

# C-Engrossed House Bill 2626

Ordered by the House June 24  
Including House Amendments dated April 21 and May 18 and June 24

Sponsored by Representatives READ, BAILEY, C EDWARDS, FREEMAN; Representatives BARNHART, BARTON, BENTZ, CANNON, CLEM, DEMBROW, ESQUIVEL, GALIZIO, GARRARD, GARRETT, GILLIAM, HOLVEY, HUNT, SCHAUFLEER, SHIELDS, J SMITH, WITT, Senators BATES, BONAMICI, DEVLIN, DINGFELDER, MORSE, NELSON

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Director of State Department of Energy to administer energy efficiency and sustainable technology loan program for purpose of encouraging investments in energy efficiency, renewable energy and energy conservation.

Directs director to establish sustainable energy project manager certification program for purpose of certifying project managers. Specifies that project managers shall administer program in sustainable energy territories established by director.

Specifies conditions for disbursement of loan moneys. Directs director to establish pilot programs to initiate program. Sunsets pilot programs on January 2, 2016.

Establishes various funds in State Treasury. Continuously appropriates moneys in funds to State Department of Energy for purposes relating to energy efficiency, sustainable technology, small scale local energy projects and higher cost of energy for energy efficiency projects. Authorizes State Treasurer to issue and sell revenue bonds in amount that director considers necessary for purposes related to administering program.

**Authorizes department to impose special assessment on certain energy resource suppliers. Directs moneys received from special assessment to be deposited in Energy Project Supplemental Fund for purposes related to loan programs for small scale local energy projects.**

**Limits biennial expenditures for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by department for purposes related to activities conducted by department pursuant to Act.**

**Allows local governments to establish program to make loans to owners of qualifying real property for purpose of paying for cost-effective energy improvements.**

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to energy use; creating new provisions; amending ORS 469.421, 470.050, 470.060, 470.070,  
3 470.080, 470.090, 470.100, 470.110, 470.120, 470.130, 470.140, 470.150, 470.160, 470.170, 470.190,  
4 470.230, 470.240, 470.270, 470.280, 470.300 and 470.310; appropriating money; limiting expen-  
5 ditures; and declaring an emergency.

6 **Be It Enacted by the People of the State of Oregon:**

7 **SECTION 1. Sections 2 to 41 of this 2009 Act are added to and made a part of ORS**  
8 **chapter 470.**

## LOAN PROGRAM ADMINISTRATION

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12 **SECTION 2. (1) The Director of the State Department of Energy shall administer the**  
13 **energy efficiency and sustainable technology loan program for the purpose of providing fi-**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 nancing, promotion and technical support to encourage significant investments in energy  
2 efficiency, renewable energy and energy conservation.

3 (2) The goals of the loan program are to:

4 (a) Provide capital at the lowest possible cost for the purpose of supporting energy effi-  
5 ciency and conservation and renewable energy projects for residential and commercial  
6 structures;

7 (b) Expand, and to simplify taking advantage of, opportunities for small scale local energy  
8 project financing;

9 (c) Leverage multiple sources of public and private capital through a unified and strategic  
10 funding mechanism;

11 (d) Provide technical and financing information to the public and to businesses;

12 (e) Foster energy savings;

13 (f) Stimulate job growth; and

14 (g) Help substantially reduce carbon emissions.

15 **SECTION 2a.** Notwithstanding any other provision of this chapter, if the Director of the  
16 State Department of Energy determines that the State Department of Energy is unable to  
17 issue a sufficient number of energy efficiency and sustainable technology loans to offset the  
18 reasonable cost to the department of operating the loan program, the director may delay or  
19 suspend the energy efficiency and sustainable technology loan program in one or more  
20 sustainable energy territories or may delay or suspend any feature of the energy efficiency  
21 and sustainable technology loan program.

22 **SECTION 3.** (1) Except as provided in subsection (3) of this section, the State Department  
23 of Energy may enter into contracts for the issuance of energy efficiency and sustainable  
24 technology loans. Except as provided in section 40 of this 2009 Act, the department shall fi-  
25 nance the loans using moneys from the Small Scale Local Energy Project Loan Fund, the  
26 Energy Project Supplemental Fund or the Energy Project Bond Loan Fund, or from a com-  
27 bination of those funds.

