Developing ODOE’s 2019-21 Agency Request Budget

Energy Advisory Work Group Meeting
June 20, 2018
Developing the ODOE Budget: 2016 vs 2018

2016 - development of our 2017-19 budget:

- Joint Committee on Oregon Department of Energy Oversight had just started meeting
- We were anticipating the sunset of our tax credit programs
- We were no longer lending through our Small-Scale Energy Loan Program
- We had just come off a 2015-17 budget that slashed positions and closed offices

2018 - looking ahead to the 2019-21 biennium:

- We’re overseeing the tail end of our tax credit programs and reducing staff
- We’re taking a leadership role on electric vehicles and net-zero buildings
- We’re taking on the review of more proposed energy facilities, including new utility-scale solar and large projects with a federal nexus
- We’re continuously improving resources we provide Oregonians, from an interactive Electricity Resource Mix tool to a new Biennial Energy Report
Developing a State Agency Request Budget

- March 3: 2017-19 Legislatively Approved Budget
- May 9: 2019-21 Base Budget
- May 31: Essential Packages
- Aug 1: 2019-21 Request Budget

Essential Packages:
- 2019-21 Current Service Level
- Revenue Shortfalls
- Policy Option Packages

Additional Packages:
- Cost of Living Adjustments
- Merit Step Increases
- Vacancy Savings
- Temp & Differential Inflation
- Phase In/Out
- Inflation
- Fund Shifts
- Technical Adjustments

Oregon Department of Energy
March 3:
We began developing the 2019-21 budget starting with the 2017-19 LAB. Cost of living adjustments and merit step increases are enacted by the Oregon Department of Administrative Services.
Developing a State Agency Request Budget

May 9:
The base budget is evaluated, and adjustments are made, leading to the “Current Service Level,” or CSL.
May 31:
The CSL includes estimates of the costs to continue administering legislatively approved programs in the next biennium.
By August 1:

CSL is evaluated, revenue needs are identified, and Policy Option Packages – or POPs – are developed, identifying changes to current programs that may require additional resources.
Developing ODOE’s 2019-21 Budget

2019-21 Agency-wide CSL

Energy Development $110.5
Nuclear Safety / Emergency Prep $2.3
Energy Facility Siting $5.1
Planning & Innovation $6.7
Administrative Services $13.9

2019-21 Agency Operating CSL

Planning & Innovation 22%
Administrative Services 46%
Energy Development 10%
Nuclear Safety / Emergency Prep 7%
Energy Facility Siting 15%

Total:

$138.6 million
$30.4 million
History of ODOE’s Biennial Budgets

- 2009-11: $309.6M, 117.44 FTE
- 2011-13: $247.4M, 119.81 FTE
- 2013-15: $231.7M, 112.81 FTE
- 2015-17: $182.2M, 104.50 FTE
- 2017-19: $160.0M, 93.87 FTE
- 2019-21 CSL: $138.6M, 84.00 FTE

Legend:
- General Fund Debt Service
- Lottery Fund Debt Service Ltd
- Other Funds Non-Ltd
- Other Funds Debt Service Non-Ltd
- Other Fund Ltd
- Federal Funds Debt Service Non-Ltd
- Federal Funds Ltd
Funding the ODOE Budget

• Funding sources:
  • Federal funds
  • Fees for services
  • Energy Supplier Assessment
  • SELP borrowers paying off their principals plus interest
  • General Fund for SELP debt service

• We actively seek out new federal funds and carefully manage our fees for services
• ESA is charged to every fuel provider and utility selling energy in the state, with exemptions built in
Funding ODOE’s 2017-19 Budget

- Chart shows 2017-19 revenues excluding SELP
- We expect 2019-21 funding to look similar, with the exception of EIP fees, which will decrease
- Final revenue numbers will be calculated by and shared at the July public budget meeting
Developing ODOE’s 2019-21 Budget

Draft 2019-21
Current Service Level Budget and
Policy Option Packages
by ODOE Program Divisions
ODOE’s Five Program Divisions

- Energy Planning & Innovation
- Administrative Services
- Energy Development Services
- Energy Facility Siting
- Nuclear Safety & Emergency Prep
Administrative Services – What We Do

Provide efficient resources and reliable customer service across the agency to facilitate good governance and strong fiscal management.

