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Oregon

Kate Brown, Governor



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MEMORANDUM

To: Energy Advisory Work Group Members
From: Janine Benner, Director
Date: June 23, 2020
Re: Materials for June 29, 2020 Meeting

We were hoping that the summer EAWG meeting would take place in person – but given the ongoing COVID-19 situation, a virtual meeting is the way to go. I hope this means that more people will be able to join us for the discussion.

As you'll see from the agenda, the main purpose of this meeting is to discuss ODOE's budget. As you know, the state is in the process of planning for the 2021-23 biennial budget, and we are at the point in the process where agencies are developing their Agency Request Budgets, which will be submitted to the Governor's office in August. If you went through this process with us last biennium, you'll recall that the development of the ARB starts with the CSL (Current Service Level) budget and then adds POPs (Policy Option Packages). At next week's meeting, we will walk through the agency's CSL budget, including details on each program division's budget, changes from this biennium, and activities that each program division anticipates undertaking in the next biennium. We will also share information on the potential POPs that we'll be requesting.

This is obviously a very tough budget climate for everyone, including the state. As you can imagine, with ODOE staff in the midst of strategic planning and energized by the Governor's Climate Change Executive Order (EO-20-04), we have no shortage of great ideas about how to enhance our programs and ways that we serve Oregonians and help shape an equitable clean energy transition. However, we recognize that this is not the right budget environment in which to pursue those ideas. The draft list of POPs that you will see is significantly scaled back in ambition. The POPs that did make the list are targeted towards increasing ODOE's ability to help drive Oregon's economic recovery and aligning program funding sources to reflect the Oregonians who benefit.

Attached to this memo, you will find the following information to prepare you for the budget discussion:

- An overview of the agency's draft current service level budget and operating budget. The CSL is the cost of continuing to administer the legislatively approved programs in the next biennium.
- A bar graph representing the agency's overall budget from 2011 to the present draft CSL.
- A spreadsheet including funding levels for each of the Department's five program divisions with an estimate of the percentage of each program's funding that comes from the Energy Supplier Assessment.
- An overview of how the 2019-2021 Legislatively Approved Budget (LAB) is funded (the projection for 2021-2023 CSL is still in development).
- A brief description of the policy option packages under consideration. Please note that these are agency proposals that have not yet been vetted by the Governor's office.
- A two-pager on ODOE's 2019-21 budget that reviews how the Energy Supplier Assessment works.

In addition to talking about the budget, we'll also provide an update on recent agency activities and an overview of the draft framework for the 2020 Biennial Energy Report. At the end of the meeting, those of you who are interested can stay on the line to discuss two white papers that ODOE plans to release this summer. Those white papers are still in draft form; please let us know if you would like to review them before the meeting and we would be happy to share an embargoed copy.

Other materials that you may want to review in advance of the meeting are:

- [Finalized strategic plan clarity elements](#)
- Draft framework for 2020 BER (attached)
- [ODOE's Executive Order Implementation Report](#)

I look forward to virtually seeing you next week. If you cannot make next week's meeting, we will be sure to email the materials presented at the meeting to this group. EAWG members will also be invited to a public meeting with representatives of energy resource suppliers that will be scheduled for July. At the July meeting, the agency will provide a summary of the 2021-2023 budget, including a full accounting of the projected revenue needed to fund each department program or activity and the projected allocation of moneys derived from the energy supplier assessment.



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AGENDA

Energy Advisory Work Group

June 29, 2020

1 - 3 p.m.

