

Oregon State Energy Strategy

PROJECT CHARTER



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Oregon State Energy Strategy Project Charter

PURPOSE OF THE CHARTER

The purpose of this Charter is to elaborate on the opportunity set forth in **HB 3630** and through the US Environmental Protection Agency's Climate Pollution Reduction Grant. HB 3630 charges the Oregon Department of Energy to develop an Oregon Energy Strategy by November 1, 2025, and the CPRG provides resources to help develop the Strategy. This Charter describes ODOE's vision and guiding principles for the planning and implementation of this project.

PROBLEM / OPPORTUNITY STATEMENT

In the 2022 Biennial Energy Report, the Oregon Department of Energy found that the state would benefit from a statewide energy strategy to align policy development, regulations, financial investments, community needs, and technical assistance.¹ An energy strategy, if done right, could help answer tough questions about how to achieve deep decarbonization across the whole economy. It could illuminate pathways and leverage local and state solutions to meet Oregon's clean energy goals, balance tradeoffs, maximize benefits and minimize harms to the extent practicable, prioritize equity, and ultimately be used to make informed decisions and take action.

In 2023, the Oregon Legislature passed House Bill 3630, which acts on this recommendation, directing the Oregon Department of Energy to develop a comprehensive Oregon Energy Strategy that identifies options and implementation gaps to achieve the state's policy objectives.

The bill sets forth minimum inputs that the Oregon Energy Strategy must incorporate, factors the Strategy must account for, and parameters to ensure meaningful and inclusive stakeholder engagement. It also calls for periodic updates, with the first version of Oregon Energy Strategy laying the groundwork to build on over time.

The bill requires ODOE to submit a report about the Strategy to the Governor and Legislature by November 1, 2025. At a minimum, the report must:

- (a) Summarize the Strategy and pathways to achieving the state's energy policy objectives;
 1. (b) Describe ODOE's engagement process with stakeholders and how stakeholder perspectives informed the Strategy; and
 2. (c) Recommend legislation or changes to policy necessary to implement the Oregon Energy Strategy.²

¹ Oregon Department of Energy, *2022 Biennial Energy Report*, November 1, 2022, Recommendations, page 563.

² **HB3630 2023 Regular Session - Oregon Legislative Information System (oregonlegislature.gov)**

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PROJECT GOAL

The goal of the Oregon Energy Strategy is to implement the recommendations and opportunity set forth in the 2022 Biennial Energy Report and HB 3630 with additional support from the US Environmental Protection Agency's Climate Pollution Reduction Grant. The Oregon Department of Energy aims to develop, between July 2023 and November 2025, a comprehensive Oregon Energy Strategy that identifies pathways to achieving the state's energy policy objectives, that is informed by robust stakeholder engagement, and that serves as a resource over time through continued analysis and engagement to help Oregon achieve emissions reductions in line with state energy and climate policy goals.

While the legislation does not define "the state's energy policy objectives," it specifies that the strategy must be informed by state laws, policies, and targets regarding greenhouse gas emissions. The Energy Strategy will serve as an important resource to bring together these existing policies and targets, identify implementation gaps, and help answer tough questions on how to successfully meet these targets while balancing key considerations set forth in HB 3630. Existing legislation and regulations driving Oregon's energy transition through long-term binding targets include the 100 percent clean electricity standard (HB 2021), Climate Protection Program, and Clean Fuels Program. Oregon also has economy-wide greenhouse gas reduction goals established by statute and executive action that provide key policy direction for the state. Other energy and climate policy objectives to be included in the analysis will be defined at the start of the project.

PROJECT DESCRIPTION

The development of the Oregon Energy Strategy is a two-and-a-half-year project, beginning in July 2023, with a final written report to the Governor and Legislature due by November 1, 2025. To ensure that ODOE meets all the requirements of House Bill 3630, it is important to define a series of outputs over time, leading to the final report.

