



# Oregon

Tina Kotek, Governor



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## MEMORANDUM

**To:** Energy Advisory Work Group Members

**From:** Janine Benner, Director

**Date:** April 15, 2024

**Re:** Materials for April 22, 2024 Budget Meeting

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The State of Oregon has kicked off its budget process, and ODOE is working to develop Policy Option Packages and legislative concepts for the 2025 legislative session. The purpose of this April EAWG meeting is to share our draft POPs and LCs for feedback. As you'll recall from the [EAWG Charter](#), a key role of the EAWG is to review and provide recommendations to the agency on our legislative concepts and agency request budget.

At this time, we are still working to develop our Agency Request Budget for submission to the Governor. We do not yet have final numbers for the Current Service Level budget, which serves as the base for developing our ARB. This means we do not yet have an estimate for what the Energy Supplier Assessment will be for the 2025-2027 biennium. We look forward to sharing that information and other budget details with EAWG, ESA payers, and other interested parties in early summer.

As you may have seen, the state revenue forecast is projecting an increase in available revenues over the current biennium, but likely only enough to cover the increase in costs for current programs. The Governor's office has provided agencies with guidance that there will be very limited additional General Funds available to support agency activities. In addition, we are aware of the rate pressures on many of our utility partners and others who pay the Energy Supplier Assessment, which funds many of ODOE's activities.

Therefore, we have developed a limited number of draft Policy Option Packages this year. We are focusing on three priorities for the agency: growing smart and better serving Oregonians, addressing needs of Oregon communities, and continuing and enhancing existing programs. In developing and selecting these draft POPs to bring to the EAWG for consideration, we have drawn on feedback we've received over the past year from stakeholders and community partners as well as ideas that have surfaced during the strategic evaluation of our programs. We have also worked to draft POPs that help advance our strategic plan.

As you will see, even with this limited focus, our current list of POP ideas represents more General Fund expenditures than we will be able to include in our ARB. Therefore, we need your

help to prioritize, and your input will help us determine which draft POPs we move forward into our ARB.

To facilitate this discussion, we have developed an agenda for the April 22 meeting that provides an opportunity for members to take a deeper dive into the ideas by joining small group discussions in breakout rooms. There will be three different “rooms,” each of which will include an ODOE staff member prepared to explain and answer questions on a subset of the draft POPs. As an EAWG member, you will have the opportunity to select to participate in two breakout rooms during the meeting. Public attendees and other interested parties will also be able to ask questions in their own room.

The draft POPs are attached and are also linked below; they are presented in groupings that will be reflected in the breakout rooms. You can let us know during the meeting which breakout room you’re interested in attending, but you may want to start thinking about your questions now. The types of questions we will be asking you at the meeting are: Do you see the need for additional resources or do have questions around the needs? Is this a need that you see in your work? Do you have clarifying questions about the draft POP? Do you agree that this is an important investment for ODOE/the state? Is ODOE suggesting the right level of funding? Do you have thoughts on the source of funding? What is missing; are there other ideas for POPs that you have in each category?

**(1) Growing Smart and Better Serving Oregonians:**

- a. [Employee Services](#)
- b. [Siting Compliance](#)
- c. [Paid Internships](#)

**(2) Addressing Needs of Oregon Communities:**

- a. [Expanding the Community Navigator Program](#)
- b. [Rural Energy Project Fund](#)
- c. [Hub for Incentive Programs in Oregon](#)

**(3) Continuing and Enhancing Existing Program:**

- a. [Continuing Incentive Programs](#)
- b. [Climate Action Research extension](#)

After we discuss and seek your feedback on the draft POPs, we’ll also share the draft legislative concepts that we are considering for the 2025 legislative session. You can find more information on our concepts below.

- [State Energy Efficient Design Program and Strategic Program Adjustments Placeholder](#)
- [Community Renewable Energy Grant Program Expansion](#)
- [Heat Pump Program Adjustments](#)
- [Standalone Storage in Oregon Solar and Storage Rebate Program](#)
- [Contracting with National Labs](#)
- [Community Navigator Program Expansion](#)



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## AGENDA

### Energy Advisory Work Group

DATE: April 22, 2024

TIME: 9:30 – 11:30AM

WebEx: <https://odoe.webex.com/odoe/j.php?MTID=m39d0a78a45887aa7c2beee03ada2ae90>

Password: EAWG

Call-in number: 408-418-9388 | Code: 2334 384 0883

Time	Topic	Lead
9:30am	<b>Welcome</b>	Janine Benner, Director
9:40am	<b>Overview of Process</b> <b>Summary of POP Ideas</b>	Janine Benner, Director Michael Williams, Assistant Director for Central Services
9:55am	<b>Breakout Room Discussion</b> – Choose from:  (1) Growing Smart and Better Serving Oregonians (2) Addressing Needs of Oregon Communities (3) Continuing and Enhancing Existing Programs (4) Public Room	ODOE Staff, EAWG Members
10:15	<b>Report Out</b>	ODOE staff
10:25	<b>Breakout Room Discussion</b> – Choose from:  (1) Growing Smart and Better Serving Oregonians (2) Addressing Needs of Oregon Communities (3) Continuing and Enhancing Existing Program (4) Public Room	ODOE Staff, EAWG Members
10:45	<b>Report Out</b>	ODOE staff
10:55	<b>Live Survey</b>	Janine Benner, Director
11:15	<b>Summary of Stand-alone Legislative Concepts</b> <b>Q&amp;A and Feedback</b>	Christy Splitt, Government Relations Coordinator
11:25	<b>Wrap up &amp; Next Steps</b>	Janine