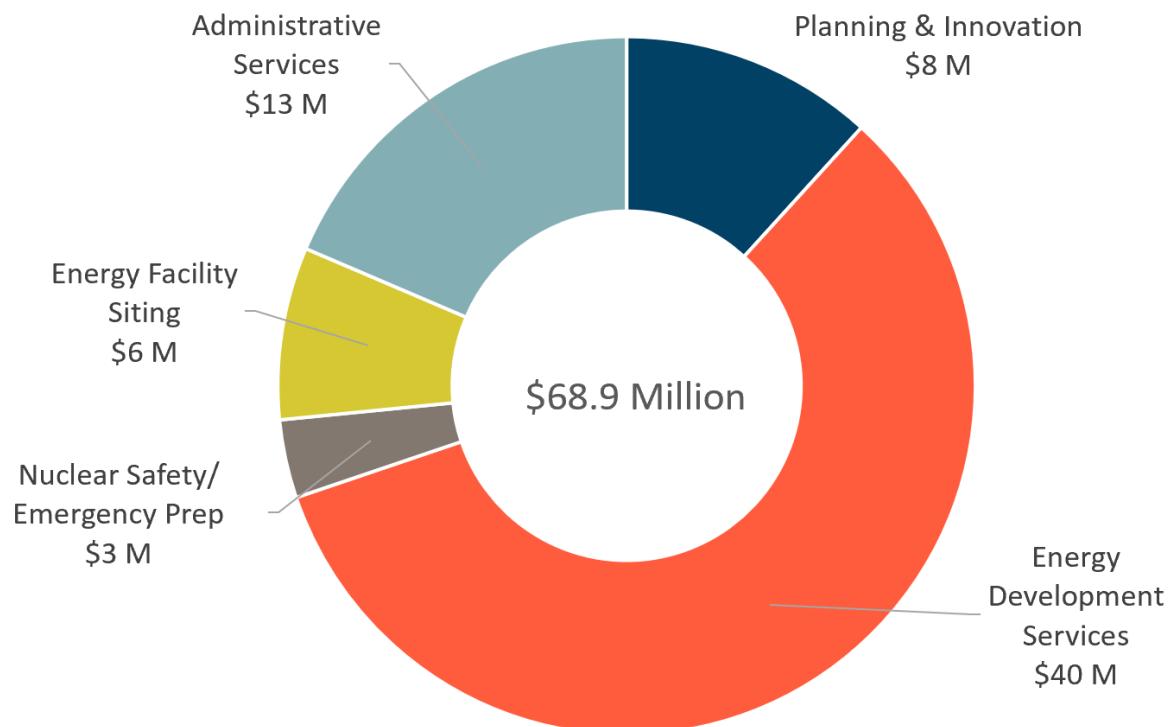
Virtual meeting: Oregon Department of Energy

[Please connect to the meeting using this link.](#)

