092-0080(1), and the consultant must set the scope and schedule consistent with the utility's published requirements.

(6) Reference Point of Applicability Review.

(a) For equipment subject to IEEE 1547, the public utility must determine the appropriate reference point of applicability through the applicable review under division 39 or division 82.

(b) For Track B microgrid interconnection applications, the public utility will raise any concerns about the RPA when establishing the coordinated study scope.

(7) 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 860-082-0033.

(8) A resource already interconnected keeps its interconnection agreement and is reviewed only for changed operating modes. Existing facilities may not be subject to new costs.

(9) Each microgrid resource is subject to any applicable capacity limit or threshold. The microgrid as a whole is not subject to a capacity limit.

860-092-0045 Microgrid Islanding Study

(1) Microgrid islanding study agreement.

(a) When a microgrid islanding study is required under this division, unless the applicant has

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included a completed third-party islanding study with its microgrid interconnection application, the public utility must, within fifteen business days after notifying the microgrid interconnection applicant that its final microgrid interconnection application is complete, hold a scoping meeting with the applicant or provide a written scoping notice identifying the anticipated study categories, required inputs, and any information needed from the applicant.

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(b) Within 15 business days after the scoping meeting or notice, the public utility must provide the applicant with an executable microgrid islanding study agreement and inform the applicant of its option to contract with a third-party consultant to conduct the microgrid islanding study, subject to the public utility's reasonable review and approval of the study or evaluation.

(c) The microgrid islanding study agreement must include a detailed scope for the microgrid islanding study, a reasonable schedule for completion of the study, and a good-faith, non-binding estimate of the costs to perform the study. The microgrid islanding study agreement must identify any operating limitations proposed by the applicant for evaluation. Generator export limitations must be studied pursuant to OAR 860-082-0033.

(d) The microgrid islanding study agreement must follow the standard form agreement developed by the public utility and approved by the Commission.

(e) Within 15 business days of receipt of the microgrid islanding study agreement the applicant must execute and return the microgrid islanding study agreement or submit a notice of intent to use a third-party consultant to conduct the microgrid islanding study, or the microgrid interconnection application is deemed withdrawn.

(f) The public utility must make reasonable, good-faith efforts to follow the schedule set forth in the microgrid islanding study agreement for completion of the study.

(2) An islanding study for a microgrid must evaluate the microgrid as an integrated system, including the combined operation of its distributed energy resources, energy storage systems, loads, controls, protective devices, switching devices, and any public utility facilities within the proposed electrical boundary. Studies must consider the full electrical boundary, point of interconnection, point of common coupling, connected resources, protection elements, distribution constraints, voltage and frequency regulation, grounding, controller logic, anti-islanding protections, reconnection parameters, utility upgrades, and commissioning requirements.

(3) The microgrid islanding study must address the following operation stages:

(a) Transition to islanded operation, including planned and unplanned separation, stabilization of the island, and coordination with public utility protection, switching, and reclosing practices;

(b) Islanded operation, including voltage and frequency performance, load and generation balance, protection, grounding, and the safe operation of public utility facilities located within the island;

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(c) Transition to parallel operation, including authorization, synchronization, reconnection, restoration of grid-connected settings, and the effect of reconnection on the public utility's system; and

(d) Additional operating modes. If black-start capability, seamless transition, closed transition, or another operating mode is proposed, the microgrid islanding study must evaluate that mode to the extent necessary to determine its effect on safety and reliability.

(4) The study scope for each microgrid must include the categories reasonably necessary given the microgrid's size, configuration, operating modes, and number of participants, and any additional analysis the public utility reasonably determines is necessary for safety or reliability.

(5) A public utility and an applicant or interconnection customer may agree to reasonable extensions to the required timelines established solely by this rule without requesting a waiver from the Commission.

860-092-0050 Microgrid Coordinated Operations Agreement

(1) If the proposed Track B microgrid interconnection is approved, the public utility must provide the applicant a draft microgrid coordinated operations agreement no later than 30 business days after approving the microgrid interconnection. If the proposed Track B microgrid interconnection requires construction of facilities, the public utility must provide the applicant with a non-binding, good faith cost estimate and construction schedule for any required upgrades, no later than 30 business days after approving the microgrid interconnection. The coordinated operations agreement must remain consistent with, and may not replace, any interconnection agreement required under division 39 or division 82.

