



# Oregon

Kate Brown, Governor



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## Energy Advisory Work Group

DATE: June 28, 2022

TIME: 1-3pm

Meeting continued [June 29 and 30, 2022](#) at 11:00am

Oregon Department of Energy – via WebEx

Meeting Attendees		
EAWG Members	ODOE Staff	Guests
Annette Price, Pacific Power Bridget Callahan, Sustainable Northwest Fred Heutte, NW Energy Coalition Jana Gastellum, Oregon Environmental Council Kevin Lynch, Avangrid Renewables Kyle Roadman, Emerald People’s Utility District Lisa Gaines, Oregon State University Nate Rivera, Hermiston Energy Services Nicole Hughes, Renewable Northwest Silvia Tanner, Multnomah County Sunny Radcliffe, Portland General Electric Tony Schacher, Salem Electric	Janine Benner, Director Alan Zelenka, Asst Director Planning & Innovation Christy Splitt, Government Relations Coordinator Danae Hammitt, Finance & Operations Manager Jenny Kalez, Communications Director Jessica Reichers, Energy Technology & Policy Manager Kaci Radcliffe, Program Analyst Linda Bures, Assoc Director Human Resources Mary Knight, Budget Analyst Max Woods, Asst Director Nuclear Safety & Emergency Preparedness Michael Williams, Asst Director Central Services Monty Schindler, Sr. Budget Analyst Pandian Krishnaswamy, Energy Incentives Manager Ruchi Sadhir, Assoc Director, Strategic Engagement Sam Crispin, External Partner Analysis Intern Stacey Heuberger, Office Operations Analyst Todd Cornett, Asst Director Energy Siting Division	Alec Shebiel Danelle Romain Haley Ellett Ian Casey Jennifer Hill-Hart Jennifer Joly Kevin Duell Madeline Do Max Yoklic Nora Apter Riley Peck Sarah Buchwalter Ted Case Tess Milio Tucker Billman Vee Paykar

### Welcome and Director’s Update (*Janine Benner, Director*)

- Janine shared that ODOE has been making significant progress on launching the new incentive programs. The Energy Efficiency Wildfire Rebuilding Incentive program launched in April and ODOE has issued over \$500,000 in incentives for 81 wildfire survivors, with another 150 applications in process. A funding opportunity announcement was put out in March for the Community Renewable Energy Grant Program. Applications will be due by July 8. Three applications have been submitted and 72 more applications are in draft stage. ODOE is recruiting for people to serve on an external committee to help review these applications. Janine invited EAWG members to fill out or share the interest form.
- ODOE is recruiting for additional staff to help run the incentive programs and the heat pump programs that were created in the 2022 session.
- ODOE continues to closely track the announcements coming from the USDOE on IJIA funding. The USDOE requested information about their grid resilience funding and ODOE worked with PUC on a response that included asking for more time and guidance. It is expected that the Federal Opportunity Announcement will come in July

and, unless more time is granted, ODOE may only have 60 days to respond and have the criteria, methods, and public process for leveraging funds in place.

- USDOE has provided clarity on the \$8 billion it has earmarked for Regional Clean Hydrogen Hubs. The funding opportunity announcement is expected in September or October. The state of Washington has created a Pacific Northwest Hydrogen Association to take the lead in developing a regional hub proposal. Janine will sit on that board as Oregon's liaison. The Governor has asked ODOE to work with Business Oregon to explore how best to leverage this opportunity and ODOE's Rebecca Smith will head that effort.

## **EAWG Roundtable**

### **Nicole Hughes, Renewable Northwest**

- After the passage of HB 2021, they are starting to see the areas that need support from the state to meet clean energy standards, such as transmission. Oregon may not have the capacity to address these issues alone and may need to be looked at regionally.
- Offshore wind resources show up in their clean energy pathways analysis and they are working to keep that process on track.
- HB 2021 included a labor provision that requires apprenticeships. Renewable Northwest is communicating with labor organizations to make sure apprenticeship programs are viable and supportive of this industry.
- Workforce will be a topic at their upcoming member retreat.
- Renewable Northwest has hired Emily Griffith for a new position that will focus on stakeholder outreach.

### **Sunny Radcliffe, PGE**

- Chloe Becker has joined PGE as part of their government affairs team. She will also be their in-house lobbyist.
- PGE's grants team is preparing for grant opportunities coming from IJJA.
- HB 2021 implementation continues to keep many areas of PGE busy.
- PGE has done an internal reorganization to keep all their planning efforts harmonized. The Climate Energy Plan, Integrated Resource Planning, and Distribution System Planning teams are now structurally aligned to report to the Director of Sustainability.
- They continue to be engaged in regional efforts, like Nicole referenced.