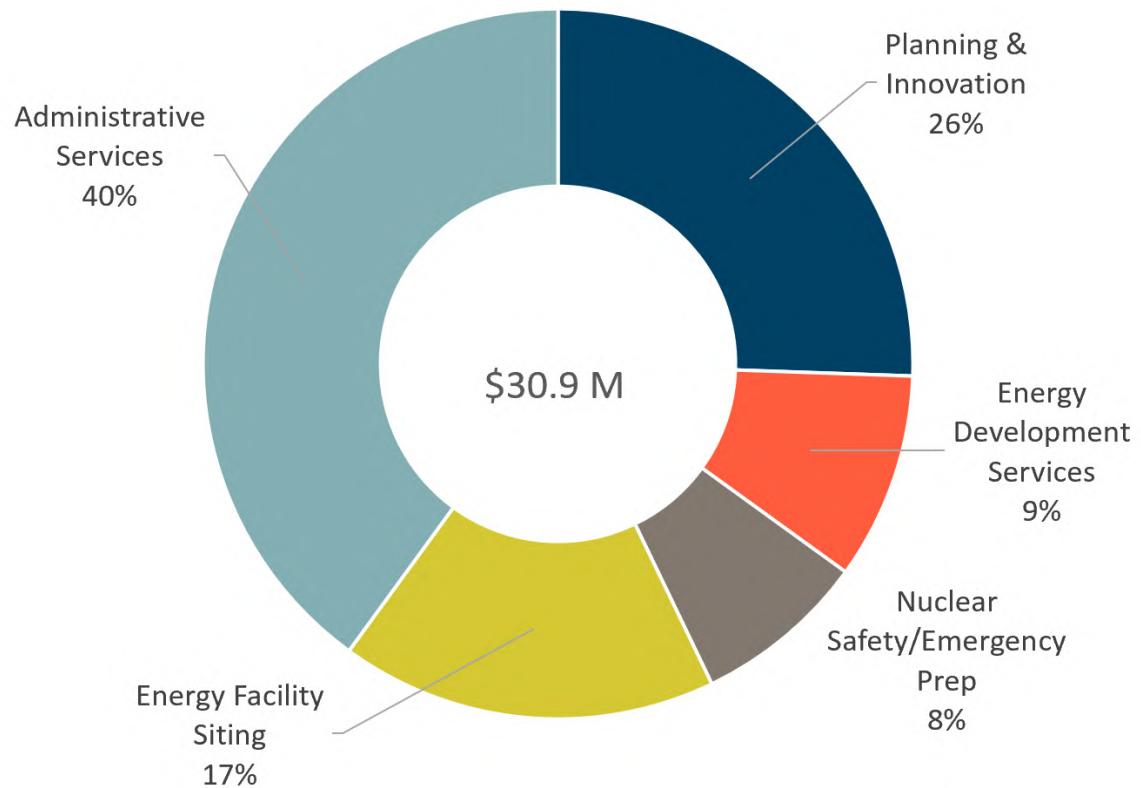
Time	Topic	Lead
15 min	Welcome and Director's Update <ul style="list-style-type: none">▪ Current budget update▪ <u>Governor's Climate Change EO 20-04: ODOE's May 15 Implementation Report</u>▪ <u>Energy Code Stakeholder Panel Meetings (EO 20-04 Directive)</u>▪ <u>Strategic Plan: Clarity Elements</u>▪ Legislative Concepts	Janine Benner, ODOE Director
20 min	EAWG Roundtable Updates	EAWG Members
1 hour	Draft 21-23 Agency Request Budget Discussion EAWG Feedback	Janine Benner, ODOE Director Cathy Connolly, Assistant Director for Central Services
15 min	Biennial Energy Report (BER) Review/Feedback	ODOE Staff
10 min	Closing Comments and Next Steps	EAWG Members and ODOE Staff
3 p.m.	Optional Discussion on ODOE White Papers	ODOE Staff

