



# Oregon

Kate Brown, Governor



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## MEETING NOTES

### Energy Advisory Work Group (EAWG)

Wednesday, July 29, 2019

1:00 p.m. to 3:00 p.m.

Meitner Conference Room

Meeting Attendees		
EAWG MEMBERS	GUESTS	ODOE STAFF
Nate Rivera, Hermiston Energy Services	Michael O'Brien, Renewable Northwest	Janine Benner
Jana Gastellum, Oregon Environmental Council	Madeline Unger, Dalton Advocacy	Miriha Aglietti
Tony Schacher, Salem Electric	Chuck Thurman, City of Monmouth	Warren Cook
Kevin Lynch, Iberdrola Group/Avangrid Renewables	Jordan Bice, Oxley and Associates	Robin Freeman
Kerry Meade, Northwest Energy Efficiency Council (phone)	Taylor Lucey, Oregon Forest & Industries Council	Ruchi Sadhir
Bill Edmonds, NW Natural	Hannah Cruz, Energy Trust of Oregon	Alan Zelenka
Rebecca Carey-Smith, Portland General Electric	Elizabeth Howe, lobbyist representing PacifiCorp	M Miller Harrington
Bridget Callahan, Sustainable Northwest	Beth Reilly, State Legislature	Patrick Heath
Fred Heutte, NW Energy	Alec Shebiel, Umatilla Electric Co-op	
Janice Thompson, Oregon Citizens Utility Board	Bruce Anderson, NW Natural Gas	
	Jason Heuser, Eugene Water Board	
	John Terpening, Legislative Fiscal Office	
	Ali Webb, DAS, CFO	
	Bill Nesmith, PECI	
	Zach Baker, Climate Solutions	
	Matthew Landkamer, Coraggio Group (phone)	
	Samantha Burden, CLEAResults (phone)	
	Kerry Meade, NW Energy Efficiency Council (phone)	
	Thomas Christian, Barrows and Associates (phone)	
	Angela Crowley Koch, Oregon Solar Energy Industries Association (phone)	
	Connor Reiten, NW Gas Association (phone)	

Meeting Materials: <https://www.oregon.gov/energy/Get-Involved/Documents/2018-10-24-EAWG-Mtg-Materials.pdf>

## Welcome and Agency Update, Janine Benner

- Janine highlighted key activities that ODOE staff have been working on since the last EAWG meeting and welcomed Bridget Callahan and Tony Schacher as new members. She also recognized three EAWG members who have moved on from the group – Rikki Seguin, Doris Penwell, and Matt Michel. There are now vacancies for the EAWG which will be appointed by Janine, as Director of ODOE (see [charter](#) for more information). EAWG members were asked to consider designating alternates.
- A call-in number was used today for those who requested remote access. This has been avoided in the past to encourage in-person participation. Janine asked for feedback on this topic after the meeting.
- Janine provided brief highlights of the legislative session, including a review of SB 928, which would have created the Oregon Climate Authority (OCA). The bill did not pass, so ODOE programs will not transfer to a newly-created OCA. During session, ODOE worked on a budget for the potential new OCA, rather than an ODOE budget. Once it was clear SB 928 wouldn't pass, ODOE began working on a stand-alone budget.
- ODOE is launching a strategic planning process, which will help the agency prioritize work, measure progress, and strengthen alignment between agency' goals, programs, and budget.

## Budget Update, Janine Benner

- Janine gave an update on the status of the budget, which was passed by the legislature at 9 p.m. on June 30, 2019. Last year, the ODOE staff shared the agency request budget with EAWG and received feedback. That budget was submitted in August to the Governor. In November, the Governor did not include an ODOE budget – rather, ODOE's budget became part of the budget for the Oregon Climate Authority. When it became clear that legislation to create the new agency (SB 928) was not going to pass, ODOE worked quickly with the Legislative Fiscal Office and Chief Financial Office on a standalone budget for ODOE. ODOE did not deliver a full budget presentation to Ways and Means, but Janine did make a brief presentation to the sub-committee for Natural Resources, which is found on [ODOE's website](#). Janine also acknowledged John Terpening and Ali Webb's work on the budget.
- The budget included significant cuts for the agency, putting the current budget at 47% less than the 2017-19 budget. This is attributed to the removal of \$55 million in SELP expenditures that were not authorized for re-bonding; a net loss of eight positions; and reductions to budgeted services and supplies, which the Legislative Fiscal Office recommended to reduce expenditures supported by energy suppliers. The \$81.9 million budget includes 79 FTE, with an estimated likely decrease of 8% in the energy supplier assessment. The Legislatively Approved Budget included a budget note in which ODOE