(a) Any approved microgrid operating limitations must be documented in the coordinated operations agreement.

(b) An applicant or a public utility is entitled to the terms in the standard form microgrid coordinated operations agreement but may choose to negotiate for different terms.

(c) If negotiated changes to a standard microgrid coordinated operations agreement are materially inconsistent with the microgrid rules, then the applicant and the public utility must seek Commission approval of the negotiated microgrid coordinated operations agreement.

(2) When a coordinated operations agreement is required under this division, the public utility, microgrid interconnection customer, microgrid owner, and microgrid operator must execute the microgrid coordinated operations agreement prior to commissioning or commencement of islanded operation of the microgrid.

(3) A person may not commence islanded operation of a Track B microgrid connected to a public utility's transmission or distribution system without authorization from the public utility in the form of a fully executed coordinated operations agreement.

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(4) A public utility and an applicant or interconnection customer may agree to reasonable extensions to the required timelines established solely by this rule without requesting a waiver from the Commission.

860-092-0055 Application for Commission Approval of Microgrid Zone

(1) Application contents. A local government or a group of local governments acting together may submit to the Commission an application for approval of a microgrid zone. The application must include:

(a) A municipal resolution 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, designating a geographical area based on existing electric service infrastructure located within the jurisdiction of the local government as a microgrid zone, subject to Commission approval;

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(b) When an islanding study is required under this division, a completed microgrid islanding study with documented estimates of upgrade, operation and maintenance costs;

(c) When a coordinated operations agreement is required under this division, a draft coordinated operations agreement between the public utility, microgrid interconnection customer, and microgrid operator (if a different entity from the microgrid interconnection customer);

(d) If applicable, a draft interconnection agreement between the microgrid interconnection customer and the public utility;

(e) A narrative description with supporting documentation of how a community microgrid developed within the proposed microgrid zone would enhance local energy resilience and be capable of supporting critical infrastructure during and after an emergency, natural disaster or disruption to the electric grid or energy supply;

(f) A statement of whether the owner or operator of the proposed community microgrid is seeking to recover costs for designing, constructing, or maintaining the microgrid pursuant to ORS 757.302(3)(L) ("local cost recovery"); and

(g) If the application requests local cost recovery pursuant to ORS 757.302(3)(L), a proposed cost-recovery plan that meets the requirements of OAR 860-092-0065 and identifies:

(A) The costs to be recovered, including:

(i) Incremental costs incurred by a public utility to operate, maintain, or coordinate with the community microgrid;

(ii) Costs of improvements to the electric company's distribution system that are necessary for the safe and reliable operation of the community microgrid;

(iii) Reasonable costs incurred by the microgrid operator to design, construct, maintain, or coordinate the operation of shared or common infrastructure; and

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(iv) The extent to which each cost is caused by the community microgrid;

(B) An accounting of benefits to local customers, including the value of lost load during a public safety power shutoff or other outage;

(C) The proposed allocation method;

(D) Affected customers and customer classes;

(E) Estimated bill impacts for affected customers and customer classes;

(F) Applicable low-income customer exclusions;

(G) The proposed collection period;

(H) Any proposed adjustment or true-up mechanism;

(I) Grants, contributions, compensation, avoided-cost payments, or other revenues that would offset costs proposed for recovery;

(J) Proposed tariff or rate schedule language; and

(K) Demonstration of engagement with affected customers.

(2) If the local government is not seeking local cost recovery, it may request expedited consideration of its application.

(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.

860-092-0060 Microgrid Services Tariff

(1) Each public utility must develop and submit a microgrid services tariff for Commission approval.

(2) The microgrid services tariff must address:

(a) Eligibility, which must be open on a nondiscriminatory basis to all microgrids in the public utility's service territory. Eligibility for payment for an individual service must be based on demonstration of capability to provide that service;

(b) Enrollment;

(c) Contracting for services during normal operations;

(d) Dispatch;

(e) Measurement and verification;

(f) Compensation for measurable services to the utility's electric system, including locational services such as demonstrated distribution investment deferral on a nondiscriminatory and non-duplicative avoided cost basis; and

(g) An option to participate in a utility-run dispatchability program with requirements and compensation commensurate with comparable resources providing the same service.

