



Oregon

Kate Brown, Governor



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MEETING NOTES

Energy Advisory Work Group

Wednesday, June 20, 2018

2:00 p.m. to 4:00 p.m.

Meitner Conference Room

Meeting Attendees		
EAWG MEMBERS	GUESTS	ODOE STAFF
Jana Gastelum, OR Environmental Council	Bruce Anderson, NW Natural	Janine Benner
Roger Kline, NWCPUD	Robert Fagliano, The Core IV	Warren Cook
Annette Price, Pacific Power	Chad Horgan, ICNWU	Todd Cornett
Lee Rahr, Sustainable NW	Elizabeth Howe, Pacific Power	Robin Freeman
Nate Rivera, Hermiston Energy Services	Jennifer Joly, OMEU	Blake Johnson
Rikki Seguin, Renewable Northwest	Doris Penwell, AOC	David McKay
	John Powell, Portland General Electric	Ken Niles
	Danelle Romaine, OPUDA	Jessica Reichers
	Alec Shebiel, Umatilla Electric Co-op	Elizabeth Ross
	Meredith Shields, Strategies 360	Ruchi Sadhir
	John Terpening, Legislative Fiscal Office	Rachel Wray
	Janice Thompson, Oregon CUB	Alan Zelenka
	Laura Tocheny, Dalton Advocacy	
	Ali Webb, OR Dept. of Admin. Services	
	Patrick Rowe, Oregon Dept. of Justice	

Meeting Slides: <https://www.oregon.gov/energy/Get-Involved/Documents/2018-06-20-EAWG-Meeting-Slides.pdf>

Welcome and Agency Update, Janine Benner

- Janine discussed expanding on the work group's statutory charge by creating a charter. Ruchi Sadhir, Associate Director for Strategic Engagement and Development, will lead the effort to draft a charter this summer. She asked for a few work group members to assist. Rikki Seguin, Nate Rivera, and Doris Penwell expressed interest in being a part of the sub work group.
- ODOE is starting a strategic planning effort this summer. The plan would clearly articulate ODOE's vision, mission, and values and develop measurable strategic goals. The plan would increase transparency and make better use of ODOE resources. (Subsequent to this meeting, ODOE released a request for proposals for a strategic

consultant to help with the plan. If you are interested in this RFP, you can find more information by logging onto this website: <https://orpin.oregon.gov/open.dll/welcome> with the ODOE RFP's ORPIN number of – 330-120-18.) ODOE anticipates that the consultant will help gather input from staff and stakeholders to review the agency's strengths, weaknesses, opportunities, and threats. The plan will be actionable with strategies and tactics to reach established goals. During the process, we will be seeking feedback from work group for development of the strategic plan.

- Rikki Seguin asked about the term or length of the plan. ODOE staff indicated that they did not want to have a scope too narrow from the beginning, and could see value in both short (2-3 year) and long (5-10 year) term goals. ODOE is interested in exploring with the consultant what the plan would look like.
- Nate Rivera asked how the plan would be paid for. Janine indicated that the plan will be paid for out of the current 2017-19 biennium's budget through vacancy savings. There were also questions about the cost of action items coming out of the plan. ODOE staff answered that the agency hopes the plan will identify efficiencies and if additional financial needs are identified, ODOE will seek funds during the next budget cycle.

2019-2021 Budget Overview for the Programs and Activities of each Division, Blake Johnson

- ODOE's budget is developed through a prescribed process laid out by the state. It is not a zero based budget; rather, ODOE starts by developing a current service level (CSL) budget. The [materials provided](#) show how ODOE gets to the current service level and what the money is used for.
- Janine asked participants to think about what information is missing, what details are needed for work group members to provide recommendations on the budget, and to ask for additional information or questions if necessary. Janine also reminded participants that this is a draft budget, and that ODOE is in the process of turning the CSL budget into the Agency Request Budget (ARB). The ARB will then inform the Governor's Recommended Budget (GRB).
- In the materials, ODOE provided a list of Policy Option Packages (POPs) for funding new activities at the agency to help the state meet its energy goals. Most of the costs for the POPs would be paid for by the Energy Supplier Assessment (ESA).
- ODOE provided that this budget continues a trend of cuts and ODOE is doing all it can to absorb inflation pressure and keep ESA stable.
- In response to a question from Danelle Romaine, ODOE indicated that the ESA full accounting would be provided at the July 18 public meeting.
- ODOE provided an overview of some agency changes since the last budget development process and the state budgeting process (see slides for details). ODOE noted that the recent cost of living adjustment (COLA) and Public Employees Retirement System (PERS) adjustments are included in the base budget.
- Nate Rivera asked for more details about program inefficiencies that may have been taken out of the budget. ODOE staff explained that most of the budget is positions or people. After cutting back incentive program staff with the sunset, ODOE reviewed other areas to see what staffing levels were needed. Besides the incentive programs,