was invited to return during the short session in 2020 to make a presentation to the Ways and Means subcommittee to include an analysis of existing programs; department key performance metrics; a review of agency administration; internal support vs services that could be provided through Department of Administrative Services; a review of the agency's indirect rate; and usage of the energy supplier assessment. ODOE also plans to provide an update on the strategic planning process and how budget cuts affect the agency and its programs. The eight vacant positions the adopted budget eliminated were waiting to be filled once there was budget certainty. Losing these positions means that the agency has lost a policy analyst responsible for updating the electricity resource mix and 3 crucial IT positions.

- Fred Huette inquired about what other work would be affected by the cuts. Janine responded that last summer ODOE was pursuing a policy option package to change an unused energy services position into a research analyst to help consolidate data collection and analysis for the BER, and that position was cut. Another cut position would also track emerging technologies such as marine renewable energies. Cuts to the budget mean that this will now need to be absorbed into current staff positions, and IT services will need to be covered by existing staff or potentially contracted out.
- The Oregon Climate Authority is still in the Governor's vision for the state. The timeline has changed, and the priority will shift to Cap and Invest for now.

#### **Further Agency Updates, Janine Benner**

- Janine provided a few updates from other areas in the agency. The siting division and EFSC are working on the [Boardman to Hemingway Transmission line](#), a big project going through Morrow, Umatilla, Union, Baker, Malheur, Owyhee (Idaho) counties. The siting division has released a draft proposed order, held five public hearings this summer, and is now taking public comment until August 22nd. After this they will prepare recommendations for EFSC.
- USDOE has taken recent actions for dealing with how they classify and define high level waste at Hanford and other nuclear sites, which ODOE is tracking. USDOE also came up with a new lifecycle cost estimate for the Hanford cleanup of between \$320 and \$677 billion. Hanford will not likely be cleaned up before the year 2080. Oregon has weighed in strongly objecting to the new definition. If the waste is defined as something other than high level, it could stay at Hanford rather than move to a geological repository.
- ODOE issued a press release announcing \$1.25 million awarded for renewable energy grants around the state. There are two rounds, this first round just announced is for projects over 300kw. The next round will be for projects under 300kw, which ODOE will announce this summer. This is the final round of RED Grants. Jana Gastellum inquired about the RED grant projects. Janine shared that the projects were mostly solar, but that there are a few hydro projects as well.