**Breakout Rooms:** EAWG Members will be able to select to join two different breakout rooms over the course of the meeting to take a deeper dive on ODOE’s draft Policy Option Packages. An ODOE staff person will be available in the room to answer questions and take specific feedback.

**(1) Growing Smart and Better Serving Oregonians:**

- a. Employee Services
- b. Siting Compliance
- c. Paid Internships

**(2) Addressing Needs of Oregon Communities:**

- a. Expanding the Community Navigator Program
- b. Rural Energy Project Fund
- c. Hub for Incentive Programs in Oregon

**(3) Continuing and Enhancing Existing Program:**

- a. Continuing Incentive Programs
- b. Climate Action Research extension

**(4) Public Room:** The public will have an opportunity to hear about and ask questions on all of the draft Policy Option Packages.

# 2025-27 Policy Option Package

## Employee Services

### Division and Program

Agency-wide; Human Resources.

### Background and Need

Two new positions at ODOE will help enhance employee services and strengthen our overall organization. First, a Learning and Development Specialist 2 position on ODOE's Human Resources team would play a vital role in identifying and addressing various organizational challenges related to employee development. This position will tailor learning experiences to the unique needs of our workforce, bridging skills gaps and fostering a culture of continuous improvement. This targeted approach ensures that each employee receives relevant training that can maximize their potential and contribute to overall organizational excellence.

The Learning and Development Specialist will lead our succession planning efforts to identify and nurture talent for future leadership roles. By providing structured paths and mentorship programs, the specialist will build a robust leadership pipeline, ensuring a seamless transition of responsibilities and minimizing disruptions during periods of change.

Second, through proactive initiatives and awareness-building activities, an Employee Diversity, Equity, and Inclusion Implementation Analyst on our Human Resources team will ensure that every individual feels respected, supported, and empowered to contribute their unique perspectives and talents. These diversity, equity, inclusion, and belonging (DEIB) initiatives will ensure that staff are equipped with the expertise to proactively embed DEIB principles into every aspect of their work and working relationships.

### Strengthening Our Work and Customer Service

Having a Learning and Development Specialist would significantly strengthen the implementation of agency work and improve customer service by strategically aligning employee development with organizational goals. Through targeted initiatives, the specialist can contribute to the creation of an equitable and supportive environment that influences every section of the agency, ultimately leading to more inclusive programs and activities that better serve the diverse needs of our constituents.

Additionally, a position focused on DEIB will help ODOE better harness the power of diverse perspectives to drive innovation, foster community engagement, and create energy solutions that truly serve all constituents equitably — and propel our state toward a more sustainable and inclusive future. This position will focus on collecting data, conducting analysis, engaging with staff members, fostering an inclusive culture, addressing biases, promoting equity, and driving meaningful change from within our workplace. This position's work will have an internal focus, serving as a consultant and change agent to encourage a deeper understanding of our unique culture, challenges, and opportunities.

A dedicated Learning and Development Specialist position at ODOE will strategically elevate employee development and succession planning, which will **ensure a highly skilled workforce** that not only meets current demands but can also seamlessly transition employees into leadership roles. A position dedicated to internal DEIB (**Diversity, Equity, Inclusion, and Belonging**) within ODOE will foster an inclusive and welcoming workplace through initiatives that value and celebrate diversity, equity, inclusion, and belonging among all employees.

## Proposed Solution

Establishing a Learning and Development Specialist position and an Employee Diversity, Equity, and Inclusion Implementation Analyst will support the activities of all staff members. Through the development of employees, we will ensure a skilled, talented, and engaged workforce is available and invested in the valuable programs provided by ODOE.

## Expected Fiscal Impact

Learning Development Specialist | \$237,961 in Indirect Cost Pool (supported by all agency fund types)

Employee Diversity, Equity, and Inclusion Implementation Analyst | \$256,612 in Indirect Cost Pool



# 2025-27 Policy Option Package

## Energy Facility Siting Compliance

### Division and Program

Energy Facility Siting Division; compliance

### Background and Need

After a state jurisdictional energy project is approved, a certificate holder has the responsibility to meet all the conditions of approval. These conditions are created based on the phase of the project, such as pre-construction, construction, and operation, and each phase comes with compliance activities and requirements. For example, once a facility is in operation, the Site Certificate holder must submit an annual report documenting compliance with all operational conditions. That report is evaluated by an ODOE compliance officer, who also conducts an on-site inspection. The compliance officer also responds to reported incidents or complaints as they arise, including requests for inspection by members of the public.