Developing ODOE's 2021-23 Budget

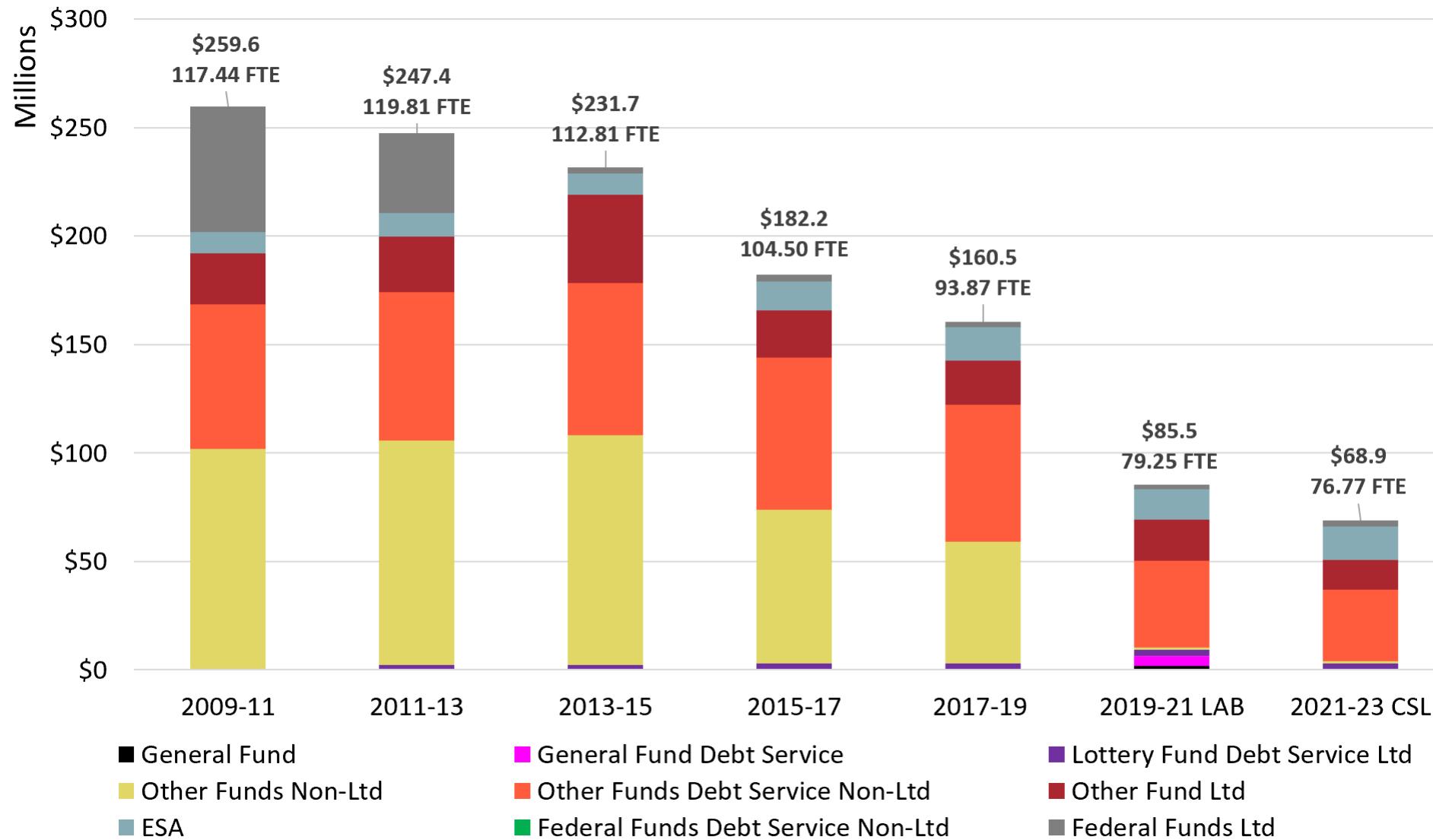
2021-23 Draft Agency-wide CSL



2021-23 Draft Agency Operating CSL



History of ODOE's Biennial Budgets



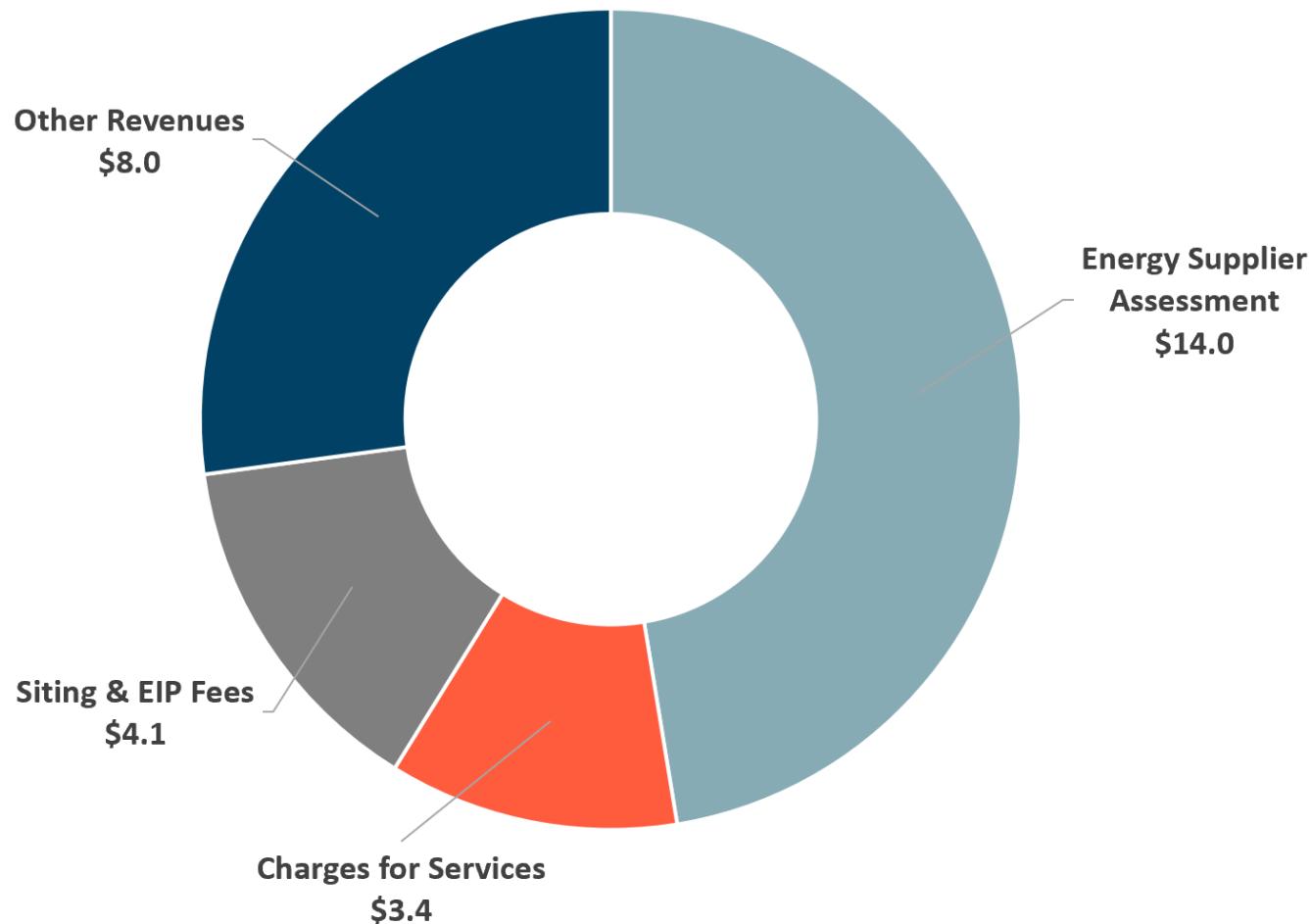
Developing ODOE's 2021-23 Agency Request Budget