28 (2) The sustainable energy project manager may enter into agreements with trade asso-  
29 ciations and other public and private entities for the promotion or marketing of the energy  
30 efficiency and sustainable technology loan program.

31 (3) The department must obtain the consent of the utility before operating an energy  
32 efficiency and sustainable technology loan program within the service territory of:

33 (a) An investor-owned electric utility that serves fewer than 20,000 customers; or

34 (b) An investor-owned gas utility that is actively administering an energy conservation  
35 program established:

36 (A) On or before January 1, 2009; and

37 (B) Without assistance from a nongovernmental entity that receives public purpose  
38 charge moneys under ORS 757.612.

39 **SECTION 4.** The Public Utility Commission may adopt rules for carrying out the duties,  
40 functions and powers of the commission and the Public Purpose Fund Administrator under  
41 sections 2 to 41 of this 2009 Act.

42 **SECTION 5.** The State Department of Energy may contract for persons to perform the  
43 duties of the department under sections 2 to 41 of this 2009 Act including, but not limited to,  
44 the development of standardized base efficiency packages and standardized optional pack-  
45 ages, energy efficiency and sustainable technology loan evaluation, processing and collection.

1 A loan processed by a person contracting with the department, other than a loan processed  
2 by a sustainable energy project manager, must include the department as a party to the loan.

3 **SECTION 6.** (1) The State Department of Energy shall send a quarterly report to the  
4 Small Scale Local Energy Project Advisory Committee. The report shall include, but need  
5 not be limited to, a summary of:

6 (a) The total amount of energy efficiency and sustainable technology loans issued;

7 (b) The types of projects being funded by the loans; and

8 (c) The characteristics of loan recipients.

9 (2) The committee shall review the report to determine whether the goals of the loan  
10 program are being implemented and whether applicable rules and statutory standards are  
11 met. The committee may send comments regarding the report to the Director of the State  
12 Department of Energy.

### 13 PROJECT MANAGERS

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15  
16 **SECTION 7.** (1) Except as provided in subsection (5) of this section, the Director of the  
17 State Department of Energy may establish qualifications for sustainable energy project  
18 managers and may exercise oversight to ensure project manager compliance with those  
19 qualifications. A project manager shall provide the promotion, technical and financial support  
20 and verifications necessary to administer the energy efficiency and sustainable technology  
21 loan program in the territory served by the project manager.

22 (2) The project manager shall serve a sustainable energy territory established by the di-  
23 rector. The project manager shall provide loan program information and technical and fi-  
24 nancial information to promote energy efficiency and use of renewable energy at the  
25 neighborhood and community levels. The project manager shall be responsible for small scale  
26 local energy project verification and for monitoring program effectiveness for energy effi-  
27 ciency and sustainable technology loans and small scale local energy program loans. The  
28 project manager may administer the energy efficiency and sustainable technology loan pro-  
29 gram within the territory.

30 (3)(a) Except as provided in this subsection, the boundaries of a sustainable energy ter-  
31 ritory must be consistent with the service territory of a local electric utility.

32 (b) The boundaries of a sustainable energy territory may be consistent with the service  
33 territory of a local gas utility if:

34 (A) The local electric utility is a consumer-owned electric utility that elects not to be the  
35 project manager for the sustainable energy territory; and

36 (B) The service territory of the local electric utility and the service territory of the local  
37 gas utility overlap.

38 (c) Notwithstanding paragraphs (a) and (b) of this subsection, if the project manager for  
39 the sustainable energy territory is other than the Public Purpose Fund Administrator or a  
40 consumer-owned utility, the director may adjust the boundaries of the territory or create a  
41 larger or smaller territory if the director believes that the territory boundaries as adjusted  
42 or created by the director would better accomplish the goals of the energy efficiency and  
43 sustainable technology loan program.

44 (4) A local government, nonprofit, for-profit, tribal or state entity may be a project  
45 manager if the entity meets the qualifications established by the director under this section

1 and is approved by the director to provide promotion, outreach and customer support related  
2 to the energy efficiency and sustainable technology loan program within a sustainable energy  
3 territory. The Public Purpose Fund Administrator is an ex officio sustainable energy project  
4 manager. The Public Purpose Fund Administrator shall act as the project manager in any  
5 sustainable energy territory that is not served by another project manager.