With each new Site Certificate, and as proposed renewable energy facilities increase in number and size, the compliance workload increases. ODOE's current compliance staffing resources do not meet the projected forecast of compliance needs.

### Strengthening Our Work and Customer Service

A third compliance officer in the Siting division would enable timelier evaluations of Site Certificate holders' compliance plans, semi-annual reports, and annual reports. For adjacent landowners and members of the public, there would be swifter responses to issues or concerns regarding a certificate holder complying with their conditions of approval (either informally or through a formal inspection request). This bolstered compliance work will result in better customer service and ultimately safer energy facilities.

### Proposed Solution

Establish a third full-time Compliance Officer in the Siting division. The position would have an 80 percent target to bill directly to energy facilities. The remaining 20 percent would be covered by a general pool of funds paid by certificate holders or supplemented by the Energy Supplier Assessment.

### Expected Fiscal Impact:

\$237,961 Other Funds

The Energy Facility Siting Division's compliance work is vital to **ensure state jurisdictional energy facilities are meeting their Site Certificate conditions**. A third compliance officer will strengthen the compliance program and ensure facilities are reviewed and inspected in a timely manner, and that any compliance issues or incidents have a swift agency response.



# 2025-27 Policy Option Package

## Paid Internships

### Division and Program

Agency-wide; paid internships.

### Background and Need

The Oregon Department of Energy has a history of providing valuable internships to students, which has resulted in stellar work projects and products, including data analysis and visualizations, guidebook development, supporting outreach and engagement efforts, and more. However, past opportunities at ODOE have been unpaid. Paid internships at the agency would serve as a strategic investment in both talent development and equity promotion within the energy sector. By compensating interns, we not only attract a diverse pool of candidates but also ensure that financial constraints do not hinder access to valuable learning opportunities.

The establishment of paid internships is crucial to our **commitment to equity** as it ensures that all individuals — regardless of their socioeconomic background — have access to valuable professional opportunities and can participate in career-building experiences without financial barriers. This promotes a more inclusive and diverse workforce.

Paid internships remove financial barriers and provide equal access to opportunities for students and professionals from diverse socioeconomic backgrounds. There is an entire student population that does not have the financial means and support to accept unpaid internships. Studies by and funded through the [National Association of Colleges and Employers](#) found that unpaid internships further inequities among students of color and other underrepresented groups. The studies also showed that students who were able to participate in internships were more likely to have success upon entering the workforce with that internship experience. ODOE committed in its [strategic plan](#) to enhance our internship program to provide benefits to interns, such as paid positions, in an effort to help build a more diverse network of ODOE and energy-industry employees.

### Strengthening Our Work and Customer Service

Paid internships would bolster the implementation of existing work by introducing fresh perspectives, fostering innovation, and enhancing operational efficiency. Compensating interns attracts a broader pool of motivated and talented individuals, ensuring a diverse range of ideas and insights are brought forward. These interns come equipped with the latest knowledge and techniques in energy-related fields, which will allow the agency to tap into cutting-edge research and methodologies. With dedicated compensation, interns are more likely to commit their time and energy to understanding and contributing to ongoing efforts within ODOE. Paid interns would also improve customer service and the delivery of ODOE programs by expanding the agency's capacity to engage with external partners, streamline processes, and provide personalized support.

### Proposed Solution

By establishing two full-time equivalent paid Student Office Worker positions, we will strengthen our ability to recruit and develop students and introduce them to the professional work environment, and to the energy industry. These two positions will provide us with the funding to hire multiple paid interns over the biennium. It will remove barriers to equal opportunity, and it will provide resources and opportunities to strengthen and advance diversity, equity, inclusion, and accessibility.

### Expected Fiscal Impact

\$296,940 in General Fund.





# 2025-27 Policy Option Package and Legislative Concept

## Community Navigator Program

### Division and Program

Director's Office; Strategic Engagement Team, Community Navigator Program

### Background and Need

The Community Navigator Program works with tribal governments, local governments, and organizations serving environmental justice communities and connects them to resources to help them reach their energy goals. In its first year, the Community Navigator program identified a need for an additional Community Navigator position focused on Central and Eastern Oregon as well as more capacity and resources within organizations serving communities, tribal governments, and local governments to access programs and funding – such as support with application development or grant writing. Using locally based contractors could help fill capacity gaps, support applications for funding, and build new, lasting relationships in areas that ODOE has not previously had a strong presence.

### Strengthening Our Work and Customer Service

The Community Navigator program supports and informs communities about energy-related programs, incentives, and funding sources. Empowering environmental justice communities can help them make informed decisions about their energy usage and participation in an equitable, clean energy transition. By engaging with diverse communities across the state, the program supports efforts to address unique needs and challenges, including energy resilience that allows communities to prevent or recover more quickly from disruptions such as extreme weather events or power outages. This program also facilitates community engagement, partnerships, and collaborations by focusing on the needs of and working directly with tribal governments, local governments, and organizations serving communities. This program is a bridge for communities – fostering partnerships with utilities, tribal governments, local governments, nonprofits, and the private sector to help address community energy challenges. By engaging with diverse communities across the state, this program supports energy solutions that are tailored to the unique needs and challenges of different communities including supporting energy resilience that allows communities to prevent or recover more quickly from disruptions such as extreme weather events or power outages.