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(3) Each public utility must file nondiscriminatory standard avoided cost rates in its microgrid services tariff for microgrid energy, capacity, deferred investments, and grid services with its initial filing, and update those rates contemporaneous with, and calculated on a comparable basis to, its standard rates for purchases from eligible qualifying facilities pursuant to OAR 860-029-0040(4)(a). Such rates must use a Commission-approved methodology to consider resilience value and incorporate the value of lost load, including during a public safety power shutoff.

(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).

860-092-0065 Community Microgrid Cost Responsibility

(1) This rule applies to an owner or operator of a proposed community microgrid that seeks recovery of the costs for designing, constructing or maintaining the community microgrid under ORS 757.302(3)(L) (local cost recovery).

(2) In acting on a request for local cost recovery for a community microgrid, the Commission will consider:

(a) Incremental costs incurred by a public utility to support development of, operate, maintain, or coordinate with the community microgrid, including reasonable study, design-support, and administrative costs not otherwise paid or recovered. Work required to be provided without charge under ORS 757.304 may not be charged to the applicant under this rule;

(b) Costs of improvements to the public utility's distribution system that are necessary for the safe and reliable operation of the community microgrid;

(c) Reasonable costs incurred by the microgrid operator to design, construct, maintain, or coordinate the operation of shared or common infrastructure;

(d) The extent to which each cost is caused by the community microgrid;

(e) The extent to which the associated infrastructure or service benefits the customers from whom recovery is proposed;

(f) Estimated bill impacts on affected customers and customer classes;

(g) Provisions for reducing or eliminating charges to income-qualified customers enrolled in low-income bill discounts or energy assistance programs; and

(h) Any tariffs or agreements under which the microgrid operator or microgrid participants will be compensated by the public utility for energy, capacity, or grid services associated with the community microgrid.

(3) Costs recovered under this rule must be reduced by grants, contributions, compensation, avoided cost payments, or other revenues attributable to the same infrastructure or service. A cost may not be recovered more than once through rates, tariffs, contracts, grants or other

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sources.

(4) Cost recovery under this rule is limited to infrastructure and services whose benefits are shared by microgrid participants or that are necessary to provide community energy resilience. Redundant infrastructure that supports the community microgrid may be included if it otherwise satisfies the conditions of this rule. The portion of costs of generation, storage, load, or other equipment that is primarily attributable to serving an individual owner's or participant's private use is not recoverable under this rule. Costs that a public utility would have incurred in the absence of the community microgrid may not be assigned to the community microgrid under this rule. Microgrid 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.

(5) Local cost recovery proposals may include volumetric charges during islanded operations.

(6) The Commission may review and approve proposed cost-recovery terms concurrently with its review of the microgrid zone designation. Costs may not be collected through public utility rates or customer bills until the Commission approves a tariff or rate schedule and its effective date. The Commission may require a compliance filing based on updated or final project costs before collection begins.

f860-092-0070 Standard Utility Documents

(1) Each public utility must develop and submit to the Commission for approval an initial microgrid interconnection request form, which must be limited to requiring the identification of:

(a) The applicant;

(b) Approximate location and electrical boundaries;

(c) Proposed loads and resources;

(d) Intended operating modes;

(e) Stated resilience need the microgrid will be designed for; and

(f) Existing or pending generator interconnections.

(2) Each public utility must develop and submit the following to the Commission for approval:

(a) Standard non-disclosure agreements for access to project design data and study data as described in OAR 860-092-0075.

(b) A standard final Track B microgrid interconnection application form.

(3) Each public utility must develop and submit the following to the Commission for approval:

(a) A standard Track B microgrid islanding study agreement.

(b) A microgrid requirements handbook, which must include:

(A) Requirements and procedures for evaluating the microgrid as an integrated system

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under OAR 860-092-0045;

(B) Technical, performance, and verification requirements for the proposed microgrid operating modes, including transitions between grid-connected and islanded operation;

(C) Procedures for prioritizing microgrid interconnection applications pursuant to ORS 757.304(8);

(D) Commissioning procedures;

(E) Procedures for notifying the public utility of proposed modifications to a microgrid and determining whether additional review is required;

(F) Procedures for coordination between the public utility and microgrid operator during normal operations, emergencies, and public safety power shutoffs, including operating authority and responsibilities; and

(G) Procedures for coordinating generator interconnection review under division 39 or division 82 with the microgrid islanding study and development of the coordinated operations agreement, including consistent study assumptions, reuse of applicable study results, and reconciliation of findings.