The core opportunity presented in HB 3630, as succinctly stated in Section 2 of the bill, is for ODOE to "develop a comprehensive state energy strategy that identifies optimized pathways to achieving the state's energy policy objectives." HB 3630 explains that this work will include, at a minimum, consideration of the following factors:

State energy demand and trends; energy resource and technology choices in consideration of costs, energy efficiency, feasibility and availability; economic and employment impacts; energy burden and affordability; energy resilience and energy reliability; environmental justice; land use considerations; natural resource impacts; emerging technologies and investment opportunities; energy generation, transmission and distribution infrastructure needed to achieve state energy policy objectives; existing and potential incentives to support energy efficiency

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development and deployment; energy security and impacts of broader markets; community benefits; and community energy resilience.³

While there is no crystal ball to reveal a clear path to meeting state clean energy and climate objectives to 2050, ODOE is in a strong position to inform the state's choices through evidence-based analysis, broad engagement, and by proposing how different factors can be balanced to best align stakeholder priorities and perspectives and lay out pathways to meet Oregon's energy and climate goals.

The Oregon Energy Strategy pathways will be developed with the goal of ensuring that no individual groups or communities are disproportionately burdened, and that currently and historically underserved populations have an opportunity to benefit from the clean energy transition. The Strategy will provide high-level strategic guidance for Oregon by identifying implementation gaps and options to achieving our energy and climate goals. It will explore technology and policy pathways and seek to identify preferred pathways that transparently balance tradeoffs.

The pathways will build on the analysis in the 2022 Biennial Energy Report, which looked at a wide range of decarbonization studies and identified four "pillars" of an energy transition: 1) increase energy efficiency, 2) electrify many end-uses, 3) transition to a clean and renewable electricity system, and 4) advance low-carbon fuels for hard-to-electrify sectors. The four pillars will be used as an organizing tool for developing the analysis, seeking feedback, identifying barriers, and crafting recommendations. The four pillars are meant to start the conversation and not limit potential solutions. For example, energy efficiency should include consideration of all demand-side options, including efficient and flexible energy use, as well as broader transportation and land-use strategies. In this context we seek to create and analyze a diverse set of pathways or scenarios that illustrate different ways to balance tradeoffs while achieving our energy and climate goals, resulting in the development of recommended actions in the Energy Strategy.

HB 3630 calls on ODOE to engage with relevant state agencies, federally recognized Indian tribes, and stakeholders in developing the Strategy. At a minimum, the stakeholders must represent a diverse range of: (a) interests, perspectives, expertise, and education; (b) socioeconomic backgrounds; (c) communities; and (d) geographic areas of the state.⁴ It will be important to provide opportunities for experts and non-experts alike to engage in the development of the Strategy. ODOE will work to lower barriers to participation to ensure that all communities, including local governments, tribal communities, and historically underserved communities, can meaningfully participate in the process. This includes formal coordination and

³ [HB3630 2023 Regular Session - Oregon Legislative Information System \(oregonlegislature.gov\)](#)

⁴ [HB3630 2023 Regular Session - Oregon Legislative Information System \(oregonlegislature.gov\)](#)

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cooperation with the nine federally recognized Native American Tribes in Oregon. In this document, the term “stakeholders” should be interpreted broadly to include these groups as well as anyone else with an interest in engaging in the process.

ODOE will develop an outreach and engagement strategy to create meaningful engagement opportunities throughout the process. This will build on previous and existing engagements by ODOE and other agencies, taking into account input already shared by stakeholders on energy issues. The outreach and engagement strategy will include “listening sessions” to ensure public input into the definition of the research questions that will guide modeling and policy analysis. It will also include the creation of three groups to inform the design and direction of the Strategy: An Interagency Steering Group, an Advisory Group, and a Technical Working Group (“Advisory Groups”). These groups may be organized into sub-groups or committees as needed to help focus discussions and best optimize the use of participants’ time and expertise. They will provide an ongoing opportunity to build trust, better understand perspectives and priorities, and create forums for information sharing and feedback from stakeholders throughout the process. The process for developing these groups, timing of meetings, and interaction between the groups are being developed early in the process through outreach to stakeholders throughout the state and region.

Securing a clean energy future for Oregon is a responsibility shared among several state agencies. The Interagency Steering Group will serve to ensure that the Oregon Energy Strategy builds on the expertise, perspectives, existing programs, and efforts of state agencies, and recognizes each agency’s role in the clean energy transition. It will be a collaborative forum that includes representatives of the Oregon Department of Environmental Quality, Oregon Department of Land Conservation and Development, Oregon Department of Transportation, Oregon Public Utility Commission, Business Oregon, and the Governor’s Office. Other agencies will be consulted as appropriate to ensure relevant views are taken into account.