The Community Navigator program has developed metrics to assess the program's effectiveness, including increasing in-person community engagement, grant funding access, and partnerships and collaborations. The program currently includes one FTE and one contractor (through the AmeriCorps RARE Program at University of Oregon), but an additional Community Navigator position would allow for more equitable in-person engagement and support across the State. Also, added capacity is needed within communities for effective two-way engagement. Without additional capacity in communities or Community Navigator program staff, then the program metrics may be inequitable and unmet for some communities across the state.

The Community Navigator Program has already strengthened ODOE's engagement work, but could be further bolstered by **supporting locally based contractors to work directly in Environmental Justice communities.** Funding a second Community Navigator staff position would also further support ODOE's efforts to equitably serve the entire state.

## Proposed Solution

Allocate additional General Fund to the program for a second Community Navigator staff person to focus on tribal governments, local governments, and organizations serving communities that are located east of the Cascade Range. These additional funds would also support at least four community-based contractors to work directly with tribal governments and three community-based contractors to work in rural and frontier local governments. The two Community Navigators at ODOE would coordinate and support this community-based contractor network throughout the state.

## Possible Legislative Concept

A companion Legislative Concept would lay out the design and include requirements necessary to build the network of locally focused contractors described above. [Hawaii](#) has a similar program that places contractors with Community Based Organizations and [Washington](#) passed a new “Clean Energy Ambassadors” program in Sec. 1017 of SB 5949 (2024). An Oregon version would build off their ideas but ensure that the program meets our state’s unique needs.

## Expected Fiscal Impact

\$441,000 General Fund for Community Based Contractors

\$410,000 General Fund for Additional Community Navigator Position



# 2025-27 Policy Option Package and Legislative Concept

## Rural Energy Projects

### Division and Program

Planning & Innovation Division; Rural Energy Project Fund

### Background and Need

The Oregon Department of Energy currently offers a Rural and Agricultural Energy Assistance Program to support Oregon rural small businesses and agricultural producers. The program is funded through a U.S. Department of Agriculture grant, and supports energy audits for businesses that intend to use the audit results to apply directly for a USDA or other federal grant. Through the program team's work with Oregon businesses, ODOE has identified a need to support smaller energy saving projects – such as irrigation pump servicing, HVAC equipment, and trough de-icers – that may not be big enough to warrant applying for a complicated USDA grant.

A new Rural Energy Project fund would **provide direct incentives of up to \$5,000 to Oregon farms, ranches, and rural small businesses** to incorporate energy efficiency and install energy saving measures.

### Strengthening Our Work and Customer Service

ODOE's team has worked hard to enhance outreach and engagement with rural small businesses and farms. Through the existing energy assistance program, energy audits identify cost-effective energy efficiency measures, but the agency cannot currently offer financial assistance to help implement these energy measures.

Adding a small incentive program would enhance our energy efficiency-related interactions by offering implementation funding — and should result in serving more long-underserved and disadvantaged rural communities. These small rural businesses have few or no staff and limited time, so they often are not able to investigate financing options for small energy projects. They also operate on small profit margins and may not have the capital to invest in energy efficiency measures. A Rural Energy Project Fund at ODOE would better serve small rural businesses by providing direct funding for energy efficiency projects that are too small to be worth seeking a big federal grant.

### Proposed Solution

Create a new Rural Energy Project Fund at ODOE that would be incorporated into the existing Oregon Rural and Agricultural Energy Assistance Program. Funds would support implementation of cost-effective energy-saving measures at Oregon farms, ranches, and rural small businesses.

### Legislative Concept

A Legislative Concept would lay out the process for both establishing, implementing, and integrating this new program into our existing program. It would include who could apply, eligible project types, maximum awards, and selection criteria.

### Expected Fiscal Impact

\$100,000 in General Fund



# 2025-27 Policy Option Package

## One-Stop Shop / Information Hub

### Division and Program

Director's Office; federal home energy rebate programs.

### Background and Need

HB 3630 directed the Oregon Department of Energy to provide a "single resource" to provide information about available energy efficiency programs that can reduce energy costs and make homes more resilient. In the same bill, dollars were allocated to the agency to kickstart work on the federal Home Energy Rebates application and programs. The federal government provided early administrative funds to support the kickstart effort and ODOE would like to roll over any unspent funds from the 2023-25 biennium to further bolster the statutorily directed single resource that ODOE is now referring to as an "information hub."

As ODOE has connected with external partners around the state about energy efficiency programs, it is clear that Oregonians have a hard time understanding their options – which are varied and can be complicated – and this is a major barrier to participation. The information hub will help address this barrier but may still be limited in its accessibility for all Oregonians. For example, the hub should be available in additional languages to ensure that all Oregonians can learn about new clean energy technologies and incentives; this work may be cost-prohibitive with current available resources. ODOE may also need additional time and resources to ensure all programs are added to the hub. There is interest in adding incentives for other energy measures, like solar and electric vehicles, to this hub.

