



SMALL-SCALE LOCAL ENERGY LOAN PROGRAM

Biennial Program Report

Submitted to the
OREGON LEGISLATURE

by the
**OREGON
DEPARTMENT OF
ENERGY**

December 2025



SMALL-SCALE ENERGY LOAN REPORT – 2025

EXECUTIVE SUMMARY

In 1979, the Oregon State Legislature established the Small-Scale Local Energy Loan Program (SELP) under ORS Chapter 470 to provide long-term fixed rate loans for Oregon energy projects. Over the program's history, the Oregon Department of Energy issued more than 900 loans, with an associated \$612 million in financing, to recipients located across all 36 Oregon counties. SELP is currently inactive, and new loans have not been originated since 2015. While SELP doesn't generate new loans, the program will continue to service the existing loan portfolio and make related bond debt payments until 2034.

**THROUGH SELP, ODOE HAS
ISSUED MORE THAN 900 LOANS,
WITH AN ASSOCIATED \$612
MILLION IN FINANCING, TO
RECIPIENTS LOCATED ACROSS
ALL 36 OREGON COUNTIES.**

SELP has helped support Oregon energy policy by providing public, private, and Tribal entities access to energy project capital for qualified Oregon energy projects that invest in energy conservation, renewable energy, and alternative fuels, or that create products from recycled materials. The program primarily relies on fees and loan interest to sustain operations. Historically, capital for loans was raised through the issuance of Article XI-J general obligation bonds.

When the program was active, it was supported by the Small-Scale Local Energy Project Advisory Committee (SELPAC), a nine-member, agency director-appointed committee representing the interests of Oregonians. SELPAC provided broad subject matter expertise in the areas of energy technology, natural resource development, environmental protection, finance, agriculture, local and regional governance, and utility operations. SELPAC assisted SELP by making recommendations on loan applications and standards for small-scale local energy projects.

ODOE did not have bonding authority for the 2023-2025 biennium covered by this report. Consequently, there are no new SELP loan originations to report. While the lending aspect of the program has been on hiatus since 2015, ODOE has continued to work diligently to improve the program's financial condition. For example, ODOE has reduced the budget deficit by more than \$10.5 million through a combination of bond refinancing, restructuring of debt, and collection activity.

The following SELP balance sheet and income statement summary is drawn from the program's audited financial statements and reflects an increase in the program's net position. The increase in net position represents an improvement in the financial condition of the program primarily through a reduction in program liabilities. The program had positive net income (change in net position) in both fiscal years ending 2023 and 2024; the overall cashflow during this period was positive because the amount of assets that generate cash (loans) was larger than the amount of program liabilities that use cash (bond debt). SELP cash flow was positive in FY 2023 and FY 2024 after a \$1 million General Fund transfer. Without the General Fund transfer, SELP would not have had enough cash on hand to make required bond payments in April 2023. This mismatch in the program's balance sheet, and the need for a General Fund transfer, is the result of the default of high-risk loans that occurred between 2007 and 2012, as well as the lack of new loan origination since 2015.

SMALL-SCALE ENERGY LOAN REPORT – 2025

SELP Balance Sheet and Income Statement

	Period Ending June 30, 2023	Period Ending June 30, 2024
Program Assets	\$ 90,923,394	\$ 80,763,900
Program Liabilities	\$ 91,012,770	\$ 78,644,758
Net Position	\$ (6,080,118) (89,376)	\$ 2,119,142
Program Revenue	\$ 4,996,567*	\$ 4,595,634
Program Expense	\$ 2,747,616	\$ 2,387,117
Change in Net Position	\$ 2,248,951	\$ 2,208,517

*Includes \$1,000,000 General Fund Transfer in FY 2023.

The Legislature, through SB 5016 (2023), appropriated \$1.5 million in General Fund to ODOE to pay SELP bond debt service through the 2023-25 biennium; however, these funds ultimately were not needed and will be reverted to the state General Fund as the program continues to show positive cash flow to cover bond payments.