6 (5) The director shall establish a sustainable energy project manager certification pro-  
7 gram. However, the Public Purpose Fund Administrator or a consumer-owned utility is not  
8 required to obtain a sustainable energy project manager certificate and the Public Purpose  
9 Fund Administrator is not subject to any qualifications established by the director for a  
10 project manager.

11 **SECTION 8.** (1) The Director of the State Department of Energy shall initiate the cer-  
12 tification process for a sustainable energy project manager by publishing a request for pro-  
13 posals.

14 (2) An applicant for certification as a project manager shall submit information to the  
15 director that includes:

16 (a) Background information about the applicant including, but not limited to, the quali-  
17 fications, relevant experience, financial status and staff of the applicant;

18 (b) A proposed plan for implementing and administering the goals and requirements of  
19 the energy efficiency and sustainable technology loan program in the sustainable energy  
20 territory; and

21 (c) Any additional information required by the director by rule.

22 (3) After reviewing all applications received, the director may select a project manager.  
23 In selecting the project manager, the director shall consider the following factors:

24 (a) The organizational experience of the applicant and the capacity of the applicant to  
25 successfully implement the energy efficiency and sustainable technology loan program goals  
26 and requirements.

27 (b) The strength of the applicant's proposed plan for implementing the goals and re-  
28 quirements of the energy efficiency and sustainable technology loan program.

29 (c) The cost at which the applicant can conduct outreach, promotion, loan applicant  
30 support and project verification services necessary to implement the energy efficiency and  
31 sustainable technology loan program.

32 (d) Any other factors the director adopts by rule or directive.

33 (4) An applicant may not be certified as a project manager if the applicant has a fiduciary  
34 or other obligation that creates an actual or apparent conflict of interest that may interfere  
35 with achieving the goals of the energy efficiency and sustainable technology loan program.

36 **SECTION 9.** (1) Upon selecting a proposed sustainable energy project manager, the Di-  
37 rector of the State Department of Energy shall notify all unsuccessful applicants for the  
38 position that another candidate is proposed for appointment. The director shall negotiate  
39 with the proposed project manager regarding any modifications to the service cost estimates  
40 or other features of the applicant's proposed plan that are necessary to ensure that the ap-  
41 plicant will meet the goals and requirements of the energy efficiency and sustainable tech-  
42 nology loan program and State Department of Energy rules.

43 (2) To the extent practicable, the director shall certify a project manager not later than  
44 four months after publication of the request for proposals and not later than two months  
45 after the selection of the proposed project manager. However, the director may at any time

1 select a different applicant as the proposed project manager or may reinstate the certifi-  
2 cation process.

3 (3) Upon deciding to certify the proposed project manager, the director shall give notice  
4 of the decision to all unsuccessful candidates, the public and the Small Scale Local Energy  
5 Project Advisory Committee. The director may approve the final certification of the project  
6 manager if:

7 (a) A request to appeal under section 10 of this 2009 Act is not filed within 15 days after  
8 the date the notice is sent; and

9 (b) The committee does not undertake a review of the proposed certification within 15  
10 days after the date the notice is sent.

11 **SECTION 10.** (1) A person that believes a decision of the Director of the State Depart-  
12 ment of Energy to certify a sustainable energy project manager is inconsistent with appli-  
13 cable rules or statutes may file a request to appeal with the Small Scale Local Energy  
14 Project Advisory Committee. Unless the request for appeal is filed by a nonprofit entity, the  
15 request must be accompanied by a \$2,000 appeal fee. The fee shall be waived for a nonprofit  
16 entity. The committee may initiate a review on its own motion.

17 (2) A majority of the committee may authorize the presiding officer of the committee to  
18 appeal the certification decision to the Governor. The presiding officer may initiate an appeal  
19 to the Governor no later than 30 days after receiving a request for appeal or 15 days after  
20 the committee initiates a review on its own motion.

21 (3) The decision of the Governor is final. If the Governor does not act within 30 days after  
22 receiving the appeal from the presiding officer of the committee, the appeal is denied.