### Strengthening Our Work and Customer Service

Visitors to the ODOE website can find information on available programs, such as the rental home heat pump program or upcoming federally funded home energy rebates, but there is not yet a clear picture of the incentives landscape – one place where an Oregonian can find all the available programs that are relevant to them. The information hub can significantly improve the customer service we provide, and an enhanced version that includes more functionality on potential eligibility as well as additional language options for information can help more people with more types of projects.

ODOE knows that it will be a challenge to serve low-income communities with our various energy incentives. This information hub can help them understand their options. Community-based organizations and contractors can also use this hub to help their clients and customers maximize the incentives available to them.

### Proposed Solution

Roll over any unspent General Fund dollars from HB 3630, sections 8 and 9, pertaining to home energy rebates and the "single resource" – and consider additional financial support – to support creation of the hub, potential language translation, and other content to make the hub more responsive to Oregonians' needs.

### Expected Fiscal Impact

Amount TBD (roll-over) | General Fund

The Oregon Department of Energy will launch an information hub with resources to **help people understand what energy efficiency incentives are available for them**, as well as sharing educational materials about energy efficiency technologies. This hub should be expanded to better serve members of environmental justice communities and additional target audiences.



# 2025-27 Policy Option Package

## Continue Existing Incentive Programs

### Division and Program

Energy Development Services Division; existing incentive programs.

### Background and Need

#### *Oregon Solar + Storage Rebate Program*

This popular program provides rebates for solar and solar with paired storage for homeowners and organizations that provide services to low-income Oregonians. The Legislature has appropriated one-time funding in the past three biennium. ODOE is proposing allocating additional dollars and making existing staff positions permanent to support continuity of the program. There is also an associated Legislative Concept to modify the program to support storage-only projects coupled with existing solar.

#### *Community Renewable Energy Grant Program*

This program provides grants to public bodies and Tribes for planning and constructing renewable energy and energy resilience projects. ODOE's third grant opportunity period is open this spring, with an available \$18 million. The previous two opportunity periods of \$12 million each received proposals totaling about \$46 million in requested grants, indicating a clear need for further program support. In addition to requesting funding to continue this program, ODOE requests to make existing staff positions permanent to support continuity of the program. The state could also consider expanding eligibility to resilience only or energy efficiency planning and projects, which would respond to a need we have heard from public bodies and consumer-owned utilities; this would require a Legislative Concept.

#### *Heat Pump Incentive Programs*

Two programs are helping install energy efficient heat pumps in rental homes and owner-occupied homes across the state. ODOE's 2023 Cooling Needs Study showed significant need for cooling equipment in homes, especially for those particularly vulnerable to heat waves. The 2023 legislative Climate Package included a goal to install at least 500,000 heat pumps in Oregon homes by 2030. Extending ODOE's incentive programs will support that goal and make Oregonians safer at home. A companion Legislative Concept for this program recommends lifting the sunset date and making other technical adjustments.

#### *Energy Efficient Wildfire Rebuilding Incentive*

This rebate program has successfully supported building owners and homeowners in energy efficient rebuilding after the 2020 Labor Day wildfires. Many owners who lost structures in the wildfires have not yet been able to rebuild, so continuing this program would allow them more time to receive this financial support. The state could also consider expanding eligibility to include Oregonians who lose or have lost structures in other wildfires and remove the incentive for building to just current building code in those cases; this would require a Legislative Concept.

#### *Grid Resilience Grant Program*

This federally funded program is providing grants to Oregon utilities for projects that strengthen the electric grid. The legislature previously provided the necessary \$3 million in matching General Fund for this program. ODOE may not need to spend it all in the current biennium, so will need remaining dollars

ODOE's incentive programs are successfully supporting renewable energy, resilience, and energy efficiency projects across the state that help **lower the cost of the energy transition for Oregonians**. The programs are also designed to expand access to incentives for Oregonians with lower incomes by providing higher grant or rebate amounts.

reallocated to the agency in 2025-27 to continue this work. This program has a Legislative Concept for this technical adjustment, including consideration of a dedicated fund.

## Strengthening Our Work and Customer Service

These incentive programs support ODOE in meeting our mission to help Oregonians make informed decisions and maintain a resilient and affordable energy system. The programs also strengthen equity in the energy sector by expanding access to incentives and rebates for Oregonians with lower incomes who may otherwise not be able to afford renewable energy or energy efficiency improvements. The Oregon Rental Heat Pump Program also reaches a frequently underserved population of people in rental housing. ODOE offers strong customer service for these programs and will continue to engage with the public, Oregon Tribes, utilities, public bodies, and the solar industry and HVAC industry.

To gain administrative efficiencies, ODOE is also proposing to make division staff permanent and align the positions to the type of work (such as processing rebates across programs or conducting administrative rulemaking) rather than have them be program specific. This will improve position retention and ensure division staff can provide customer service across programs.

## Proposed Solution

Continue each incentive program into the 2025-27 biennium to support renewable energy, resilience, and energy efficiency projects across the state. Make some positions permanent to ensure continuity and program support.