(H) Identification of the study categories that may apply to a microgrid islanding study; and

(I) Objective criteria for determination of whether a proposed Track A microgrid requires an islanding study or coordinated operations agreement.

(c) Microgrid interconnection requirements in the generator interconnection requirements handbook as required under OAR 860-082-0030, which must include:

(A) Technical requirements, study inputs and methods, performance criteria, report deliverables, and testing or validation requirements applicable to intentional-islanding evaluations. The handbook must identify the applicable national standards and the safety or reliability basis for any additional utility-specific requirement.

(d) A standard Track B microgrid coordinated operations agreement, which must:

(A) Identify the ownership and responsibility for operation, maintenance, and control of equipment used to connect, disconnect, or isolate the microgrid;

(B) Address lifecycle roles including responsibility for operations during control synchronization and reconnection to the area's electric power system, parallel operation, separation from the area's electric system, black start, and intentional islanding;

(C) Address control and dispatch obligations;

(D) Address liability, insurance, and indemnification in a manner commensurate with the microgrid configuration and operational risks and in light of applicable laws such as those related to generator interconnection;

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(E) Address compensation for utility operational services;

(F) Be consistent with applicable interconnection agreements and not replace any interconnection agreement required under division 39 or division 82; and

(G) Establish applicable operating limits, communications and telemetry requirements, testing requirements, emergency and public safety power shutoff procedures, and conditions for islanding and reconnection.

(4) Each public utility must develop and submit to the Commission for approval a microgrid design tariff under which a local government that has submitted an authorization letter under OAR 860-092-0025 may request that the utility develop an initial community microgrid design in collaboration with the local government.

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860-092-0075 Technical Data Access

(1) Public screening data. A public utility must maintain on a publicly accessible website, without requiring registration or charge, public distribution system data sufficient to support initial siting and feasibility screening for microgrids and distributed energy resources. A public utility may satisfy the requirements of this section with existing information sources, including distribution system maps, using links on the publicly accessible website required by OAR 860-092-0015. Data must be downloadable in standard formats including machine-readable tabular. Information required under this subsection must be updated no less than semiannually and may be aggregated or withheld to the extent necessary to protect customer-identifiable or other information that meets the criteria for protection under the Public Records Law. At a minimum, public screening data must include:

(a) For each distribution substation, the substation name or identifier, approximate location, voltage, number and voltage of transformers, and whether SCADA communications are available; and

(b) For each distribution feeder, the feeder identifier, peak load, line capacity at the substation, connected distributed energy resource capacity, capacity of distributed energy resources in the interconnection queue, and minimum daytime load.

(2) Project design data. A public utility must maintain a process for providing non-public distribution-system data reasonably necessary to support the preliminary design and evaluation of a proposed microgrid. The process must:

(a) Identify the information available, eligibility for access, request procedures, applicable confidentiality and security requirements including form non-disclosure agreements pursuant to OAR 860-092-0070, and any charges for providing the information;

(b) Provide information in sufficient detail to support project design while protecting customer information, proprietary information, and grid security;

(c) Require the utility to provide the information within 21 calendar days from the date of the request, in a standardized, machine-readable format, except as otherwise agreed; and

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(d) Provide a process for the utility and requester to identify an alternative means of providing information necessary for project design when specific information cannot be disclosed.

(3) Study data. A public utility must maintain a process for providing non-public distribution-system data reasonably necessary to support microgrid interconnection studies. The process must:

(a) Identify the information available, eligibility for access, request procedures, applicable confidentiality and security requirements including form non-disclosure agreements pursuant to OAR 860-092-0070, and any charges for providing the information;

(b) Provide information in sufficient detail to support microgrid interconnection studies while protecting customer information, proprietary information, and grid security;

(c) Require the utility to provide the information within 21 calendar days from the date of the request, in a standardized, machine-readable format, except as otherwise agreed; and

(d) Provide a process for the utility and requester to identify an alternative means of providing information necessary for microgrid interconnection studies when specific information cannot be disclosed.

(4) The public utility may require a person to sign a standard non-disclosure agreement as approved by the Commission under OAR 860-092-0070 if necessary to protect confidential or proprietary information.