23 **SECTION 11.** (1) Unless the sustainable energy project manager is the Public Purpose  
24 Fund Administrator or a consumer-owned utility, the certification of a project manager shall  
25 be for a five-year term. The Director of the State Department of Energy shall issue the  
26 project manager a certification approval letter that states any conditions applicable to the  
27 certification.

28 (2) The director may terminate the certification of a project manager for:

29 (a) Failure to adequately implement an applicable plan for implementing the energy effi-  
30 ciency and sustainable technology loan program;

31 (b) Noncompliance with the regulatory or statutory requirements of the energy efficiency  
32 and sustainable technology loan program;

33 (c) Failure to meet any project manager criteria established by the director; or

34 (d) Failure to perform other certification conditions.

35 **SECTION 12.** (1) Except as provided in subsection (2) of this section, if a sustainable en-  
36 ergy territory is all or part of the service territory for an investor-owned electric utility, the  
37 Public Purpose Fund Administrator shall be the sustainable energy project manager for the  
38 sustainable energy territory. The Public Purpose Fund Administrator shall inform the Public  
39 Utility Commission and the State Department of Energy of the activities of the administrator  
40 by filing a yearly action plan and an end-of-year report with the commission and the de-  
41 partment.

42 (2) For a sustainable energy territory described in section 7 (3)(b) of this 2009 Act, if the  
43 local gas utility is an investor-owned utility, the utility may act as the project manager for  
44 the territory or may contract with the Public Purpose Fund Administrator to act as project  
45 manager on behalf of the utility.

1 (3) If a territory is served by a consumer-owned utility and is outside the service terri-  
2 tory of an investor-owned electric utility, the consumer-owned utility shall be the project  
3 manager if the utility agrees to promote energy efficiency and sustainable technology loans  
4 as part of any energy efficiency or renewable energy program offered by the utility. A  
5 consumer-owned utility may conduct energy efficiency and renewable energy programs  
6 within the territory of the utility regardless of whether the territory is served by an energy  
7 efficiency and sustainable technology loan program. A consumer-owned utility may decline  
8 to participate in the energy efficiency and sustainable technology loan program.

9 (4) If a customer is served by both an investor-owned gas utility and a consumer-owned  
10 electric utility that have energy efficiency and sustainable technology loan programs, the  
11 utility that supplies the customer's primary source of heat for the property shall supply loan  
12 program services for that customer.

13 (5) The existence of an energy efficiency and sustainable technology loan program, or the  
14 appointment of a sustainable energy project manager, in a sustainable energy territory does  
15 not prevent a consumer-owned utility from conducting any energy efficiency or renewable  
16 energy program offered by the utility. If the consumer-owned utility declines to become the  
17 project manager for the territory, the utility may:

18 (a) Continue with existing utility services and policies; or

19 (b) Work with the Director of the State Department of Energy to solicit and select a  
20 qualified entity to serve as the project manager as described in sections 8 and 9 of this 2009  
21 Act.

22 (6) Subject to approval by the director, a project manager may contract with a qualified  
23 third party to assist the project manager in providing project manager services within the  
24 territory. If a sustainable energy territory is served by a project manager, the appointment  
25 of additional project managers shall be a subcontract approved by the existing project man-  
26 ager. If the third party is acting as a financier, the third party is not required to comply  
27 with laws regulating utilities based on the actions of the third party as a financier. The  
28 project manager may enter into agreements with trade associations and other public and  
29 private entities for the promotion or marketing of the energy efficiency and sustainable  
30 technology loan program.

31 (7) The Public Purpose Fund Administrator and sustainable energy project managers  
32 shall cooperate with, and coordinate their outreach and promotional efforts with, local utili-  
33 ties and other stakeholders to promote energy efficiency and renewable energy and to use  
34 the customer contacts, resources and capacity of utilities to engage and inform utility cus-  
35 tomers about the energy efficiency and sustainable technology loan program. The Public  
36 Purpose Fund Administrator and project managers shall coordinate with gas utilities re-  
37 garding any changes to a gas pipeline and with electric utilities regarding electric charging  
38 or any changes to electrical connections that are external to a structure. The Public Purpose  
39 Fund Administrator and project managers shall coordinate with a gas utility regarding the  
40 installation of appliances used for space heating, water heating and compressed natural gas  
41 refueling.