## Expected Fiscal Impact

*Community Renewable Energy Grant Program:* General Fund

Personal Services: \$1,859,220 | Continues 5 existing FTE

Grant Funds: \$25,000,000

*Oregon Solar + Storage Rebate Program:* General Fund

Personal Services: \$666,468 | Continues 2 existing FTE

Rebate Funds: \$20,000,000

*Energy Efficient Wildfire Rebuilding Incentive:* General Fund

Personal Services: \$251,399 | Continues 1 existing FTE

*Heat Pump Incentive Programs:* General Fund

Personal Services: \$1,301,498 | Continues 4 existing FTE

Rental Program Rebates: \$30,000,000 | Community Program Incentives: \$10,000,000

*Grid Resilience Grant Program:* General Fund

\$4.5 million to provide required state match for the remaining \$30 million allocation of the federal grant



# 2025-27 Policy Option Package

## Climate Action Research

### Division and Program

Planning & Innovation Division; climate change research

### Background and Need

During the 2023 Legislative Session, the legislature established a Climate Action Research Analyst 3 to work with the Oregon Climate Action Commission (OCAC) to track ongoing progress toward the state's greenhouse gas emission reduction goals and maintain an inventory of existing and proposed climate actions. It will also conduct research as needed for ODOE and the OCAC to further these goals, including identifying gaps in programming to support underserved and disadvantaged communities that are more likely to be affected by climate change.

While the work of this position is ongoing, it was established and funded as a limited duration position. Making the position permanent will attract a stronger pool of potential candidates and provide better continuity of this important work into future biennia.

### Strengthening Our Work and Customer Service

Oregon has already adopted bold policies and programs to reduce greenhouse gas emissions and fight climate change over the next couple of decades. A permanent Climate Action Research Analyst position will enhance our ability to sustain tracking of progress and programs, complete climate change mitigation actions, and provide up-to-date climate change information to the public, Legislators, Governor's Office, and other decision-makers.

### Proposed Solution

Make the Climate Action Research Analyst a permanent position at the agency.

### Expected Fiscal Impact

\$302,177 General Fund

A Climate Action Research Analyst 3 will track, report, and analyze **our progress toward meeting Oregon's statewide greenhouse gas emissions reduction goals**. The position is currently Limited Duration; a permanent position will provide better continuity of this important work into future biennia.





### Background and Need for Legislation

The Oregon Department of Energy (ODOE) is undertaking an evaluation of its existing programs to make them more effective and efficient. Evaluators will propose recommendations that may include statutory adjustments. An example relates to the new Building Performance Standard that makes parts of the existing State Energy Efficient Design (SEED) program redundant. By eliminating the old SEED requirements, ODOE can make state agency reporting more streamlined, more efficient, and free up staff resources to focus on supporting other state priorities.

In 1991, the Legislature adopted a policy of the State of Oregon “that facilities to be constructed or purchased by authorized state agencies be designed, constructed, renovated, and operated so as to minimize the use of energy resources and to serve as models of energy” efficiency. ODOE implemented this policy with the State Energy Efficient Design (SEED) program as required in ORS 276.900-915. Current SEED program rules require state agencies to report to ODOE the annual energy use of state-owned facilities for facilities that are 5,000 square feet or greater and use 10,000 Btu/square foot/year or more. ODOE also provides technical support to state agencies, and establishes facility-specific energy use performance benchmarks based on national standards for their facilities.

HB 3409 (2023), in sections 8-17, created a Building Performance Standard (BPS) program to regulate the energy consumption of many existing commercial buildings in Oregon. The BPS Program requires state agencies to report annual energy use, and also requires ODOE to establish building energy use benchmarks. The BPS Program also requires buildings with energy use above the median to take action and install energy efficiency measures to bring their energy use down to the median level of energy performance. However, rules from both the SEED and BPS programs create redundant reporting requirements and redundant establishment of energy use benchmarks for state-owned buildings.

ORS 276.915 also contains outdated references to previous state agency energy reduction goals from 2015. Energy reduction plans and new building energy goals are slated for state buildings covered by Building Performance Standards.

Another example of an efficiency gain that ODOE could make is to eliminate the issuance of annual reports for the State Energy Revolving Loan Fund, which is no longer issuing new loans.

### Proposed Solution

This LC proposes to eliminate parts of the SEED program that are also required by the new BPS Program requirements. This solution will streamline the process by removing redundant reporting requirements and benchmarking creation, making more efficient and effective use of state agency staff resources. An additional goal would be to better align the remaining buildings in SEED with our DAS partners’ sustainability efforts. Additionally, this LC will remove the outdated references to previous state agency energy reduction goals.



This LC will also remove no longer needed reporting requirements for the State Energy Revolving Loan Fund.

As additional agency programs go through ODOE's program evaluation process in the spring of 2024, this LC may be updated to include additional statutory adjustments to improve efficiency and effectiveness, eliminate redundancies, or otherwise make revisions.