The Oregon Department of Energy is currently focused on prudently managing the existing SELP portfolio to continue the trajectory of positive cash flow and limit the effect of the program on the General Fund.

The complete 2025 Report to the Legislature is available on ODOE's website:

<https://www.oregon.gov/energy/Data-and-Reports/Pages/Reports-to-the-Legislature.aspx>

SMALL-SCALE ENERGY LOAN REPORT – 2025

TABLE OF CONTENTS

EXECUTIVE SUMMARY..... i

INTRODUCTION..... 1

 Program Background.....1

 Program Operations1

 Program Challenges.....2

SELP FINANCIAL OVERVIEW..... 2

ENERGY LOAN ACTIVITY - JANUARY 1, 2024 TO CURRENT..... 4

CURRENT SELP PROGRAM ACTIVITY..... 4

SMALL-SCALE ENERGY LOAN REPORT – 2025

INTRODUCTION

For more than 40 years, the Small-Scale Local Energy Loan Program has helped individuals, businesses, Tribes, nonprofits, and public sector agencies pursue energy efficiency and renewable energy goals. Through SELP, ODOE has issued more than 900 loans, with an associated \$612 million in financing, to recipients located across all 36 Oregon counties.

**THROUGH SELP, ODOE HAS
ISSUED MORE THAN 900 LOANS,
WITH AN ASSOCIATED \$612
MILLION IN FINANCING, TO
RECIPIENTS LOCATED ACROSS
ALL 36 OREGON COUNTIES.**

As this report outlines, SELP is not currently writing or developing new loans. SELP staff are focused on working closely with existing borrowers to help ensure current loan repayments are managed carefully.

Program Background

SELP was established by the Oregon State Legislature in 1979 under ORS Chapter 470. A legislatively referred constitutional amendment to authorize the issuance of state Article XI-J bonds for small-scale local energy projects passed in 1980. SELP supported Oregon energy policy by providing public, private, and Tribal entities access to energy project capital. The program issued Article XI-J general obligation bonds to originate fixed-rate long-term loans for qualified Oregon energy projects that invested in energy conservation, renewable energy, and alternative fuels, or that created products from recycled materials.

Historically, a lack of access to project capital had been a barrier to energy project development. SELP played an important role in ensuring project capital was available to support the implementation of energy projects that advanced Oregon’s energy-related goals.

Program Operations

The loan program operates as an enterprise fund and primarily relies on program fees and loan interest to sustain operations. SELP made its first loan in 1981, and the program was intended to operate without General Fund support. The default of high-risk loans made between 2007 and 2012 resulted in a deficit that required \$3.5 million in General Fund transfers between 2022 and 2023. The program manages two major funds to carry out program activities:

Small-Scale Local Energy Project Loan Fund

This fund and its sub-accounts, created by Article XI-J of the Constitution and appropriated to the Department under ORS 470.130 to hold the proceeds from article XI-J bond sales, is the funding source for program loans.

Small-Scale Local Energy Project Administration and Bond Sinking Fund

This fund, created under ORS 470.300, is the source for payment of all loan program expenses. The sinking fund and its sub-accounts consist of all program fees and interest earned, program loan receivables, monies transferred from the Small-Scale Local Energy Project Loan Fund, and any gifts, grants, or legislative appropriations.

SMALL-SCALE ENERGY LOAN REPORT – 2025

When SELP was active, there was a nine-member, agency director-appointed Small-Scale Local Energy Project Advisory Committee (SELPAC) that represented the interests of Oregonians. The committee supported SELP program activities by providing broad subject matter expertise in the areas of energy technology, natural resource development, environmental protection, finance, agriculture, local and regional governance, and utility operations. It has been inactive for several years.

Program Challenges

A projected deficit in the bond sinking fund was first recognized in December 2008 and has been reported since that time on SELP financial statements, official bond sale summaries, and in the program's biennial reports to the Legislature. As of June 30, 2025, the program is no longer — nor projected to be — in a deficit for the remaining life of existing SELP loans.