## EAWG Roundtable and Updates

- Nate Rivera from Hermiston Energy Services asked how much traction did the potential OCA gain in session and is it inevitable? Janine responded that there was little opposition to the idea of creating a new agency to implement cap and trade, but there was also not a lot of momentum behind it. More focus went to passing HB 2020. There was interest and support for the energy programs that ODOE runs and a desire for them to continue. Nate Rivera asked if ODOE foresees any guidance or recommendations from this group related to any continued effort during the short session? Janine indicated that ODOE is waiting to see what comes from the strategic planning process and that ODOE will work with the Governor's office if they decide to push for the Oregon Climate Authority.
- Bridgette Callahan from Sustainable Northwest related no new updates but added that she spends time working with rural communities, tribal governments, and with farmers and ranchers on irrigation issues.
- Kevin Lynch from Iberdrola reported they are continuing with the permitting phase of the Montague project and going through the amendment process. They are looking at how they might interact with the Western Energy Imbalance Market.
- Jana Gastellum from Oregon Environmental Council indicated they were having conversations about HB 2020 2.0. They have a new transportation director, Sarah Wright, who previously worked at City of Portland. She said they are excited about utility transportation plans.
- Janice Thompson from Oregon Citizens' Utility Board discussed their legislative follow up, regulatory matters with the PUC, and said they were hosting their annual policy conference on Nov 8th.
- Bill Edmonds from NW Natural spoke about SB 98, an aggressive RNG bill which sets targets and identifies clear limits on what can be spent. He described it as more of a *"buy it for everybody"* type of policy which allows for utility investment. They are working on three projects which interconnect (two wastewater treatment plants and a private developer). He spoke about power-to-gas using electricity pilots, which is happening in Europe. NW Natural is working on a potential pilot in Eugene with EWEB that will have decarbonization and resilience benefits.
- Rebecca Carey-Smith from Portland General Electric reported that they filed an IRP on July 19 (located on their website). They were disappointed HB 2020 didn't pass, but excited that SB 1044 did.
- Fred Huette from NW Energy discussed the proposal for BPA to join the Energy Imbalance Market moving forward and thanked to the Department and OPUC for being involved. They are working on the early stages of the NW Power and Conservation Council's 2021 power plan. They were pleased to see the upcoming IRPs with PGE,

PacifiCorp, and Idaho Power. They expressed appreciation and urged ODOE to continue to be involved in IRP and other policy work outside of the Department by representing the state's policy views in those arenas. The coalition's main priority is energy efficiency. The energy equity bill was held off, but likely to be reintroduced. They still support moving forward with HB 2020. They are working with renewable siting and transmission under Washington's SB 5116 – renewables build out. The focus is on flexible demand, resource adequacy, transportation electrification, and resilience; 4800 MW of power was down in California due to fires in northern California. The milepost 97 fire involved a major highway artery on I5 with downed powerlines. Infrastructure is at risk, and there is a need to move forward with resilience.

### Legislative Session Update, Robin Freeman and Alan Zelenka

- Robin gave a succinct review of the legislative session and the last-minute passing of the budget, which was the last bill read on the House floor. She explained that next steps include implementation on nine measures which passed, ranging from reviewing policy to standing up a new program. The legislature introduced 2,768 bills – of those, ODOE tracked 243, with 40 of those being priority, meaning ODOE introduced the bill or it was a Governor's priority. Those bills involved in-depth analysis or could have involved testimony. Robin is putting final touches on the legislative report, which will be posted on ODOE's website.
- Alan spoke about implementation of three bills:
  - [HB 2618](#) – This bill requires ODOE to stand up a new solar and storage rebate program from scratch. ODOE will be offering rebates beginning in 2020 and will stand up the program with ODOE existing staff, including rulemaking in the fall. [More information about the program here](#). Lead staff are Rob Del Mar, John Hobbs, and Wendy Simons.
  - [HB 2496](#) – This bill makes changes to the 1.5% for Green Energy Technology program, which will now allow public bodies to comply with the 1.5% requirement for public buildings by investing in energy efficiency and energy storage. It is a decade-old program, which used to be limited to solar, geothermal, and woody biomass technologies. With the bill, the requirement now applies to projects of \$5 million or more. It also changed the rules around passive solar and allows for energy efficiency when solar isn't appropriate. Rulemaking will also commence this fall. Lead staff are Blake Shelide and Wendy Simons.
  - [SB 1044](#) - created three new legislative targets around transportation electrification: to transform the motor vehicle market by 2035 with a goal that 9% of all sales will be zero emission vehicles (ZEV); to provide programs which support and accelerate the purchase or lease of ZEVs; and to evaluate the

adoption of ZEVs, making sure the state is meeting interim goals. The goals are: 50,000 ZEVs registered in Oregon by 2020; 250,000 by 2025; and 25% of all registered vehicles and 50% of statewide sales by 2030. ODOE will be working on a biennial report first due to the legislature in September 2021. Agencies will also report back as to whether a ZEV was purchased and if not, why not? It also allows SB 1149 public purpose charge funds to be spent on electric school bus fleets and charging infrastructure. Jessica Reichers will be lead.