## **Expected Fiscal Impact**

State agency building energy use reporting is done by staff across multiple agencies and supported by staff at ODOE and DAS. This LC is expected to eliminate future duplication of reporting tasks. This will free up staff resources to focus on supporting other state priorities, and there is no expected fiscal impact.

## **Contact**

Christy Splitt

Government Relations Coordinator

[christy.splitt@oregon.gov](mailto:christy.splitt@oregon.gov)

503-510-4473

### Background and Need for Legislation

In 2021, the legislature passed [House Bill 2021](#), which included a \$50 million fund at ODOE to provide grants for planning and developing community renewable energy projects and energy resilience projects with a renewable energy component.

The Community Renewable Energy Grant Program is open to Oregon Tribes, public bodies, and consumer-owned utilities. Public bodies include counties, municipalities, and special government bodies such as ports and irrigation districts. Grants are awarded on a competitive basis and priority is given to projects that support program equity goals, demonstrate community energy resilience, and include energy efficiency and demand response.

At least half of the grant funds are awarded for projects that serve environmental justice communities, including communities of color, lower-income communities, rural communities, and others. Similarly, at least half of the grant funds are awarded to projects that support community energy resilience.

The program has been a success so far and the need for funding for renewable energy projects is evident. Over \$49 million in application requests were received for \$25 million in funding. While working with eligible applicants, we have heard about the need for funding for energy resilience-only projects and for energy efficiency-only projects in addition to the types of projects that the program is currently able to support.

With the recent increase in power outages and damage from extreme weather, the need for funding for energy resilience-only projects is clear; consumer-owned utilities have been vocal about their needs and the lack of resources to meet them. The new federally funded Grid Resilience Program could provide funding, but for smaller utilities, the match requirements are a barrier. Further, limitations on renewable energy development placed on many consumer-owned utilities have left the Community Renewable Energy Grant Program underutilized by an important intended audience.

Meanwhile, many buildings lack energy efficiency measures that could save energy and reduce energy costs. With energy costs on the rise, this is a specific challenge for public bodies and Tribes where those increases are happening. Large buildings will also soon be subject to the upcoming Building Performance Standard. While there are some incentives available to early actors, the need by public bodies may exceed dollars available.

### Proposed Solution

Instead of creating new programs to take on this work, using a successful, existing program is more efficient. A legislative concept could update the Community Renewable Energy Grant Program statute to allow for energy efficiency-only and resilience-only projects, in addition to renewable energy and renewable + resilience projects. To continue to support renewable energy projects, these new allowable projects could be limited to 10 percent of the total budget for the program each to gauge interest and need. The legislative concept could also include adding an energy efficiency expert to the advisory

committee and changing the name of the fund associated with the program to reflect a focus on resilience.

## Expected Fiscal Impact

An associated agency policy option package has been submitted to continue the Community Renewable Energy Grant Program. These program changes could be carried out by existing staff.

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### Background and Need for Legislation

The Oregon Rental Home Heat Pump Program and Community Heat Pump Deployment Program were established by the Oregon Department of Energy at the direction of SB 1536, which was passed by the Oregon State Legislature in 2022. The two programs provide financial assistance for the purchase and installation of heat pumps and related upgrades.

The Oregon Rental Home Heat Pump Program rebates are issued to participating contractors and are passed on to customers as a reduction in the price of the installed heat pump. The legislature directed the department to make at least 25 percent of the incentive budget available for projects installed for affordable housing providers and at least 25 percent of the incentive budget available for projects installed for dwellings occupied by low- or moderate-income households. The legislature has directed \$19 million to this program, including \$15 million in 2022 (SB 1536) and \$4 million in 2024 (SB 1530). As of April 5, 2024, almost 3,000 projects have either received or reserved rebates in 24 Oregon counties. \$12 million has either been reserved or issued for rebates and grants for the installation of heat pumps, supporting \$22 million in total project costs.

The Community Heat Pump Deployment Program provides grants to eligible entities for them to provide financial assistance to individuals who reside within the region or who are members of the tribe the entity has been awarded a grant for. The program prioritizes the provision of financial assistance to environmental justice communities; individuals who rely on bulk fuels or electric resistance heating; and individuals who reside in a home or structure that does not have a functioning heating or cooling system. The legislature directed \$10 million to the Community Heat Pump Deployment program, \$4,678,576 has been allocated to administrators to cover six regions and one tribe. Another \$2,386,361 is anticipated to be allocated shortly to recently identified administrators in previously unserved regions or tribes, with an additional \$657,443 of grant funding currently under review.

The legislature typically includes a sunset date for incentive programs in statute as a best practice to periodically revise or revisit those programs. SB 1536 included a sunset date of January 2, 2025, for the Oregon Rental Home Heat Pump Program that was revised to January 2, 2026, by HB 3409 in 2023. This means that the sunset must be lifted for the program to continue through the 2025-2027 budget period.

The Community Heat Pump Deployment Program requires an entity that receives a grant under the program to submit a report annually with a description of the use of the grant funds, including a list of the financial assistance provided. By statute, the report may not disclose the personal information of the recipients of financial assistance. Some personal information, such as the street address of the location where a heat pump is installed, would aid ODOE in the analysis and reporting of the program.