### **Jana Gastellum, Oregon Environmental Council**

- OEC hosted a business and environment forum to talk about regional opportunities, grid connection between states, offshore wind, and other community-level opportunities.
- They are engaged in the rebuilding task force created last session and are looking at buildings in a much more integrated way for both health efficiency and wellness protection while being as efficient as possible.
- They are excited about funding from IJJA for job development opportunities.
- Rules to protect workers from climate impacts were finalized in May.

- Jana noted that the EV Roadmap Conference is this week and will be in person for the first time since the pandemic.

#### **Kyle Roadman, Emerald People's Utility District**

- Dealing with supply chain issues. They are navigating lead times and costs and are forecasting materials up to two to three years instead of the typical 6-12 months.
- They are going through an IRP process for power supply planning.
- EPUD is looking at their post-2028 options with BPA and resource inadequacy; looking to be a fairly major impact. EPUD is part of a group of utilities exploring a decision to change products before the 2028 deadline.
- EPUD had a large capital upgrade plan for this year, but supply chain issues are making that more of a challenge.

#### **Bridget Callahan, Sustainable Northwest**

- They have convened a Making Energy Work Policy Committee to achieve policy outcomes. Their first meeting will kick off this month. This committee will be the boots on the ground to better understand what the barriers are to clean energy projects and then help identify policy solutions.
- Sustainable Northwest has been supporting municipal governments on how to navigate clean energy opportunities, including ODOE's Community Renewable Energy Grant Program.
- Soon they will have a plug and play energy inventory toolkit that will help communities develop a roadmap to figure out what their energy profile looks like and how much they are spending on energy and where those dollars are going.
- Continuing their efforts on agriculture electrification. They've released some studies providing a total cost of ownership analysis comparing diesel tractors with electric.

#### **Tony Schacher, Salem Electric**

- Though there are many projects to do, there are no materials with which to do them due to supply chain issues. For example, there is a large reconductor project for downtown Salem but the conductors are going to take 6-9 months longer than expected.
- Line crews are starting to seek other opportunities; the utility recently lost a lineman to California. There is worry that others will follow.
- They have been working on other small projects and substation work.

#### **Nate Rivera, Hermiston Energy Services**

- Supply chain issues and planning continue to be an issue.

#### **Annette Price, Pacific Power**

- Busy with rulemaking and have a rate case before PUC.
- Engaging on transmission and markets as it relates to regional markets.
- Pacific Power had the groundbreaking ceremony for the Gateway South transmission project in Medicine Bow, WY. This marks the beginning of construction on a key segment of their energy gateway transmission expansion project.

### **Fred Heutte, NW Energy Coalition**

- Continuing work on HB 2021, low-income protection and rates, transportation electrification, and equity and inclusion.
- Involved in decarbonization, particularly the role of gas.
- Following the Investor-Owned Utilities new resource acquisitions and hope to hear the results of their RFP soon.
- Following distribution system planning and customer-side resource development efforts. The second part of the DPS utility filings will be in August.
- Fred is now Chair of the USDOE's National Transmission Planning Study's Land Use and Environmental Exclusions Subcommittee.
- Involved in the transmission side of offshore wind.

### **Kevin Lynch, Avangrid Renewables**

- Completed work on the Golden Hills wind project in Sherman County and is selling energy on a long-term basis to Puget Sound Energy.
- Continue to work on three solar projects.
- Kevin introduced Riley Peck as part of the Policy Regulation and Markets team. Riley will be assigned to matters in the Pacific Northwest.
- They have moved to the Montgomery Park Building.

### **Budget** (*Janine Benner, Michael Williams, Asst. Director Central Services*)

Janine reminded members that the budget that will be presented today is still a draft budget and ODOE will submit its Agency Request Budget on August 1. Once agency request budgets are submitted, the Governor will create her budget and then finally the legislature will decide the final budget. She also reminded members that all state agency budgets start as a Current Service Level budget. CSL budget is the amount of money it would take to continue doing what the legislature and Governor have approved for that biennium. ODOE has no control over this part of the process. Anything new or anything ODOE was authorized to do in the current biennium but not extended into the next biennium, must be asked for through Policy Option Packages (POPs). The political and economic outlook that agencies are facing is uncertain, but the effects of climate change *are* certain and ODOE has taken the approach to prepare a request budget with POPs that asks for what will be needed to be able to do a better job preparing the state for the clean energy transition and meeting ODOE's mission. A public budget meeting to satisfy the public meeting requirement of ORS 469.421(8) will be held on July 25 and ODOE will have more specific numbers at that time.