42  
43 **CONTRACTORS**

44  
45 **SECTION 13.** (1) The State Department of Energy shall adopt rules establishing certif-

1 igation standards for contractors participating in the construction of small scale local energy  
2 projects financed through the energy efficiency and sustainable technology loan program.  
3 The department shall design the standards to ensure that the project work performed by a  
4 contractor holding the certification is of high quality and will result in a high degree of  
5 customer satisfaction.

6 (2) The certification standards established by the department must, at a minimum, re-  
7 quire that the contractor:

8 (a) Prove that the contractor has sufficient skill to ensure that the contractor can suc-  
9 cessfully install energy efficiency, renewable energy or weatherization projects.

10 (b) Not be a contractor listed by the Commissioner of the Bureau of Labor and Industries  
11 under ORS 279C.860 as ineligible to receive a contract or subcontract for public works.

12 (c) Be an equal opportunity employer or small business or be a minority or women busi-  
13 ness enterprise or disadvantaged business enterprise as those terms are defined in ORS  
14 200.005.

15 (d) Demonstrate a history of compliance with the rules and other requirements of the  
16 Construction Contractors Board and of the Workers' Compensation Division and the Occu-  
17 pational Safety and Health Division of the Department of Consumer and Business Services.

18 (e) Employ at least 80 percent of employees used for energy efficiency and sustainable  
19 technology loan program projects from the local work force, if a sufficient supply of skilled  
20 workers is available locally.

21 (f) Demonstrate a history of compliance with federal and state wage and hour laws.

22 (g) Pay wages to employees used for energy efficiency and sustainable technology loan  
23 program projects at a rate equal to at least 180 percent of the state minimum wage.

24 (3) The State Department of Energy shall consult with the Public Purpose Fund Admin-  
25 istrator and utilities when developing contractor certification standards.

26 (4) The Construction Contractors Board may issue a qualifying contractor a certification  
27 authorizing the contractor to participate in the construction of small scale local energy  
28 projects financed through the energy efficiency and sustainable technology loan program. A  
29 contractor seeking certification shall apply to the board as provided under section 51 of this  
30 2009 Act.

31 (5) The State Department of Energy shall identify certified contractors that provide em-  
32 ployees with health insurance benefits as preferred service providers and may take other  
33 actions as practicable to encourage certified contractors to provide employees with health  
34 insurance benefits.

35 **SECTION 14.** (1) At the request of a loan applicant, a contractor that is authorized to  
36 participate in the construction of small scale local energy projects financed through the en-  
37 ergy efficiency and sustainable technology loan program may conduct an energy savings  
38 projection or similar evaluation for a property and conduct post-project verifications of en-  
39 ergy savings in a sustainable energy territory that does not have a sustainable energy project  
40 manager.

41 (2) The State Department of Energy shall process a loan application submitted by an  
42 applicant in a sustainable energy territory that does not have a project manager in the same  
43 manner as an application submitted through a project manager.

44 (3) The department may approve an energy efficiency and sustainable technology loan for  
45 property located in a sustainable energy territory that does not have a project manager if:

1 (a) On-bill financing is available to the loan applicant through a local utility serving the  
2 benefited property; or

3 (b) The department and the loan applicant agree to an alternative method for ensuring  
4 repayment of the loan.

5  
6 **FUNDS**  
7

8 **SECTION 15.** (1) The Energy Project Supplemental Fund is established in the State  
9 Treasury, separate and distinct from the General Fund. Interest earned by the Energy  
10 Project Supplemental Fund shall be credited to the Energy Project Supplemental Fund.

11 (2) The Energy Project Supplemental Fund shall consist of any moneys received for pur-  
12 poses of the energy efficiency and sustainable technology loan program or for small scale  
13 local energy program loans other than moneys deposited to:

14 (a) The Small Scale Local Energy Project Loan Fund.

15 (b) The Small Scale Local Energy Project Administration and Bond Sinking Fund.

16 (c) The Energy Project Bond Loan Fund.

17 (d) The Loan Offset Grant Fund, except that Loan Offset Grant Fund moneys used to  
18 offset the energy efficiency and sustainable technology loan or small scale local energy pro-  
19 gram loan repayment obligation of a borrower shall be deposited to the Energy Project Sup-  
20 plemental Fund.