there was no change in what ODOE was directed to do by the legislature in statute. The budget is not the place where we would change the statutory obligations of the agency.

- Nate also asked about whether every program is found in statute or if there are programs required by statute and additional programs ODOE undertakes for the greater good of the state. ODOE staff noted that all of its programs and projects trace back to statutory authority; however, the legislature does not micro-manage agencies. In addition, the Governor directs the work of the agency and stakeholder input is also considered.
- ODOE staff reviewed slides showing differences between current the CSL budget and the agency operating CSL budget. The Energy Development Services program division budget includes the SELP loan program.
- In the 2019-2021 budget, SELP will receive general funds to meet debt service obligations. Around April 2021, the SELP program will run at a deficit. General funds are built into the base budget for the agency to cover the deficit. The agency does not have to request these funds.
- ODOE staff provided an overview of funding sources. By statute, the Energy Supplier Assessment is the agency's main source of funds. Examples of the "other revenue" category would be fees charged for services, reimbursements when someone pays for travel, and interest from money in the bank. ODOE also receives federal funds.
- Danelle asked if ODOE could break out ESA from "other funds" on the bar charts and other graphs. ODOE offered to do this in the materials for the public meeting in July, which will focus on the ESA.
- ODOE has not calculated the ESA for the 2019-2021 budget; the ESA amount will depend on which POPs go forward.
- Rikki asked if the Siting division also charges for services and fees. ODOE staff indicated that Siting's budget is mostly funded through fees, rather than charges for services.
- Danelle asked if ODOE would request specific funding sources for POPs – for example, the appliance standards legislative concept, or will it be funded by ESA. ODOE staff indicated that there is no cost associated with the appliance standard legislative concept. ODOE has not asked for additional funding for any of the legislative concepts. ODOE staff added that later in the meeting all POPs will be reviewed and that ODOE is asking for ESA funding for most of the proposed POPs.

Administrative Services Division Overview & Budget, Blake Johnson

- The Administrative Services program division is made up of the Director's Office, Central Services, and two positions for the Northwest Power and Conservation Council that are funded by BPA.
- In Central Services, for the current biennium, IT staff increased by two for a customer relationship management (CRM) project.
- Central Services staff are paid for through an indirect model, which charges other staff within the agency. Further details on the Central Services budget can be found in the meeting materials.

- The first proposed POP would fund project specific third-part studies. The requested funding would come from the ESA. ODOE staff asked the work group to consider if they agreed this would be a good use of money. There have been a number of times ODOE has identified areas of study or analysis to increase our ability to deliver on projects and help the state meet energy goals, but have not had the funding to undertake these studies. This POP would fill that gap.
- For example, Dan Avery in the Energy Planning and Innovation program division is in the process of developing a renewable natural gas inventory in response to SB 334 (2017). The report is on track for completion, but there are two areas of additional analysis not within the scope of the current inventory project: a detailed economic analysis for supply chain models and a carbon intensity lifecycle analysis at each step in the supply chain as feedstocks move through the process. ODOE does not have the capacity in-house to do these studies, but if we had resources we could do these studies and contribute more to the state.
- Another example of a need for the POP is the Renewable Portfolio Standard employment analysis for renewables that the agency completed in 2011 to evaluate the number of new jobs created in the state and the wages and benefits for those jobs. ODOE has not undertaken this study since 2011 there may be interest from the state and stakeholders to update the study. If we had funding through this POP and stakeholders thought it was valuable, we could perform this study.
- Other examples for third party studies could include gaps in data and research identified in the development of Biennial Energy Report (BER), more information about the greenhouse gas impact of increased spills over the dams, or whether incentives are an effective tool to meet state energy goals.
- ODOE is asking for \$200,000 for this POP over the 2019-2021 biennium. Janine asked if this POP would be useful and requested feedback from work group members.
- Jana Gastellum asked if ODOE's overall budget was sufficient for a state energy office to operate at the needed capacity. She commented that the agency relates to our economy and environment, and that the budget should be right-sized to fit the goals and mission of the agency and not be too anchored in the past. The state needs to have the agency set up to do the job it needs to do. Jana commented that because of all the cuts in staff, it's important for the agency to have this capacity to do this kind of analysis.
- Janine replied that it's a balancing act; if we had more money we could do more work. The agency can meet its statutory obligations and responsibilities for the agency today with the current budget, but if there were more funding, the agency could do more work. That is why ODOE has put forth these POPs. If the legislature comes forward with additional responsibilities we may need to seek additional resources, but we hope that additional revenue sources would also be identified.
- Rikki commented that she recognized the role the agency plays and wished there was some other way for the agency to get a large portion of its funding. Rikki stated that she thought the POP was a good idea. Renewable Northwest has worked to create a regional study looking at operational flexibility of the grid in the west. This is a place where having Oregon involved in the study and later models would be an opportunity