The sinking fund deficit was the result of \$34.9 million in loan losses sustained on loans the department originated between 2007 and 2012. Of the \$34.9 million in losses suffered, over \$28 million is attributable to losses from two loans: Cascade Grain Products, LLC (\$18.1M) and Peak Sun Materials Corporation (\$10.2M). These two losses represent 74 percent of program loan losses. The single largest program expense is debt service on the bonds issued to fund loans.

ODOE was not granted bonding authority for SELP for the 2025-27 biennium. Consequently, the program is no longer originating new loans.

Though the agency cannot issue new loans, ODOE has been aggressive in reducing the deficit through expense reductions. In May 2020 the agency successfully closed a small bond refunding that generated \$4.6 million in cost savings. As required by statute, half of the generated cost savings were passed on to borrowers as a reduction in the interest rate on loans funded by bonds that were refunded. The other half of cost savings assisted in posting the remaining bonds' payment.

SELP FINANCIAL OVERVIEW

The following SELP balance sheet and income statement summary is drawn from the program's audited fiscal year-end financial statements and reflects an increase in the program's net position compared to the prior year thanks to continued reductions in program expense.

SMALL-SCALE ENERGY LOAN REPORT – 2025

Table 1: SELP Balance Sheet and Income Statement

	Period Ending June 30, 2023	Period Ending June 30, 2024
Program Assets	\$ 90,923,394	\$ 80,763,900
Program Liabilities	\$ 91,012,770	\$ 78,644,758
Net Position	\$ (89,376)	\$ 2,119,142
Program Revenue	\$ 4,996,567*	\$ 4,595,634
Program Expense	\$ 2,747,616	\$ 2,387,117
Change in Net Position	\$ 2,248,951	\$ 2,208,517

*Includes \$1,000,000 General Fund Transfer in FY 2023.

The scope of the cash flow deficit is dynamic and is a function of anticipated loan repayment and program expenses; consequently, the deficit forecast will change over time. If funds in the SELP bond sinking fund are sufficient, ORS 470.300 requires ODOE to reimburse the General Fund for any appropriations made to the department for SELP bond payments.

The following summaries of SELP cash balances at fiscal year-end 2023 and 2024.

Table 2: SELP Cash Balances as of June 30, 2023

Small-Scale Local Energy Loan Fund	\$ -
Small-Scale Local Energy Admin & Bond Sinking Fund	
Principal & Interest Received	\$ 1,971,304
Extraordinary Expense	\$ -
Borrower Revenue Loss Reserve	\$ 2,273,052
Bond Debt Service	\$ 3,089,921
Program Administration	\$ 13,842
Total	\$ 7,348,119

SMALL-SCALE ENERGY LOAN REPORT – 2025

Table 3: SELP Cash Balances as of June 30, 2024

Small-Scale Local Energy Loan Fund	\$ -
Small-Scale Local Energy Admin & Bond Sinking Fund	
Principal & Interest Received	\$ 3,743,612
Extraordinary Expense	\$
Borrower Revenue Loss Reserve	\$ 2,387,369
Bond Debt Service	\$ 1,211,086
Program Administration	\$ 20,516
Total	\$ 7,362,583

ENERGY LOAN ACTIVITY - JANUARY 1, 2024 TO CURRENT

ODOE was not granted bonding authority for the period covered by this report. Therefore, no new SELP loans were made.

CURRENT SELP PROGRAM ACTIVITY

SELP staff continue to work closely with the remaining 47 borrowers with balances ranging from \$4,417 - \$6,057,528, to help ensure current loan repayments are managed appropriately.

SMALL-SCALE ENERGY LOAN REPORT – 2025

FOR MORE INFORMATION

The Oregon Department of Energy
550 NE Capitol Street NE
Salem, OR 97301
503-378-4040 | 800-221-8035
askenergy@oregon.gov
www.oregon.gov/energy