21 (e) The Energy Revenue Bond Repayment Fund.

22 (3) Moneys in the Energy Project Supplemental Fund are continuously appropriated to  
23 the State Department of Energy for the following purposes:

24 (a) To provide funding, separately or in conjunction with moneys from the Small Scale  
25 Local Energy Project Loan Fund and the Energy Project Bond Loan Fund, for energy effi-  
26 ciency and sustainable technology loans and small scale local energy program loans;

27 (b) For transfer to the Energy Revenue Bond Repayment Fund, to the extent that mon-  
28 eys available in the Energy Project Bond Loan Fund are insufficient to provide the amount  
29 determined prudent by the Director of the State Department of Energy under section 22 (2)  
30 of this 2009 Act; and

31 (c) To pay costs incurred by the State Department of Energy or the director in imple-  
32 menting or administering loan programs for small scale local energy projects.

33 (4) The State Treasurer may establish any subaccounts in the Energy Project Supple-  
34 mental Fund that the treasurer or the director considers reasonable for the efficient ad-  
35 ministration of the fund.

36 **SECTION 16.** (1) The Loan Offset Grant Fund is established in the State Treasury, sepa-  
37 rate and distinct from the General Fund. Interest earned by the Loan Offset Grant Fund  
38 shall be credited to the Loan Offset Grant Fund. Moneys in the fund are continuously ap-  
39 propriated to the State Department of Energy for use as provided in this section.

40 (2) The fund shall consist of any moneys directed by law, gift, grant or donation to the  
41 fund.

42 (3) The department shall use fund moneys:

43 (a) To promote energy efficiency, renewable energy and energy conservation projects that  
44 would otherwise result in a marginally higher overall cost to the applicant when energy costs  
45 and the financing and repayment costs for the project are considered, by using the fund

1 moneys to help produce a monthly cost savings for the applicant; or

2 (b) To transfer to an appropriate fund for carrying out any purpose under this chapter  
3 specified as a condition of a gift, grant or donation.

4 **SECTION 17. (1) The Energy Project Bond Loan Fund is established in the State Treas-**  
5 **ury, separate and distinct from the General Fund. Interest earned by the Energy Project**  
6 **Bond Loan Fund shall be credited to the fund.**

7 (2) The fund shall consist of:

8 (a) Net proceeds from the issuance of revenue bonds under section 22 of this 2009 Act  
9 that are deposited to the fund;

10 (b) Moneys from project initiation fees under section 31 of this 2009 Act;

11 (c) Repayments of any moneys loaned from the fund and interest earned on those mon-  
12 eys;

13 (d) Any moneys appropriated to the fund;

14 (e) Moneys from the sale of refunding bonds under section 22 of this 2009 Act and any  
15 accrued interest on those bonds; and

16 (f) Interest earned on cash balances invested under section 20 of this 2009 Act.

17 (3) Moneys in the fund are continuously appropriated to the State Department of Energy  
18 for the following purposes:

19 (a) Subject to section 24 of this 2009 Act, to issue and administer small scale local energy  
20 program loans and energy efficiency and sustainable technology loans and to administer the  
21 loan programs.

22 (b) For transfer to the Energy Revenue Bond Repayment Fund for the payment of bond  
23 obligations, the costs of issuing bonds described in subsection (2) of this section and the costs  
24 of administering the revenue bond program and for the funding of bond payment reserves.  
25 Transfers under this paragraph shall be carried out as determined by the Director of the  
26 State Department of Energy under section 22 (2) of this 2009 Act.

27 (4) The State Treasurer may establish any subaccounts in the Energy Project Bond Loan  
28 Fund that the treasurer or the director considers reasonable for the efficient administration  
29 of the fund.