Draft 2021-23 Agency-wide Current Service Level Budget

Program	Sub-Program	Approximate			
		2017-19 Actuals	2019-21 LAB	2021-23 CSL	%ESA
Administrative Services	Director's Office	\$ 4,951,397	\$ 4,249,901	\$ 3,192,937	99%
	Central Services	7,703,124	8,499,734	9,566,982	56%
Total Admin Services Program		12,654,521	12,749,635	12,759,919	
FTE		39.39	34.00	31.77	
Energy Development Services	Small Scale Energy Loan Program	49,198,124	46,282,060	34,850,800	0%
	Energy Efficiency Financing	3,024,704	3,028,403	3,027,825	0%
	Energy Incentive Programs	2,088,221	9,471,048	2,156,692	0%
Total EDS Program		54,311,049	58,781,511	40,035,317	
FTE		14.11	5.25	4.00	
Nuclear Safety & Emergency Preparedness	Hanford/Nuclear Oversight	1,334,710	1,562,498	1,735,463	9%
	Nuclear Emergency Preparedness	237,657	229,828	302,087	0%
	Non-Nuclear Emergency Preparedness	317,206	309,815	272,258	40%
	Radioactive Waste Transportation	198,896	215,644	211,415	0%
Total Nuclear Program		2,088,469	2,317,785	2,521,223	
FTE		6.00	6.00	6.00	
Energy Siting	Large-Scale Energy Facility Siting	1,579,715	2,305,937	2,322,838	0%
	Monitoring	338,169	491,845	495,450	0%
	Federal Siting Coordination	180,575	244,628	246,422	100%
	Energy Facility Siting Council	1,641,490	2,393,999	2,411,546	54%
Total Siting Program		3,739,949	5,436,409	5,476,255	
FTE		11.00	13.00	11.00	
Energy Planning & Innovation	Energy Efficiency & Conservation	2,345,695	2,938,484	3,469,905	45%
	Energy Technology & Policy	3,042,157	3,275,282	3,882,619	93%
	NW Power Planning Council			800,904	0%
Total P&I Program		5,387,852	6,213,766	8,153,428	
FTE		23.00	21.00	24.00	
Agency Total		\$ 78,181,840	\$ 85,499,106	\$ 68,946,142	
FTE		93.50	79.25	76.77	
					Updated June 16, 2020