Michael provided an overview of the timeline and process for creating the agency request budget. It starts with the 2021-23 Legislatively Approved Budget adjusted for cost of living and merit step increases, which are costs determined by the Department of Administrative Services for all state agencies. The adjusted budget becomes the 2023-25 Base Budget where further adjustments determined by DAS or legislation, such as vacancy savings, inflation, fund shifts, and the phase in/out of programs or resources, are needed to produce the Current Service Level budget. Once the CSL budget is complete, agencies add POPs to arrive at the Agency Request Budget. Agency Request Budgets are due to the State CFO's office on August 1.

Michael reviewed graphs showing the ODOE's draft total CSL budget and draft CSL operating budget. The operating budget is what it takes to run the department and includes personal services, such as staff salaries, services and supplies, and special payments. It does not include SELP debt service payments or the incentives ODOE distributes. He also shared graphs showing a 10-year history of ODOE's biennial budgets. For the 2023-25 biennium, the CSL budget shows significantly less General Fund because most of the incentive programs were only authorized for the 2021-23 biennium. ODOE expects these programs to continue but cannot include them in CSL, which means the numbers and impact on ESA may change when building the Agency Request Budget. This change is expected to result in a lower ESA estimate than what is being presented today.

***Questions and feedback:***

Michael responded to a question in the chat asking about the assumptions given by DAS regarding inflation, cost of living adjustments, service charges, etc. He said that the inflation assumption is 4.2%, contracting is 8.8%, and cost of living is 8.8%, though this number will not be final until negotiations with labor unions and other entities in the state are done later in the year.

Follow up question from chat: With all of the unknowns, how did you develop the placeholders?

Michael responded that these are mostly calculated by the state budget system, ORBITS. Janine asked ODOE's budget team to put together a list of DAS charges and fees so members could see the numbers. This chart was emailed to EAWG members on June 28, 2022 and added to the presentation materials available on ODOE's website.

***Questions and feedback:***

Nate Rivera asked how the 29% State Government Charges affect the ESA. Michael responded that we don't have that specific number at the moment but, overall, compared to the 2021-23 Legislatively Adopted Budget, ESA is expected to go up about 7.3% in 2023-25 CSL budget. State Government Service Charges make up a part of that increase. Michael also clarified that the CSL budget does not include the POPs that will make up the Agency Request Budget where the ESA percentage is expected to go down. More specific numbers will be available in July.

Nate said that it may be hard to provide feedback on the POPs given so much is still unknown with the overall budget. Janine summarized that the CSL budget – not including POPs – is expected to increase the ESA. The effect of the POPs on ESA will not be known until the Agency Request Budget numbers are entered into the system and ODOE would like feedback on those POPs from members before finalizing that budget. When you take all of the POPs together with Siting fees, General Fund, and possible federal funds, the ESA percentage increase is expected to be less in the Agency Request Budget than what is in the CSL budget.

## Policy Options Packages by Division

**Energy Planning and Innovation Division** (*Alan Zelenka, Asst. Director, Jessica Reichers, Tech & Policy Manager,*)

### GIS Research Analyst POP

- ODOE currently conducts nearly all GIS analyses using internal staff who have learned the basics of GIS work out of necessity for a certain project or on their own time. GIS work is becoming standard and is particularly relevant to energy-related information.
- One of ODOE's strategic plan imperatives is to Assess and Enhance Organizational Data Capabilities and a GIS expert has been identified by ODOE's internal Data Governance Team as a critical agency need. In the last five years, ODOE did not have the expertise or staffing to routinely support some existing work or support new requested analyses.
- This POP provides funding for one full-time Research Analyst 3 position to support GIS work. As ODOE continues to build on its ability to be a central repository for energy related data, the locational data and information provided through this position could be a resource for the public, decision makers, and stakeholders.

#### ***Questions and feedback:***

Fred Heutte asked if there is a list of priority projects or activities that this position would work on. Jessica replied that there is a lengthy list and highlighted a few projects that would be at the top including an online map of Oregon's energy facility siting and adding to the Biennial Zero Emissions Vehicle report.

### Energy Research Fund POP

- ODOE has a small staff of energy analysts who maintain expertise and conduct analyses on fundamental energy issues. ODOE has no funding for a consultant to supplement this work.
- The Energy Research Fund would allow ODOE to contract with outside firms or experts for studies, research, and analysis allowing staff to do their job better, quicker, and with more sophistication. This will also allow ODOE to continue to build on its reputation as Oregon's energy think tank and will make it more flexible and responsive to requests.
- This POP would provide \$250,000 every biennium. It is anticipated that this would cover one to four studies per biennium.

#### ***Questions and feedback:***

Nicole Hughes said she is envisioning this as something that may be attuned to more of a state energy strategy where a group could help identify studies that need to be done to inform that strategy. She agreed that having a stable fund instead of going to the legislature every two years is much more efficient.