30 **SECTION 18. (1) The Energy Revenue Bond Repayment Fund is established in the State**  
31 **Treasury, separate and distinct from the General Fund. Interest earned by the Energy Re-**  
32 **venue Bond Repayment Fund shall be credited to the fund. Moneys in the fund may be in-**  
33 **vested as provided in ORS 293.701 to 293.820. Moneys in the fund are continuously**  
34 **appropriated to the State Department of Energy for the payment of:**

35 (a) Administrative expenses of the State Department of Energy and the Director of the  
36 State Department of Energy for energy efficiency and sustainable technology loans and small  
37 scale local energy program loans made from the proceeds of energy project revenue bonds,  
38 to the extent those expenses are not paid from the Energy Project Bond Loan Fund, the  
39 Energy Project Supplemental Fund or the Loan Offset Grant Fund;

40 (b) Administrative expenses incurred by the State Treasurer under this chapter;

41 (c) Principal, interest and any redemption premiums of energy project revenue bonds;

42 (d) Net investment earnings on moneys loaned to municipal corporations from energy  
43 project revenue bonds under section 22 of this 2009 Act but withheld as provided in ORS  
44 470.230; and

45 (e) Costs of issuing revenue bonds and obtaining credit enhancement for those revenue

1 **bonds.**

2 (2) The Energy Revenue Bond Repayment Fund shall consist of moneys transferred to  
3 the fund from the Energy Project Bond Loan Fund and Energy Project Supplemental Fund  
4 by the State Treasurer as provided in section 22 (2) of this 2009 Act.

5 **SECTION 19.** The State Department of Energy may request proposals for and select one  
6 or more financial managers for the energy efficiency and sustainable technology loan pro-  
7 gram. The function of a financial manager is:

8 (1) To assist in energy efficiency and sustainable technology loan program development;

9 (2) To cooperate with federal and state agencies and public and private entities for the  
10 purpose of securing federal funding, public and private investments of capital and gifts,  
11 grants and donations for the purpose of financing small scale local energy projects; and

12 (3) To provide a platform for the blending of private and public capital from various  
13 sources including, but not limited to, small scale local energy project financing, moneys from  
14 the Energy Project Bond Loan Fund, the Loan Offset Grant Fund and the Energy Project  
15 Supplemental Fund, private activity bonds and grant moneys.

16 **SECTION 20.** Private utilities and other private entities may invest capital with an en-  
17 ergy efficiency and sustainable technology loan program financial manager for use in carry-  
18 ing out the loan program. The Public Utility Commission may establish a reasonable rate of  
19 return that a financial manager may pay to a utility investing capital under this section. In  
20 establishing the rate of return, the commission shall consider the risk to the utility in pro-  
21 viding the investment capital.

22 **SECTION 21.** To achieve the energy efficiency and sustainable technology loan program  
23 goals described in section 2 of this 2009 Act, the Director of the State Department of Energy  
24 may enter into agreements to disburse supplemental capital funds through the Small Scale  
25 Local Energy Project Loan Fund and the Energy Project Supplemental Fund if:

26 (1) The director estimates that interest rates and total costs to program applicants that  
27 would result from the use of the supplemental capital funds are lower than would result from  
28 the use of bond proceeds; and

29 (2) The supplemental capital funds are made subject to any requirements adopted by the  
30 director by rule to ensure adequate protection of project moneys.

31  
32 **BONDS**

33  
34 **SECTION 22.** (1) The State Treasurer, at the request of the Director of the State De-  
35 partment of Energy, from time to time may issue and sell revenue bonds in the name of and  
36 on behalf of the State of Oregon in compliance with the applicable provisions of ORS chapter  
37 286A in the principal amount the director considers necessary to carry out the purposes of  
38 sections 2 to 41 of this 2009 Act, or for paying or refunding any revenue bonds previously  
39 issued on behalf of the State Department of Energy for those purposes.

40 (2) All bonds shall be special revenue obligations of the State of Oregon, and, unless paid  
41 from the proceeds of other bonds, shall be payable as to principal, redemption premium, if  
42 any, and interest, through the Energy Revenue Bond Repayment Fund solely from the re-  
43 venues, moneys and other assets of the Energy Project Bond Loan Fund and the Energy  
44 Project Supplemental Fund that may be pledged for that payment. The Director of the State  
45 Department of Energy shall determine for each fiscal quarter the amount that will fall due

1 during that fiscal quarter for bonds issued under this section, other amounts described in  
2 section 18 of this 2009 Act and any expected significant changes in bond obligations for up-  
3 coming fiscal quarters and the amount necessary to adequately fund reserves. The director  
4 shall request that the State Treasurer make transfers from the Energy Project Bond Loan  
5 Fund and Energy Project Supplemental Fund to the Energy Revenue Bond Repayment Fund  
6 as the director believes prudent to ensure the continuing payment of maturing obligations  
7 and the funding of reserves.