for Oregon to learn and the region to benefit from ODOE's involvement in the study. Providing ODOE with money to be able to participate in regional conversations would be beneficial. She commented that this POP was a good and flexible way given the budget limits and the way the agency is funded.

- Bruce Anderson indicated that he appreciates work on RNG study and overall good work by ODOE; however, he would like to see ODOE seek other funding sources. Energy affects all Oregonians and he would like to see the general fund support this agency's work. ODOE staff noted that in the last biennium ODOE put forward a number of general fund requests that were denied by the legislature and changed to ESA funding by the legislature. This caused the ESA to be higher than originally proposed, so ODOE wants to be cautious to not have that happen again. The place for this type of discussion is at the legislature, which may listen to stakeholders more than the agency putting forward that request.
- Roger Kline commented that if ODOE wants to do this study work now before the strategic plan is complete, ODOE should prioritize needs, and if funding for studies is needed to find savings and not ask for additional funds. His organization's ESA has increased recently. He thinks studies are important and wants ODOE to be able to provide this benefit, but ODOE needs to prioritize its goals.
- Annette Price echoed the previous comments and added that she needed to do some more research and homework about what ODOE should prioritize.
- The second POP ODOE presented was for \$50,000 to pay six interns over the biennium. The State of Oregon has taken steps to formalize internships opportunities at state agencies, and ODOE has taken on a few interns the last few years. Some people can take advantage of unpaid internships; however, paying interns allows ODOE to support broader state goals of equity and inclusion.
- Rikki asked how other agencies are paying for their interns, and whether they are using general fund money. If this is a cross-agency mission for the state, she suggested asking for state support for this funding.
- Jana supported this concept from the equity prospective and also because it would provide more energy expertise in the state.
- Rikki asked how the feedback from the EAWG is going to be used, such as whether it would be used to modify the POP before being submitted to Governor's office. ODOE staff replied that the feedback will be considered and may lead to modifications in the POPs before they are submitted. EAWG members are being asked for feedback, but not to take votes. It was made clear that silence of work group members did not mean acceptance or support of the POP.
- Doris Penwell commented that ODOE is funded unusually, in that most state agencies are funded by the general fund, lottery or fees, but not by the industry that the agency depends on for the work it does.
- Lee Rahr commented if the funding doesn't come from the general fund for interns, it would make sense for the ESA to pay for them because the state would be getting energy based services supporting the agency and leveraging the existing work at the agency. There is a lot of benefit that comes from internships.

- Nate cautioned that this can be a slippery slope, everything gets stacked on ESA because it's a good idea. He thinks internships are a good idea, but that not all good ideas can be funded and ODOE needs to prioritize.

Energy Development Services Division Overview & Budget, Blake Johnson

- This program division provides energy loans and grants to help Oregon residents, public agencies and schools, nonprofits, businesses, and tribes. The program division is made up of the Small-Scale Energy Loan Program (SELP), Energy Efficiency Financing, and the Energy Incentive Program. Most of the incentive programs sunset, but the Renewable Energy Development grant is still winding down.
- SELP loan program has not made loans since 2015. ODOE has a legislative concept to focus SELP on public sector financing.
- After guidance from the Legislative Fiscal Office (LFO), there will be a POP for bond authority for 2019-2021 budget, but there will be no budget impact.