Funding ODOE's 2019-21 Budget

ODOE's 2019-21 Legislatively Approved Budget



- Chart shows 2019-21 revenues excluding SELP
- Final revenue numbers for 2021-23 will be calculated by and shared at a July public budget meeting

Draft 2021-23 Biennium

Oregon Department of Energy Policy Option Packages

Extend Oregon Solar + Storage Rebate Program

PROGRAM EXTENSION – Approximately \$3,700,000 General Fund. The Solar + Storage Rebate Program continues in statute through January 2024. However, funding for program staff ends in December 2020, and ODOE anticipates that rebate funds will be fully committed and possibly disbursed by the same date. This POP will provide \$3,000,000 for solar and solar plus storage rebates and provide additional funding for two full-time positions and a half-time lead position.

Radioactive Waste Disposal Program Funding

PROGRAM SUPPORT (FUND SHIFT) – Approximately \$52,000 General Fund. This funding would support staff work to monitor and enforce compliance with OAR Rule 345, Division 50 and ORS 469.525 regarding disposal of radioactive materials in Oregon; and to provide technical assistance to Oregon’s landfill operations, mining operations, and other waste generators in the state.

Energy Facility Siting Support

2 LIMITED DURATION SITING POSITIONS – Approximately \$487,000 Other Fund. This funding would add two limited duration Utility and Energy Analyst positions. Changes in the economy and in the jurisdiction of the Energy Facility Siting Council have made it difficult to predict the workload of the Division. One position will enable the agency to process and review applications and amendments within statutory timeframes if the division’s workload increases. The second position will address compliance work within the program. These positions will be filled only if the Siting Division’s workload requires it.