- Nate Rivera asked how the goals were created, and were they commensurate with the need/capabilities? Alan indicated that the goal was aspirational and lined up with greenhouse gas targets by the Legislature. Janine invited members to comment where they have contributed to this legislation. Rebecca Carey-Smith said that when the goals were set, the idea was to put in statute where the state needs to go to meet the goals the state set for itself. It is one of the only comprehensive ZEV policies in the country. We have robust energy standards in the state and while technology might not exist, we still set the goals for where the state wanted to be.
- Kevin Lynch asked how it interacts with the Volkswagen settlement. Alan responded that this is separate from that; the Volkswagen settlement money is confined to charging stations and that type of infrastructure. Jessica Reichers added that VW funds were set aside as Electrify America, whose sole job is to install charging stations. Oregon has received quite a number of those chargers and will receive more. The other part of the mitigation money was given to the State of Oregon; the legislature decided to use funds to replace school buses – the rest was put into the diesel bill and allocated to DEQ. The funds are limited to ZEVs, apart from school buses.
- Bridget Callahan asked about whether this was focused only on passenger vehicles or do the goals also include other transportation sectors such as heavy equipment, transit, farm vehicles and tractors? Jessica responded that the goals are focused on passenger vehicles, not the entire transportation sector.
- Alan responded to a question about whether the report would look at congestion along with electrification. Alan answered that the bill does not call out congestion, but the report will look at the general state of electrification in the transportation sector for all transportation modes and will include looking at potential impacts on the Highway Trust Fund revenues. Additionally, the report will look at Oregonians' awareness of ZEV options and ZEV benefits, barriers to adopting ZEVs, and charging infrastructure availability and reliability.
- Nate Rivera asked if cost is a consideration when purchasing a ZEV for a state vehicle. Alan said the bill requires ODOE to report the number of ZEVs; the amount of electricity they use; and explain the agencies' purchase and use of non-ZEV vehicles and why. Cost differential is not an answer state agencies can use alone. Nate asked if agencies will look at the energy resource mix. Janine indicated that ODOE will be looking at those

topics in the report. Alan added that the report will look at cost differential between ZEV and traditional gas vehicles, and at greenhouse gas effects, so the resource mix is addressed there. Nate asked if ODOE envisions an offset based on generation, and Alan responded yes that could be part of the analysis in the report.

- Rebecca Carey-Smith said that essentially, it is incorporating the Governor's [Executive Order](#) in statute. As the electricity sector decarbonizes, there will be fewer greenhouse gas emissions by an electric vehicle than by a traditional ICE vehicle. Alan added that the other part is looking at the carbon intensity of the fuels – ODOE will review the resource mix for electric fuel *and* look at other alternative fuels.
- A question was asked about other transportation sectors, including shipping and aviation. The average ship going out would wipe out the targeted 250,000 cars easily. Are there any studies looking at those industries? Jessica indicated that there is a part of the bill for ODOE to do a brief and high-level overview of other transportation modes in the report: marine, aviation, and rail. This would focus on technologies available now for electrification.
- Alan also responded that there is an effort to look at the state transportation system plan and identify programs needed to reduce greenhouse gas emissions in all areas of the transportation sector. A question was asked whether the goal was sales of vehicles, and Alan said it is adoption and registration of vehicles. Ruchi Sadhir added that it's similar to the Governor's [Executive Order 17-21](#), which is tied to how many EVs have been registered in the state. Janine also added that this topic could be expanded upon during the next meeting.
- Rebecca Carey-Smith asked about the implementation of HB 2329, which changed the jurisdictional thresholds for projects subject to EFSC jurisdiction. Robin responded that the bill removed ODOE's authority under siting, so the agency has no role in implementation. There will not be a rulemaking.