Nuclear Safety & Emergency Preparedness Division Overview & Budget, Ken Niles

- This program division oversees Oregon's interests in the Hanford nuclear facility cleanup and prepares for nuclear and energy-related emergencies. The subprograms include Hanford/Nuclear Oversight, Nuclear Emergency Preparedness, Non-nuclear Emergency Preparedness, and Radioactive Waste Transportation. Ken provided an overview of these subprograms.
- A work group member asked if ODOE plays a role with oil trains. Ken answered that oil trains fall under the jurisdiction of other state agencies. ODOE has been in discussion with railroads as a method to bring fuel into the western part of the state after an emergency.
- In this program division, the work with petroleum is the only area receiving funding from ESA.
- Roger asked if this program division does work with small modular reactors (SMR). Ken responded that he tracks SMRs and that a number of ODOE staff recently took a tour of their operation. ODOE does not have a role or responsibility with them. In Oregon, you cannot build a new nuclear power plant without two things happening. First, the federal government has to have an operating disposal facility for high level waste; second, Oregonians would have to approve the facility through a vote.
- Rikki thanked Ken for all his program division's work.

Energy Siting Division Overview & Budget, Todd Cornett

- This program division reviews and provides continued oversight of large scale energy projects as defined in statute. Currently the program division has four new applications: one transmission line, two solar photovoltaic projects, and one wind project. It also has five amendments to previously approved projects. Monitoring and compliance for the life cycle of the facility also falls under this program division's responsibility.

- Jana asked if 1 FTE does all the monitoring of projects in the state. ODOE explained there is one person whose job responsibility is compliance, but all the siting analysts assist and ODOE also relies upon and leverages other state agencies and local governments. For example, with a wildlife issue, ODOE will rely upon the Oregon Department of Fish and Wildlife. ODOE also has contracting authority to get the expertise if needed.
- This program division also monitors and tracks all federal projects in the state. Some of the federal projects have an additional requirement to coordinate, and ODOE pulls together state agencies and the Governor's office to evaluate these projects through the applicable process. The Siting division is currently working on coordination for the proposed [Jordan Cove Energy](#) project.
- Nate asked why the increase in funds is needed with fewer staff. Todd explained that certain areas within the budget have been reallocated and moved to this area. The increase is actually Current Service Level, and the funds were moved from other budget areas. ODOE has a memorandum of understanding reimbursement agreement with Jordan Cove for project work, and ODOE is a pass-through for other state agencies to get reimbursed. Previously, this was accounted for in different areas of the budget and has been reassigned to this budget area; there are no additional funds being requested in this area.
- For this program division, there are 11 staff and half have a particular area of focus. The funding for this program division is about 25 percent ESA and 75 percent fee-based.
- Danelle asked if there was an opportunity for more of Siting's work to be funded by fees. ODOE provided that is a question for the legislature since the program's statute clearly lays out what fees can be charged. All of Siting's work is cost recovery for specific project and compliance work. However, the program division has staff meetings and other functions that are not covered in the statutory authority to recover fees. ODOE staff clarified that there have been previous discussions and bills in the legislature to address this issue. HB 3166 (2017) would have allowed ODOE through rulemaking to review siting's cost recovery.
- Rikki commented that from a project developer's perspective it's important that each penny charged as a fee is going to project review and not the general work of the agency.
- The POP for Siting will address an anticipated increase in project applications by adding two limited duration positions to assist with reviewing applications in a timely manner. The POP is asking for around \$600,000 for the 2019-2021 biennium but would be 75 percent from fees and 25 percent paid by ESA. This POP would be approximately \$150,000 in ESA funding for the next biennium.
- Roger asked whether ESA would drop in two years or would ODOE say it's included and use those funds elsewhere going forward. ODOE staff clarified it could drop if those positions are not extended; however, there are other inflationary increases that could be seen in the next biennium's budget.
- Rikki commented that the argument is sound – more applications coming in need more staff to review in a timely manner. She wondered what type of analysts will be hired, junior or senior level? She questioned if bringing on analysts will really assist with the

process, as often bringing on more people doesn't expedite the process but does result in applicants paying more. ODOE explained that these would be Utility Energy Analyst 2 positions, which is a lower level position than the current analysts (UEA3) reviewing applications. The current model is a team atmosphere and the thought is that these two positions could float where needed.