HOW WE'RE FUNDED: 2019-21

Oregon Department of Energy Budget Overview

\$85.5 million | Overall Budget

Includes dedicated funds for our Small-Scale Energy Loan Program



\$28.9 million | Operating Budget

How we pay for our agency's day-to-day work



The operating budget is funded by



Funding supports

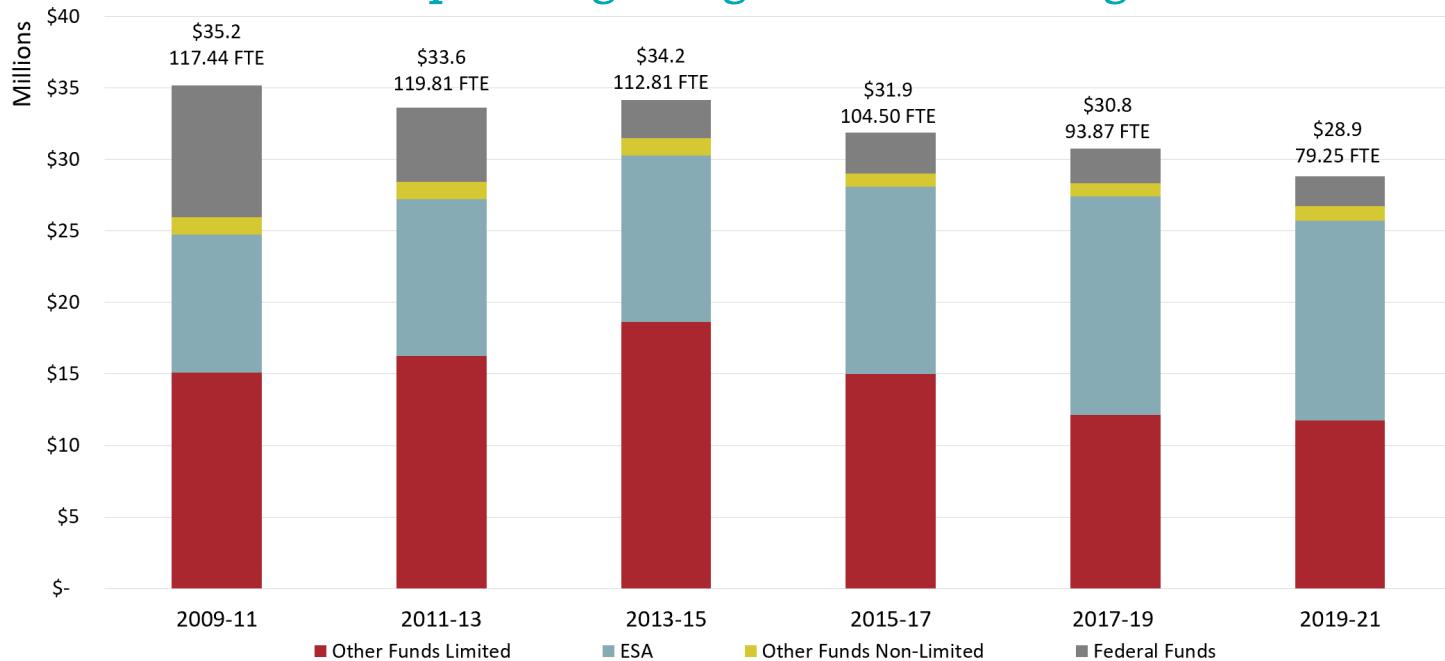
Six Main Funding Sources

- 7% Federal Funds
- 7% Other Revenues
- 16% Siting & EIP Fees
- 12% Charges for Services
- 10% Small-Scale Energy Loan Program
- 48% Energy Supplier Assessment

Five Agency Program Divisions

- 44% Administrative Services
- 21% Planning & Innovation
- 10% Energy Development
- 18% Energy Facility Siting
- 7% Nuclear Safety/Emergency Prep

Biennial Operating Budgets with Funding Sources



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HOW WE'RE FUNDED: 2019-21

Oregon Department of Energy Budget Overview

→ About half of ODOE's 2019-21 operating budget is funded by the Energy Supplier Assessment.

The Energy Supplier Assessment is charged to fuel providers and utilities producing energy in Oregon and helps to fund the Oregon Department of Energy. ESA funds statutorily-required programs that benefit Oregon energy users.

All Oregonians pay for ESA when they pay for energy. For about \$1.67 a year for each Oregonian, our agency works to keep energy supply and costs stable while supporting more renewable energy, reducing carbon, protecting the environment and public health, supporting energy jobs and our economy, and building a more resilient system.

→ ESA is assessed on ratepayers' Gross Operating Revenues.

ESA is apportioned out to ratepayers based on their reported revenues. Because the ESA is based on reported revenues, ratepayers that see their revenues decline in proportion to other ratepayers could see their share of the ESA decline. The ESA is capped at 0.375% of revenues.

→ The Oregon Legislature determines the ESA amount assessed.

The Legislature approves the agency's budget, and in doing so determines the amount of ESA that can be assessed. For 2020, ODOE assessed **\$7 million** on **\$5.98 billion** of Gross Operating Revenues reported by ESA ratepayers.

For three biennia, ODOE has made significant cuts to our budget. At the same time, ODOE has faced increased costs related to personal services, PERS, and other employee benefits. We've mitigated these cost increases by making cuts—such as eliminating positions, closing offices, and ending programs—and finding efficiencies.

In the agency's 2019-21 Legislatively Adopted Budget, the ESA was reduced 12 percent from the 2017-19 LAB. About 21 FTE were eliminated, including six positions that had been included in the Agency Request Budget.



2020 Biennial Energy Report

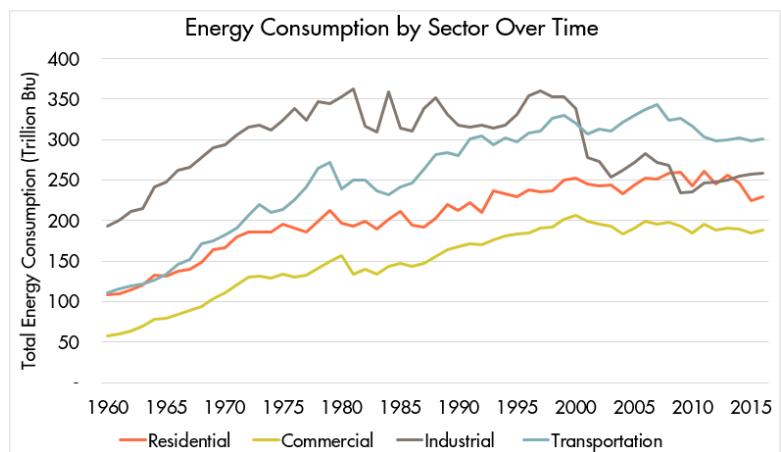
Draft Framework

The Oregon Department of Energy's 2020 Biennial Energy Report is due to the Legislature on November 1, 2020. ODOE is now in the data collecting and drafting phase of BER development.