### **Strategic Plan Update, Ruchi Sadhir**

- Ruchi provided an update on ODOE's strategic planning process, and then handed the discussion over to Matthew Landkamer from the Coraggio Group. Matthew spoke about the primary drivers of strategic planning as a great way to build common understanding and shared priorities around ODOE's work, measure progress, and set strategic intention as a way for ODOE to be accountable and demonstrate progress. Strategic planning allows the agency to align goals, programs, and budget to the agency's priorities. [His presentation is found on page 11 of the program materials.](#)
- Janine asked if it would be valuable for EAWG members to have a strategic planning focus group session with the consultant without ODOE in the room and the answer was yes. The EAWG group was asked for feedback on the strategic planning process.

## EAWG Feedback and Discussion

- Fred Huetten asked if other state agencies do plans like this. Janine answered yes – ODOE reviewed other agency’ plans in preparation for this project and the agency has done strategic planning for some of its divisions in the past. ODOE’s Planning and Innovation Division has a strategic framework that is still in place through 2019. Ruchi indicated that Matthew would come back in the fall to do a focus group with members, and asked members to consider ODOE’s greatest challenges and opportunities in the next two years and over the next decade. Bill Edmonds asked about whether the plan would explore the difference in roles among the PUC, DEQ, ODOE, and the Carbon Policy Office. Ruchi responded that the strategic plan will consider both policy and how responsibility is assigned.
- Nate River expressed support for the agency undertaking the strategic planning effort and the importance of accountability.
- Ruchi addressed accountability mechanisms – ODOE comes to the EAWG members for feedback. The agency wants to ensure the value and prioritization within the strategic planning effort is reflected in the input from outreach this fall, including the focus group sessions. As ODOE operationalizes the plan and budget, this will be presented to the legislature. Janine agreed ODOE welcomes ideas on accountability. Matthew said accountability was an important part of the implementation planning. Michael O’Brien asked if ODOE has been trying to build trust with frontline communities. Ruchi responded that this is a work in progress for ODOE and have included equity considerations in the strategic plan, which includes substantive pieces and intentional outreach.
- Matthew added that they have covered this topic in strategic planning process by developing an equity lens. Coraggio will bring in DEI expertise as well to make sure they don’t miss anything as a consulting team.

## Update: Oregon Guidebook for Local Energy Resilience, Adam Schultz

Adam presented the new [Guidebook for Local Energy Resilience](#) (*power point presentation is available in the meeting materials*).

### *Feedback from EAWG Members:*

- Members expressed interest in all-fuel study/guidebook as a next step plan for multi-fuel. Janine indicated this could be a second step to consider for the Oregon Fuel Action Plan.
- Concerns were also shared about cyber security, which is an increasing focus of the federal USDOE CESER office.

- Janine highlighted that the Energy Trust of Oregon is holding a conference next Thursday on Disasters, Resilience, and the Next Generation that Janine will be participating in.
- Adam also discussed the economic benefits of resilience, which has also been a topic of technical discussions at the national level.

#### **Update: Oregon Solar Dashboard, Rob Del Mar**

- Rob walked through the new [Oregon Solar Dashboard](#), and directed the group to where this information is on the ODOE website and how it can be used as a tool.
- PGE commented that this is helpful and that they have used this tool.

#### **Department of Defense Grant Application, Ruchi Sadhir**

Ruchi went over ODOE's Department of Defense grant application to support a state renewable energy compatibility project, which ODOE submitted to the DOD on July 29. Key elements of the project, if ODOE is awarded, would involve establishing technical groups including expertise from other state agencies; five compatibility assessments for renewable energy markets; military needs and development constraints and opportunities; review and analysis of state and local siting and permitting requirements; developing a renewable energy mapping tool; and sharing the assessment and mapping tool with developers, utility, local government, stakeholders, and military personnel. If selected, this project could provide Oregon with an opportunity to collect information about locations for current and future renewable energy and transmission development to build an understanding of the constraints and opportunities that come with locations. The state can use this information to continue to support compatible renewable energy growth and economic development to meet its goals.

#### **Biennial Energy Report**

- The work group decided to cover review and recommendations at the next meeting, when more time on the agenda can be built in for discussion.
- The final report can be found here: <https://energyinfo.oregon.gov/ber>.