- Rikki asked if ODOE could get by with only one new position. Todd responded that the positions will only be hired if they are needed. ODOE doesn't have to hire these two new positions. If they are not hired or only one position is hired, the money saved would go toward the ending balance or could be used to fund the next biennium.
- Nate asked why 25 percent ESA was allocated for these two positions, or could the POP stipulate a lower amount, such as 15 percent ESA. ODOE explained the goal of the overall program is to bill 75 percent through fees.

Energy Planning & Innovation Division Overview & Budget, Alan Zelenka, Jessica Reichers, Warren Cook

- Alan introduced himself as the new Assistant Director for Planning and Innovation (P&I), and stated that his goal is for ODOE to be the go-to entity in the state for energy expertise and knowledge. There are two subprogram divisions within P&I: Technology & Policy and Energy Efficiency & Conservation.
- In the Technical & Policy subprogram, groups are based on where ODOE expects to spend time and resources in the next biennium: Thermal Energy, Climate, Electricity Systems & Planning, Sustainable Transportation, and Renewables. This subprogram division is mostly funded by ESA, but ODOE is always looking for other funding sources. For example, 2 percent of Technology and Policy's budget comes from a federal grant to support energy resiliency work.
- The Energy Efficiency & Conservation subprogram division is made up of Public Buildings, Public Purpose Charge, and Residential/Commercial/Industrial.
- Nate asked how many areas use the state's home scoring rules and resources. Warren answered that Eugene Water & Electric Board provides scoring services and the City of Portland requires all homes listed for sale to be scored.
- ODOE receives funds from the US Department of Energy State Energy Program to account for 9 percent of this subprogram division's funding. ODOE's code work is supported by the NW Energy Efficiency Alliance at about 3 percent. All of these have a match and leverage ESA funds.
- The POP for the Planning & Innovation program proposes adding a research analyst position for \$300,000 over the next biennium. This position would provide data research, compilation, and analysis and also support the Director's research needs. This added position would help make ODOE more efficient by consolidating the data collection process under one person and streamlining the process. This would provide other agency staff more time to focus on analysis. Recently, ODOE has worked through data issues related to the energy resource mix and has learned a lot about ways to improve data. This is the type of work where this new position would provide value and expertise.

- Nate asked why these administrative services couldn't fall on a policy analyst and questioned if there would be duplication. Jessica explained that currently policy analysts perform this work, and this position would not duplicate those efforts, but this person could coordinate and streamline data work and research within the agency. This POP would consolidate the work of finding data to one person at ODOE.
- Nate asked about the interaction between this POP and the other POP funding project-specific third-party studies. ODOE staff answered this was an area identified to add value to existing analysts to increase the capacity of ODOE staff to do additional analysis. The other POP for third-party studies would provide funding to seek outside expertise when ODOE lacks that capacity internally. There will be a nexus between these two POPs. These POPs will provide capacity to the agency to answer questions.
- Jana reiterated her question about what capacity the agency needs to provide energy services in the state.
- ODOE staff answered that we have looked at our programs and found efficiencies and prioritized our work, but these POPs are areas where we could use additional capacity. We have put forth a limited number of funding requests in these potential POPs to get your feedback.
- Nate asked if ODOE could provide a visual of the budget areas showing the reduction due to ending programs and separately show the efficiencies the agency has found.
- Lee commented that there is pride associated with a decreased budget, but she cautioned against shrinking services that people in the state rely upon. She asked if there was a placeholder for programs that may be reinstated. The people in the state want and need these programs that are ending.

Closing Comments, Janine Benner

- ODOE's budget is due to DAS and the Governor on August 1. A Governor's Recommended Budget will be released on December 1 if the Governor remains the same, or additional time is provided if there is a new Governor. Then the budget goes through the legislative process, which provides all stakeholders with additional opportunities to offer input.
- On July 18, ODOE will host a public budget meeting and open house to provide a full accounting and details about projected ESA for the 2019-2021 biennium.
- The open house part of the July 18 meeting will take place before the public meeting and provide an informal time for the public to interact with ODOE staff. Each program division will have an informational poster and staff available to answer questions about what ODOE does and each program division's budget.
- Janine asked for feedback about the additional detail, visualization, and information that stakeholders would like to see for the budget.