

## AR 674 Division 91 Rulemaking Small Scale Renewable (SSR) Energy Amendments

### Background

[ORS 469A.210](#) establishes a “goal for community based renewable energy projects” (CBRE) and for related purposes requires that, for any electric company with more than 25,000 retail customers in the state of Oregon, at least 10 percent of its aggregate electrical capacity come from certain SSR energy projects or biomass co-generation facilities by 2030. The Commission adopted rules related to ORS 469A.210 compliance in December 2021. On May 2, 2025, PacifiCorp filed a [petition](#) to the Commission in Docket No. DR 58 requesting declaratory ruling about the application of the Commission’s existing SSR rules to several SSR compliance scenarios. In [Order No. 25-232](#), the Commission declined to substantively consider the petition and instead opened a rulemaking docket to address contemporary questions about SSR compliance by considering changes to the administrative rules in OAR Chapter 860, Division 091.

### Rulemaking Scope, Goals, and Straw Rules

Staff is committed to conducting an expedited process to update Division 91 which will address “two categories of issues raised in PacifiCorp’s filing: the SSR compliance obligation calculation; and SSR project eligibility”:<sup>1</sup>

Staff Goal	Staff Proposal	Staff notes
Treat the SSR requirement as a generating capacity standard	<ul style="list-style-type: none"> <li>• Behind the meter resources are not eligible SSRs</li> <li>• Standalone storage or the storage component of hybrid renewable plus storage systems are not eligible SSRs</li> <li>• Generation types that are RPS-eligible are eligible SSRs                             <ul style="list-style-type: none"> <li>○ SSRs do not need to provide utilities with RECs for retirement for SSR compliance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Behind the meter resources are typically considered load reduction resources in utility resource planning and not viewed as measurable utility generating capacity</li> <li>• Storage resources are complementary to generating capacity, but do not provide measurable generating capacity on their own</li> <li>• Generating capacity is measured in nameplate MW and not based on any measure of energy production or related attributes</li> </ul>
Preserve the value proposition of resources with system and community value (e.g. dispatchability, flexible use of transmission, resiliency benefits, low-income benefits)	<p><i>SSR Eligibility:</i></p> <ul style="list-style-type: none"> <li>• Generating resources that are community sited or with benefits accessible by community members should count for SSR compliance e.g., Community Solar Program</li> </ul>	<p><i>SSR Eligibility:</i></p> <ul style="list-style-type: none"> <li>• Staff proposes to avoid eligibility requirements that will limit the Commission’s ability to prioritize and ascribe SSR compliance value to projects that drive system and community</li> </ul>

<sup>1</sup> See Docket No. DR 58, Commission Order No. 25-232, p. 1.

	<ul style="list-style-type: none"> <li>• Front-of-meter resources incorporated into a microgrid or other resilience project configuration should count for SSR compliance</li> <li>• Resources that are otherwise SSR eligible should count for SSR compliance if they use surplus interconnection</li> <li>• Resources that are otherwise SSR eligible should count for SSR compliance if they share an interconnection agreement with other resources and align with PURPA aggregation rules</li> </ul> <p><i>Aggregate Electrical Capacity:</i></p> <ul style="list-style-type: none"> <li>• Community-sited storage resources and grid-connected customer-sited storage resources decrease aggregate electrical capacity by the resources' nameplate capacity</li> <li>• Demand response and flexible load programs decrease aggregate electrical capacity by the program capacity</li> </ul>	<p>benefits e.g., projects utilizing emerging CBRE procurement channels</p> <ul style="list-style-type: none"> <li>• Microgrids have community value and resiliency benefits</li> <li>• Surplus interconnection allows flexible use of the distribution and interconnection system</li> <li>• Since the SSR requirement is a capacity standard rather than a generation standard, SSR eligibility should depend primarily on resource characteristics rather than interconnection logistics</li> </ul> <p><i>Aggregate Electrical Capacity:</i></p> <ul style="list-style-type: none"> <li>• While not providing generating capacity, storage resources and demand response resources provide system and community value by providing resilience and peak-reducing benefits and their value may be preserved in SSR compliance by subtracting them from aggregate electrical capacity, which may also incentivize their procurement</li> </ul>
<p>Create clear criteria for calculating compliance that can be planned for by utilities and SSR project developers and align with the intent of the laws and state policy (e.g., eliminate moving compliance targets)</p>	<ul style="list-style-type: none"> <li>• Nameplate capacity should be used to calculate the SSR requirement numerator and denominator</li> <li>• For resource portfolios that serve customers in multiple states, the SSR requirement numerator and denominator will represent the portion of aggregate generating capacity that Oregon customers pay for in their rates</li> <li>• In order to create a clear compliance target, SSR nameplate capacity should be excluded from aggregate electrical capacity for compliance purposes</li> <li>• In order to create a clear compliance target, aggregate electrical capacity should be measured one year prior to the compliance date for compliance purposes</li> </ul>	<ul style="list-style-type: none"> <li>• The primary function of the SSR requirement is to require procurement, so compliance should be based on capacity and not generation</li> <li>• The use of alternative capacity measures like ELCC creates a moving compliance target since ELCCs depend on the timing of system energy needs that themselves depend on the resource mix</li> <li>• Including SSRs in aggregate electrical capacity creates a moving compliance target</li> <li>• Including resources added during the compliance year in aggregate electrical capacity creates a moving compliance target</li> </ul>

	<ul style="list-style-type: none"><li>• Compliance reports are required annually beginning in 2029 and will continue annually thereafter</li></ul>	
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## Rulemaking Process Proposal

The informal rulemaking process, docketed as AR 674, will include two workshops and comment opportunities, concluding with Staff requesting that the Commission initiate the formal rulemaking process.

### First Workshop

- **Date:** Thursday, August 21, 2025
- **Time:** 1:00 p.m. - 3:00 p.m.
- **Location:** Microsoft Teams
  - [Link to Meeting](#)
  - **Dial-in: 1-503-446-4951**
  - **Meeting ID: 247 053 350 205 7**
  - **Passcode: 9en2kZ2V**

### Questions

If you have questions on the process or content of this workshop, contact:

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/s/ Jean Falconer

To receive meeting notices and agendas for this docket, send an email to [puc.hearings@state.or.us](mailto:puc.hearings@state.or.us), and ask to be added to the service list for Docket No. AR 674. You will then receive emails with workshop details, when new documents have been added to the docket, or there is a change to the schedule.