- **Director’s Office (12.0 FTE)**
  - Communications
  - Human Resources
  - Government Relations
  - Internal Audit

- **Central Services (23.0 FTE)**
  - Finance & Operations
  - Information Technology
  - Budget
  - Federal Grants

- **Northwest Power and Conservation Council (2.0 FTE)**
  - Two positions funded by Bonneville Power Administration
Director's Office – Our Team

- 14 staff, includes two Northwest Power and Conservation Council members
- 17% of ODOE employees
- Employees provide resources and services agency-wide
Central Services – Our Team

- 23 staff
- 27% of ODOE employees
- Includes payroll, contracts and procurement, grant management, accounting, and other agency-wide services
- IT team is implementing last biennium’s POP to modernize agency software
Administrative Services – CSL Budget + Estimated Funding

Budget Breakdown

- Central Services: 71%
- Director’s Office: 29%

Funding Sources

- Indirect: 70%
- Federal Funds: 1%
- SELP: 1%
- NWPCC: 5%
- ESA: 23%
PROJECT-SPECIFIC THIRD-PARTY STUDIES
POP would be used to contract for studies, research, and analysis services. Estimated cost: $200,000

INTERNERSHIPS
POP would fund six paid internship opportunities over two years. Estimated cost: $50,000
Energy Development Services – What We Do

Provide energy loans and grants to help Oregon residents, public agencies and schools, nonprofits, businesses, and tribes.

<table>
<thead>
<tr>
<th>Small-Scale Energy Loan Program</th>
<th>Energy Efficiency Financing</th>
<th>Energy Incentive Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>92% (5.0 FTE)</td>
<td>3%</td>
<td>5% (2.0 FTE)</td>
</tr>
</tbody>
</table>

- Loan Activity
- Administration

- Clean Energy Deployment Fund
- Energy Efficiency & Sustainable Technology (EEAST) – inactive
- Alternative Fuel Vehicle Loan Program

- Renewable Energy Development Grants
- Tax Credit Sunset Administration
- Residential Energy Tax Credits
- Transportation and Conservation Tax Credits
- Biomass Tax Credits
- State Home Oil Weatherization Program
Energy Development Services – Our Team

- Down from 26 staff to 7
- 8% of ODOE employees
- ODOE pursuing legislative concept to continue lending through SELP
- Staff attrition timed to manage tail-end of incentive programs
BOND AUTHORITY
Authority to issue Article XI-J General Obligation bonds granted through the 2019 Legislative Session bond bill (no budget impact).
**Nuclear Safety & Emergency Prep – What We Do**

Oversee Oregon’s interests in the Hanford nuclear facility cleanup and prepare for nuclear and energy-related emergencies.

<table>
<thead>
<tr>
<th>Hanford/Nuclear Oversight 58%</th>
<th>Nuclear Emergency Preparedness 15%</th>
<th>Non-nuclear Emergency Preparedness 18%</th>
<th>Radioactive Waste Transportation 9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Hanford cleanup oversight</td>
<td>• Columbia Generating Station</td>
<td>• Petroleum contingency planning/Oregon Fuel Action Plan</td>
<td>• Transport of radioactive materials through Oregon</td>
</tr>
<tr>
<td>• Hanford Natural Resource Trustee</td>
<td>• Former Trojan nuclear plant</td>
<td>• Liquefied Natural Gas export facility</td>
<td></td>
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<tr>
<td>• Uranium mining and mill cleanup</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Radioactive waste disposal</td>
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</tbody>
</table>
Nuclear Safety & Emergency Prep – Our Team

- 6 staff
- 7% of ODOE employees
- Employees have extensive technical background
- Recent retirements have taken considerable institutional knowledge (45 years experience in three employees)
- Agency-wide effort to meet emergency preparedness responsibilities
Nuclear Safety and Emergency Prep – CSL Budget + Estimated Funding

Budget Breakdown
- Hanford Oversight: 58%
- Non-Nuclear Emergency Preparedness: 18%
- Nuclear Emergency Preparedness: 15%
- Radioactive Transportation: 9%

Funding Sources
- Federal Funds: 64%
- Fees: 27%
- ESA: 9%
Energy Facility Siting – What We Do

Ensure that proposed energy facilities meet specific statewide and local standards and are considered with public input and participation.

<table>
<thead>
<tr>
<th>Department Section</th>
<th>Percentage (%)</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large-Scale Energy Facility Siting</td>
<td>55%</td>
<td>5.5</td>
</tr>
<tr>
<td>Coordinate consolidated state energy facility review</td>
<td></td>
<td></td>
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<tr>
<td>Provide decision-makers with information</td>
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<tr>
<td>Monitoring</td>
<td>6%</td>
<td>1.0</td>
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<tr>
<td>Conduct regular compliance visits</td>
<td></td>
<td></td>
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<tr>
<td>Inspections include facilities under construction</td>
<td></td>
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<tr>
<td>Anyone may ask ODOE to inspect an EFSC-jurisdiction facility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Siting Coordination</td>
<td>2%</td>
<td>0.25</td>
</tr>
<tr>
<td>Coordinate state agency response on federal projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Facility Siting Council</td>
<td>37%</td>
<td>4.25</td>
</tr>
<tr>
<td>Staff to EFSC</td>
<td></td>
<td></td>
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<tr>
<td>Provide information, research, and recommendations</td>
<td></td>
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<tr>
<td>Coordinate meetings, public notices, and public comment</td>
<td></td>
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</tbody>
</table>
Energy Facility Siting – Our Team