The goal of the Interagency Steering Group will be to inform and guide the process from the very start. The Group will come together to develop a shared understanding of progress to-date in delivering on the state’s energy and climate policy objectives, gain insights into how the Strategy can support agencies in implementing state energy and climate goals, identify opportunities for interagency coordination, inform the stakeholder engagement process, and ensure that the Oregon Energy Strategy reflects a shared vision for achieving Oregon’s energy and climate policy goals.

The Oregon Energy Strategy will be developed through a step-by-step process that combines data gathering, analysis, and scenario definition and modeling, integrated with an iterative stakeholder engagement process that ensures an inclusive and informed Strategy. The following is a summary of how ODOE plans to develop the Oregon Energy Strategy over the next two-and-a-half years to fulfill this mandate and deliver the Strategy by the November 1, 2025, deadline.

1. Public launch and listening sessions. Following the public launch webinar, ODOE will continue to conduct outreach to present the Oregon Energy Strategy’s goals, process, and

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methods of stakeholder engagement across the state. In early 2024, ODOE will conduct a series of listening sessions, organized in small groups with support from an expert facilitator, to enable ODOE staff to hear stakeholder priorities, discuss key questions and guiding principles for the Energy Strategy, identify difficult questions that have not yet been answered by state policies and programs, and to collect feedback on the proposed data, assumptions, and modeling approach. At the same time, ODOE will organize a series of meetings with the Working Groups to further inform the Strategy. Information about the project will be made available on the [Oregon Energy Strategy webpage](#) maintained on ODOE's website. Comments from the listening sessions will inform the scope of the work and the next step of the process – the modeling.

2. Modeling. The second output of the Oregon Energy Strategy will be to undertake a modeling exercise with the support of a technical contractor and in consultation with the Working Groups to evaluate the potential pathways for meeting Oregon's climate and energy goals.

The Oregon Energy Strategy will not be developed from scratch. It will be informed by state laws, policies and targets regarding energy and greenhouse gas emissions; utility integrated resource and clean energy plans; and other energy-related and decarbonization studies and analysis. ODOE will work with relevant agencies and stakeholders to avoid re-visiting approved plans and policies, while striving to inform future plans with analysis that helps quantify and qualify the tradeoffs of different clean energy pathways.

3. Progress report in the 2024 Biennial Energy Report. As part of the Biennial Energy Report that will be published in November 2024, ODOE will prepare a written progress report summarizing key questions, insights, and data resources identified in the listening sessions, along with key questions that the modeling will aim to answer.

4. Presentation and engagement on preliminary findings and revisions to the modeling analysis. ODOE will share preliminary results of the modeling with stakeholders and the Working Groups and provide an opportunity for public comment and feedback. ODOE will maintain a record of how comments have been addressed and any relevant impacts they have had on the modeling analysis. This record will be added to the summary of the first listening sessions and reflected in the final Oregon Energy Strategy report.

5. Round 2 of listening sessions to assess policy options and inform recommendations. The modeling analysis will be a critical input into the development of recommendations in the Oregon Energy Strategy. While the modeling analysis will help understand the "what" (what needs to be done to achieve Oregon's climate and energy goals) the legislative and policy recommendations will help understand the "how" (how can policies and legislation steer Oregon

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towards meeting its goals, where are the gaps and barriers, and how can they be overcome).⁵ Oregon already has in place a robust framework of policies and legislation driving decarbonization and the clean energy transition. The purpose of the analysis in the Oregon Energy Strategy will be to work with this existing framework to provide policymakers and stakeholders with recommendations to help successfully meet Oregon’s long-term clean energy goals.

As with the first round of listening sessions, the purpose here will be to ensure an opportunity to hear stakeholder priorities and concerns, and to ensure that the policy recommendations reflect the diverse views, interests, concerns, and priorities of Oregonians across the state.

6. Written report. The final step will be to prepare a written report that (a) describes the process used and the pathways created to help achieve the state’s energy and climate policy objectives, identifying the factors and choices that need to be balanced to maximize benefits and minimize costs of the low-carbon transition in Oregon; (b) describes ODOE’s engagement process with stakeholders and how stakeholder perspectives informed the Oregon Energy Strategy; and (c) identifies policy gaps and implementation barriers and recommends legislation and policies necessary to bridge gaps and help Oregon achieve its goals.