Energy By the Numbers

Quick-reference with energy facts and infographics; concise explanations about energy resources, energy sectors, and electricity, direct fuel, and transportation use in Oregon. Example topics include:

- Electricity, direct use fuels, and transportation: what we use and how much, uses, trends
- Statewide energy consumption and expenditures
- Locations of energy facilities – new resource dashboard
- Energy sectors (residential, commercial, industrial)
- GHG emission related to energy use
- Energy efficiency spending and savings



Energy 101

Concise explanations on how the energy system and various elements of it work. Answers basic questions about energy for people who are new to these topics. Example topics include:

- How the energy system in Oregon works? What are the differences between IOUs and COUs?
- How do energy markets work?
- Where does our energy come from?
- What is net metering and how does it work?
- How does Oregon update building codes and standards?
- How does the state energy facility siting process work?
- What is Advanced Metering Infrastructure?
- Energy bill basics
- What energy bill incentives are available in the state?



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Energy Resources and Technologies

Profiles of various energy resources and technologies, including information about how they work, resource potential, capacity, and potential in Oregon. Examples include:

- Hydropower, natural gas, wind, coal, solar, biomass, biogas and renewable natural gas, geothermal, storage, marine energy, CHP
- Distributed energy resources, demand response, microgrids, EV charging
- Energy efficiency technologies: heat pumps, smart thermostats, triple pane windows
- Transportation fuels: electricity, hydrogen, RNG, gas, diesel, propane

History and Policy Landscape

Summary of relevant energy history and milestones in Oregon, foundation for ongoing policy discussions and educate those new to energy policy in Oregon.

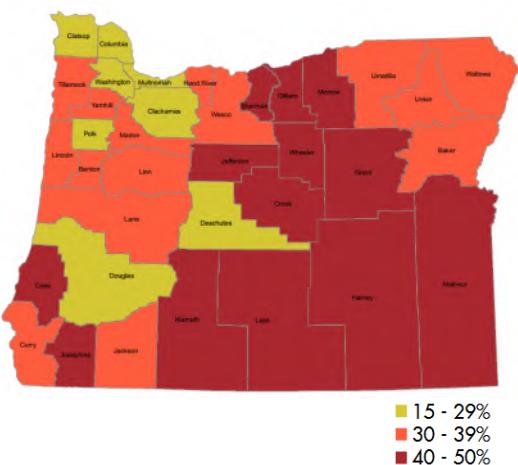
- Oregon's natural resources and legacy of hydropower
- Getting energy to the people: electrification of the west, evolution of utility structures and markets, BPA, development of natural gas distribution system
- Addressing energy crises and emergence of energy efficiency
- Environmental protection: protecting Oregon's landscape, opposition to nuclear energy, reducing air pollution and greenhouse gas emissions.
- Energy milestones and timeline

Key Questions/Hot Topics

Information and considerations on key energy questions and ongoing discussions that have been or are likely to be discussed over the next two years in Oregon. Likely organized around theme of transitions – in the transportation sector, of the electric grid, of the natural gas system, in the built environment, to address climate change, and in communities. Example topics include:

- Impacts of COVID-19 on energy sector and consumers
- Energy sector vulnerability to climate change
- Grid-interactive efficient buildings and vehicle to grid
- Resource adequacy
- Distribution system planning
- Utility scale energy storage
- 100% clean policies
- Improving access to renewable energy
- Energy burden
- Offshore wind
- Power to gas
- Wildfire preparedness
- Alternative fuels for medium/heavy duty vehicles

Percent of Energy Burdened Oregonians by County (2017)



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