(5) Requests pursuant to ORS 757.304(6), and the timing, format, contents of, and charges for the public utility's response to such requests, are governed by that subsection notwithstanding any provision in this rule.

(6) Public screening data must be available without charge. For other technical data, a public utility may charge the local government or microgrid interconnection applicant for the public utility's reasonable costs incurred in preparing and providing technical data in accordance with this rule. The public utility must provide an itemized estimate on request and identify the basis for charges.

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860-092-0080 Third-Party Microgrid Interconnection Studies

(1) Each public utility must post on a publicly accessible website guidance for applicants electing to use a third-party interconnection study pursuant to ORS 757.304(2), which must include a standard microgrid applicant notification of intent to conduct a third-party interconnection study. The public utility must in addition include on the website:

(a) Minimum requirements for the study format and methods, the data sharing process, any non-disclosure and data handling agreements, and other needed policies;

Deleted: <#>A standard microgrid applicant notification of intent to conduct a third-party interconnection study;¶

(b) A description of necessary analysis, as well as required format for output, including any necessary workpapers;

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(c) A listing of national standards relied on by the public utility; and

(d) A listing of any additional critical standards required, with underlying rationale.

(2) At the time the public utility informs a Track A or Track B microgrid interconnection applicant that an interconnection study or evaluation is required, such as a feasibility, system impact, facilities, or islanding study, the public utility must notify the applicant of the applicant's option under ORS 757.304(2)(b) to contract with a third-party consultant to conduct the study or evaluation, subject to the public utility's reasonable review and approval of the study or evaluation, and to request data for the purpose of conducting the third-party study.

(a) Information provided by the public utility microgrids technical liaison will not replace or limit the utility's review of the third-party consultant's study.

(b) Within five (5) business days of receipt of an applicant's notice of intent to use a third-party consultant to perform a microgrid interconnection study, the public utility must notify the applicant in writing whether the notice is complete and identify any missing information.

(3) Applicant obligations for third-party studies.

(a) Before submitting a third-party study, the applicant must notify the public utility of its intent to use a third-party consultant for a microgrid interconnection study in the manner set forth by the public utility under this rule.

(b) The applicant and third-party consultant must provide the public utility with a proposed study scope and completion schedule consistent with the published requirements under OAR 860-092-0080(1). The schedule must identify necessary utility inputs and dependencies.

(A) The public utility must promptly identify any safety, reliability, published standard, or coordination concern with the proposed scope or schedule and explain the basis for any requested change.

(B) A disagreement about a consultant's schedule does not suspend statutory obligations or authorize the public utility to require a utility-conducted study.

(C) If the utility has not yet published requirements under OAR 860-092-0080(1), the applicant, third-party consultant, and public utility must cooperate to develop a study scope and completion schedule.

(c) Any third-party study must include a professional engineer stamp approving the report.

(4) The public utility must accept or reject in writing any third-party study within 30 business days of study receipt.

(a) If a third-party study is accepted, the public utility must proceed to the next step of the interconnection process.

(b) If a study is rejected, the public utility must identify all study modifications required, with supporting rationale. A public utility's decision to accept or reject a third-party study must be based on safety, reliability and compliance with published standards.

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The applicant's receipt from

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(c) If a study is rejected, the applicant has 45 business days to provide an updated study addressing all issues identified by the public utility.

(d) The public utility must accept or reject in writing any updated third-party study within 15 business days of study receipt. For an application subject to ORS 757.304(8)(b), the time periods in this rule do not extend or restart the deadline established by that paragraph.

(e) The public utility may charge the applicant for the reasonable costs of reviewing any third-party study up to $1,000.

(5) When an applicant elects a third-party study or evaluation under ORS 757.304(2)(b), the public utility must act as a technical collaborator. The public utility must support the applicant's consultant through the technical liaison, provide technical data under OAR 860-092-0030, and review the completed study under section (4). The public utility may not direct the scope, methods, or schedule of the study beyond the requirements published or cooperatively developed under section (1) of this rule.

(6) A public utility and an applicant or interconnection customer may agree to reasonable extensions to the required timelines established solely by this rule without requesting a waiver from the Commission.

860-092-0085 Microgrid Framework Implementation Costs

(1) Reasonable start-up costs incurred during the development or modification of the microgrid framework are recoverable in electric company rates. These costs must be reviewed and approved by Commission order.