7. Outreach and next steps. SB 3630 is clear that the Oregon Energy Strategy is not meant to be a one-off exercise, but rather a strategy that evolves over time to keep up with new information, data, and policies. The Oregon Department of Energy will submit the report to the Governor and Legislature, and be prepared to present it to state agencies, federally recognized Indian tribes, and stakeholders when requested. ODOE will implement a communication strategy to share the report results and propose next steps to advance implementation of the Oregon Energy Strategy and to maintain an updated Energy Strategy over time.

PROJECT OBJECTIVES

While the goal of this project is to develop the Oregon Energy Strategy, the objectives focus on what this process will advance, support, and inform. Specifically, the Oregon Energy Strategy will serve to advance emissions reductions, increase reliability and resilience of the energy system, strengthen engagement, help stimulate investment, support state and regional cooperation, promote economic efficiencies, and deliver key non-energy benefits to Oregonians.

⁵ In addition to policies and regulations, the recommendations may integrate broader policy levers, such as how to advance incentives, grants, programs, studies, or more collaboration.

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1. **Energy-related climate goals.** The Oregon Energy Strategy will help Oregon better understand energy pathways to meet its clean energy and greenhouse gas emission reduction targets between now and 2050 and make informed policy decisions to achieve these targets.
2. **Engagement.** The Oregon Energy Strategy will serve as a venue to strengthen cooperation with state agencies, federally recognized Indian tribes, and stakeholders across the state on decarbonization and clean energy pathways, increasing the opportunities for Oregon to reach its goals in a way that strives to maximize benefits and minimize costs and negative impacts. The development and publication of the Oregon Energy Strategy by November 1, 2025, will serve as a basis for continued dialogue on actions to meet the state’s climate and energy goals.
3. **Investment.** The Oregon Energy Strategy will serve as a resource to identify and help stimulate investments in energy resources and associated infrastructure that are needed to keep Oregon on track to meeting near-, mid-, and long-term climate and energy goals.
4. **Regional Cooperation.** The Oregon Energy Strategy will provide an opportunity for Oregon to develop a balanced view of pathways and policy recommendations developed through evidence-based analysis and a robust stakeholder consultation process to achieve its climate and energy goals across all energy and end-use sectors. This will support informed engagement in regional discussions and help ensure that Oregon’s needs, goals, and concerns are accounted for in ongoing and future regional cooperative arrangements.
5. **Non-energy benefits.** The clean energy transition has the potential to improve the lives and livelihoods of Oregonians, providing jobs, economic development, and career pathways; lowering our energy burden; improving our environment, especially our air and water quality; improving the resilience and reliability of our energy systems; and increasing comfort – just to name a few. The Oregon Energy Strategy will, through engagement with Oregonians, identify and endeavor to advance these and other priority non-energy benefits in the energy transition.

ADVANCING THE AGENCY’S STRATEGIC PLAN

The Oregon Energy Strategy directly aligns with ODOE’s mission and vision, set forth in ODOE’s Strategic Plan. This Project will advance on the five Imperatives (focus areas) set forth in the Agency’s Strategic Plan and help to frame priorities for the next iteration of the Agency’s Strategic Plan after 2024.

1. The project will **Expand and Improve Stakeholder Engagement** through the listening sessions, engagement with the working groups, and other forms of outreach throughout the process.
2. The project will **Build Practices and Processes to Achieve More Inclusive and Equitable Outcomes** by incorporating stakeholder feedback throughout the development of the Oregon Energy Strategy, and by working to include historically

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underserved communities and local governments in the process. How this feedback is incorporated into the Oregon Energy Strategy will be transparently described in the final report to the Governor and Legislature.

3. The project will help to **Assess and Enhance Organizational Data Capabilities** by building on a strong data foundation to inform the modeling analysis for the Oregon Energy Strategy, as well as by strengthening cooperation with relevant agencies and key stakeholders who are often key data holders. The Energy Strategy will be an important part of the process to develop Key Energy Indicators as a public resource on its website.
4. The project will help to **Assess and Modernize Agency Programs and Activities** by delivering a new piece of analysis that is essential to meeting the State's energy goals, which is at the frontier of the Agency and the State's agenda.
5. The project will help **Optimize Organizational Efficiency and Impact** by leveraging existing workstreams and staff expertise to produce a meaningful resource for the state.