Fred Heutte asked if there is a list of ideas for this fund currently or is this something where ODOE would lay out criteria and start from scratch. He also noted that the small amount of money being requested would go quickly. Alan replied that while ODOE has been able to acquire grant funding for some analyses (TIGHGER/Roadmap and ORESA), other studies such as a state-wide EV charging analysis, multi-state biomass feedstock assessment, truck refrigeration electrification study, feedstock pathways for renewable

natural gas analysis, wildfire, and biomass were not done because of a lack of funding. This fund would also be used for more in-depth assessments of things like resiliency benefits, EV load size and location, transmission needs for integrating renewables, integrating true and complete value of energy efficiency, and a lot of the work around transportation. It could also help improve the work on the BER, BiZEV, and other studies assigned by the legislature.

Nate Rivera said he is struggling with this POP because it seems like it is a part of ODOE's core mission and should already be incorporated in the budget and not as a POP. The studies and cost recovery are also not defined. Janine clarified that the studies are not defined yet because ODOE does not have the money yet. The vision is to have EAWG members make sure that the studies that get funded are valuable to all and not duplicative of other studies. This would be used to supplement something that cannot be done in-house or turned around quickly. Alan added that this would be for studies outside of ODOE's expertise and capabilities. ODOE would not outsource these studies and would specifically direct consultants on what is needed.

Kyle Roadman asked why this is fully funded by the ESA. If the studies are valuable enough, then General Fund may be a better option. Janine replied that the ESA is the base funding for ODOE by statute but when there is more of a nexus to a different funding source, then ODOE does try to pursue it. The vision for this fund, with the help of EAWG, is to determine which studies to pursue that would benefit ESA payers and energy consumers in the state.

Fred reiterated his support for this fund and suggested that at a later EAWG meeting reviewing a list of proposed ideas where members could discuss and rank priorities to demonstrate a supportive approach.

Kyle added that there needs to be a clear value proposition that shows how utility customers benefit from this.

### **Energy Development Services** *(Michael Williams)*

#### **Oregon Solar + Storage Rebate Program POP**

- This program is legislatively scheduled to end in January 2024. ODOE only has expenditure limitation through July 2023.
- This POP will extend the Solar + Storage program another five years and requests \$10 million General Fund. It will also make the 2.5 full time positions permanent.

#### **Incentive Programs POP**

- This POP will extend the Community Renewable Energy Grant program and the Energy Efficient Wildfire Rebuilding program. Both of these programs are anticipated to carry over into the 2023-25 biennium but they were only provided one-time funding.
- These programs will be supported by the existing General Fund appropriation.

### Heat Pump Programs POP

- The Heat Pump programs were passed in the 2022 session. This POP would extend the programs into the next biennium and support the staffing needs. This will be supported by the existing General Fund appropriation.
- ODOE is currently standing up this program.

### **Nuclear Safety and Emergency Preparedness** *(Max Woods, Assistant Director)*

#### Radioactive Waste Disposal Program POP

- This POP would expand the Radioactive Waste Disposal Program. Over the last year, the agency has determined that an expansion is necessary to do the work appropriately with stakeholders, waste generating companies, and landfills. This program received \$80,000 GF for the 2021-23 biennium and the POP is asking for approximately \$170,000 GF for 2023-25. No new staff is requested.

### **Energy Facility Siting Division** *(Todd Cornett, Assistant Director)*

#### Three Facility Siting Positions POP

- Siting Analyst. This position was recently filled and works almost exclusively on compliance issues. This is one of two positions that currently exist in the 2021-23 budget as a limited duration position and has been phased out of the 2023-25 CSL budget. This POP is needed to phase it back in.
- Senior Siting Analyst. This position would take the lead on applications and amendments. The Siting Division is seeing a sustained higher level of applications and amendments and if that continues, having this position in the budget would allow ODOE to quickly bring on a new staff person.
- Siting Analyst. This position would also work with applications and amendments and back up the Senior Siting Analyst. It would be filled based upon a sustained increase in workload.

#### ***Questions and feedback:***

A question in the chat asked why ESA funding is going towards Siting. Janine answered that is how ODOE is statutorily funded, and the statute states that ESA should pay for activities and programs of the department and the Energy Facility Siting Council when it is not allowed to be covered by developers. Todd added that the Siting Division makes a concerted effort to minimize the use of ESA funds and staff tracks their time daily and down to the half-hour for billing purposes. Todd reviewed Siting Division's revenues and expenditures statutes to show what fees and ESA are allowed to fund.

### **Closing Comments/Q&A**

Because time has run over, ODOE will follow up with EAWG members on a time to go over the remaining POPs and agenda items.

Janine replied to a comment in the chat about reducing reliance on ESA and responded that ODOE is committed to bringing in other revenues sources and this budget is a continuation of the efforts to diversify the funding streams by seeking General Fund and additional federal funds.