### Proposed Solution

The proposed solution for the Rental Home Heat Pump Program would extend the program sunset an additional six years and make the program's four full time positions permanent instead of limited duration. This would continue the program's success in meeting the legislature's goals of reducing the upfront costs of installing heat pumps while also supporting recruitment and retention of agency staff.

With the extension of the program, the draft legislative concept also includes the addition of a reporting requirement for ODOE to provide a report on the program every two years.

The requirement to not release personal information would be removed and replaced with a requirement that the entities use best practices to maintain the confidentiality and security of the information and data. This would allow grantees of the Community Heat Pump Deployment Program to provide the street address of the locations heat pumps were installed through the program.

## **Expected Fiscal Impact**

The Oregon Rental Home Heat Pump Program is funded by the general fund and the fiscal impact is detailed as a proposed policy option package for the agency budget. Changes to the Community Heat Pump Deployment Program are expected to be carried out by current program staff; additional funding to continue the program is also detailed as a proposed policy option for the agency budget.

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# 2025 Possible Legislative Concept Oregon Solar + Storage Rebate Program

## Background and Need for Legislation

The Oregon Solar + Storage Rebate Program was established by the Oregon Department of Energy at the direction of HB 2618, which was passed by the Oregon State Legislature in 2019. The legislation called for the department to adopt a program to provide rebates for the purchase, construction, or installation of solar electric systems and paired solar and storage systems.

Program rebates are issued to participating contractors and are passed on to customers as a reduction in the price of the installed system. The legislature directed the department to make at least 25 percent of the rebate budget available for projects installed for low- and moderate-income residential customers and low-income service providers. Low-income service providers are a specific group of non-residential customers that provide services to individuals and households with low or moderate incomes.

The Oregon Solar + Storage Rebate Program advances Oregon energy policy by helping reduce the upfront costs associated with the purchase and installation of solar energy and solar plus storage energy storage systems. The Legislature has directed \$27 million to this program since 2019. As of April 12, 2024, 6,618 projects have either received or reserved rebates in 34 Oregon counties, a state investment of over \$22.5 million supporting over \$260 million in total project costs.

The current Oregon Solar + Storage Rebate Program provides incentives for battery storage systems only when they are coupled with new solar installations. Energy storage systems can provide multiple benefits to Oregonians, including improved energy resilience during power outages, reduced use of fossil fuel generators, and the potential to provide services to the grid that could lower costs for utilities to meet peak load needs and thereby ratepayer costs. Battery storage is expensive to add to a home, and unlike solar, batteries do not currently provide any payback in the form of savings on energy bills. Most homeowners must choose between a gasoline generator or solar coupled with storage to have backup power at their homes. In most cases, a gasoline generator is the lower cost option. There are more than 20,000 residential solar installations in Oregon without battery storage. A rebate to help offset the costs of adding battery storage could help more Oregonians access home battery technology as backup power, adding to their resilience and preventing pollution.

## Proposed Solution

Modify the Oregon Solar + Storage Rebate Program to provide a financial incentive for battery storage systems that are coupled with existing solar installations on residences and low-income service provider properties. This would enable the benefits of battery storage systems to be realized in more Oregon households and support Oregon jobs in the solar plus storage industry.

## Expected Fiscal Impact

The Oregon Solar + Storage Rebate Program is funded by the General Fund, and the proposed battery storage incentive would be offered within the existing program budget. Last year, ODOE recommended an additional \$20 million in General Fund for the next biennium.

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## 2025 Possible Legislative Concept Contracting with National Labs

### Background and Need for Legislation

The federal government carries out and supports research and development on a variety of topics. Often, this work is carried out by Federally Funded Research and Development Centers. Federally Funded Research and Development Centers are owned by the federal government and operated by contractors.

The U.S. Department of Energy's 16 National Laboratories are examples of Federally Funded Research and Development Centers. These labs are designed to carry out objective research and provide in-depth technical support and data – work that could be of value to state agencies working on energy and climate issues, including the Oregon Department of Energy.

Because of the unique structure of Federally Funded Research and Development Centers, the State of Oregon is unable to contract with them for research or technical support. The centers are limited in their ability to compete with the private sector and from responding to requests for proposals. Meanwhile under state law, Federally Funded Research and Development Centers are not treated as governmental entities, with whom contracts can be made without a selection process, but instead as private contractors. Private contractors must respond to requests for proposals and be part of a competitive consideration process.

The Oregon Department of Energy has been unable to contract with the U.S. Department of Energy's National Renewable Energy Laboratory or Pacific Northwest National Laboratory to carry out data collection, modelling, and research related to multiple ODOE projects, such as the state's Energy Security Plan or Energy Strategy because there was no pathway for Oregon to contract with them. Enabling contracting with the National Laboratories could support state activities to meet climate and energy goals through timely access to objective and rigorous data to inform policy discussions in the state.

### Proposed Solution

Amend ORS 279A.025 (Application of Public Contracting Codes), Section 2 to include the Federally Funded Research and Development Centers as excluded from public contracting code.

### Expected Fiscal Impact

None.

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