- 11 staff
- 13% of ODOE employees
- Siting analysts provide subject matter expertise to review applications and amendments
- Program area staffs the Energy Facility Siting Council
- Staff also include a rulemaking coordinator and a compliance officer
Energy Facility Siting – CSL Budget + Estimated Funding

Budget Breakdown:
- Siting Certification: 55%
- Energy Facility Siting Council: 37%
- Monitoring: 6%
- Federal Coordination: 2%

Funding Sources:
- Fees: 76%
- ESA: 24%
2 FTE SITING POSITIONS
POP would add two limited duration Utility and Energy Analysts.
Estimated cost: $600,000
### Planning & Innovation – What We Do

<table>
<thead>
<tr>
<th>Technology &amp; Policy</th>
<th>Energy Efficiency &amp; Conservation</th>
<th>Rulemaking &amp; Legislative Coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Renewables</td>
<td>• Public Buildings</td>
<td>• Rulemaking</td>
</tr>
<tr>
<td>• Electricity Systems and Planning</td>
<td>• RCI – Residential, Commercial, Industrial Services</td>
<td>• Dockets</td>
</tr>
<tr>
<td>• Thermal Energy</td>
<td>• Public Purpose Charge</td>
<td>• Regional Planning</td>
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<tr>
<td>• Climate</td>
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<tr>
<td>• Transportation</td>
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</tbody>
</table>

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**Technology & Policy**
- Renewables
- Electricity Systems and Planning
- Thermal Energy
- Climate
- Transportation

**Energy Efficiency & Conservation**
- Public Buildings
- RCI – Residential, Commercial, Industrial Services
- Public Purpose Charge

**Rulemaking & Legislative Coordination**
- Rulemaking
- Dockets
- Regional Planning
Planning & Innovation – Our Team

- 22 staff
- 26% of ODOE employees
- Employees have deep technical knowledge and expertise in renewable energy technologies, planning, docket rules and rulemaking, transportation, climate, and energy efficiency
# P&I Technology & Policy

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thermal Energy</td>
<td>12%</td>
<td>1.2</td>
</tr>
<tr>
<td>- Combined Heat &amp; Power (CHP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Natural Gas</td>
<td></td>
<td></td>
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<tr>
<td>- Renewable Natural Gas (RNG)</td>
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<td></td>
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<tr>
<td>Climate</td>
<td>11%</td>
<td>1.1</td>
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<tr>
<td>- Global Warming Commission</td>
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<tr>
<td>- Carbon Policy Office Support</td>
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<tr>
<td>- Climate-Energy Nexus</td>
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<tr>
<td>Electricity Systems &amp; Planning</td>
<td>26%</td>
<td>2.6</td>
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<tr>
<td>- Resource Planning</td>
<td></td>
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<tr>
<td>- Electricity Resource Mix</td>
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<tr>
<td>- Resiliency</td>
<td></td>
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<tr>
<td>- Distributed Generation</td>
<td></td>
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<tr>
<td>- Electricity Markets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable Transportation</td>
<td>21%</td>
<td>2.2</td>
</tr>
<tr>
<td>- Electric Vehicles</td>
<td></td>
<td></td>
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<tr>
<td>- Alternative Fuels</td>
<td></td>
<td></td>
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<tr>
<td>- Technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewables</td>
<td>30%</td>
<td>3.0</td>
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<tr>
<td>- Resource-Specific</td>
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<tr>
<td>- Integration of Renewables</td>
<td></td>
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<tr>
<td>- Renewable Portfolio Standard</td>
<td></td>
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<tr>
<td>- Grant Work</td>
<td></td>
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<tr>
<td>- Agriculture</td>
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</tbody>
</table>
P&I Energy Efficiency & Conservation

Public Buildings 24% (2.9 FTE)
- State Energy Efficient Design
- Agency Energy Reporting, Benchmarking, and Planning
- 1.5% Green Energy Technology
- Lead by Example EO

Public Purpose Charge 41% (3.9 FTE)
- Schools
- Industrial

Res/Com/Ind 35% (3.7 FTE)
- All sectors
  - Code Advancement EO
  - Technical Assistance
  - Program Coordination
- Residential
  - Home Scoring
- Commercial
- Industrial
  - Energy Intensive Industries
P&I Energy Efficiency & Conservation

Budget Breakdown
- Public Purpose Charge Activities 41%
- Residential Commercial Industrial 35%
- Public Buildings 24%

Funding Sources
- ESA 47%
- NEEA 3%
- State Energy Program 9%
- Public Purpose Charge 41%
- Public Purpose Program 9%

1 FTE P&I POSITION
Add a Research Analyst to provide data research, compilation, and analysis tasks.
Estimated cost: $300,000
Questions, Comments, and Discussion

2019-21 Budget Public Meeting
Wednesday, July 18
Open House: 1:00-2:00 p.m.
Presentation and Meeting: 2:00 p.m.