8 (3) Prior to an issuance of revenue bonds under this section, the director shall prepare  
9 and sign a written declaration setting forth the amount of the bonds to be issued and the  
10 terms and conditions for issuance. If the State Treasurer approves the declaration, the State  
11 Treasurer shall certify the approval on the declaration. The approved declaration shall be  
12 known as an “energy revenue bond declaration.” Each bond declaration shall be deemed to  
13 be and shall constitute conclusive proof of the authorization to issue the bonds described in  
14 the bond declaration and may contain further pledges and covenants as determined by the  
15 director or the State Treasurer.

16 **SECTION 23.** (1) Revenue bonds issued under section 22 of this 2009 Act do not constitute  
17 a debt, liability or general obligation of this state or any political subdivision of this state  
18 or a pledge of the faith and credit of this state or any political subdivision of this state, but  
19 shall be payable solely from the revenues, moneys and other assets of the Energy Project  
20 Bond Loan Fund and the Energy Project Supplemental Fund that are pledged to the repay-  
21 ment in the energy revenue bond declaration.

22 (2) Each revenue bond issued under section 22 of this 2009 Act shall contain on the face  
23 of the bond a statement that the department is not obligated to pay the bond or the interest  
24 on the bond except from the revenues or assets pledged for those payments and that neither  
25 the faith and credit nor the taxing power of this state or any political subdivision of this  
26 state is pledged to the payment of the principal of or the interest on the bond.

27 (3) A utility or sustainable energy project manager is not liable for the payment of the  
28 principal of or the interest on any bond issued under this section.

29 **SECTION 24.** The bonds issued by the State Treasurer under section 22 of this 2009 Act  
30 and the energy revenue bond declaration may:

31 (1) Pledge all or any part of the fees received by the State Department of Energy under  
32 section 31 of this 2009 Act and all or any part of the moneys received in payment of energy  
33 efficiency and sustainable technology loans and small scale local energy program loans that  
34 are funded with revenue from bonds issued under section 22 of this 2009 Act, interest on  
35 those amounts and other moneys credited to the Energy Project Bond Loan Fund.

36 (2) Pledge any moneys, loans or grants received from the federal government, this state  
37 or any city, county or political subdivision of this state for payment of revenue bonds issued  
38 under section 22 of this 2009 Act.

39 (3) Vest in a trustee appointed by the Director of the State Department of Energy and  
40 approved by the State Treasurer such property, rights, powers and duties in trust as the  
41 director may determine.

42  
43 **LOCAL GOVERNMENTS**  
44

45 **SECTION 25.** (1) Subject to the approval of the Director of the State Department of En-

1 ergy, a local government, public utility or other legally organized entity may direct moneys  
2 to the Energy Project Supplemental Fund or Loan Offset Grant Fund for use within a limited  
3 geographic area of this state as a source of capital for financing energy efficiency and  
4 sustainable technology loans, small scale local energy program loans or loan offset grants.

5 (2) Any moneys deposited under this section shall be separately accounted for and shall  
6 be managed consistently with small scale local energy project goals and any agreement be-  
7 tween the State Department of Energy and the entity providing the moneys. The moneys  
8 may be disbursed only for use as designated by, and in the geographic area designated by,  
9 the entity providing the moneys.

10  
11 **PROGRAM LOANS**

12  
13 **SECTION 26.** (1) The State Department of Energy may disburse energy efficiency and  
14 sustainable technology loan and small scale local energy program loan moneys by providing  
15 the loan moneys through a sustainable energy project manager or providing the loan moneys  
16 to or through an entity described in ORS 470.060. Loan moneys may be disbursed through a  
17 project manager only for the purpose of enabling the project manager to issue energy effi-  
18 ciency and sustainable technology loans and small scale local energy program loans to ap-  
19 plicants in the sustainable energy territory served by the project manager.

20 (2) The project manager may issue a loan from moneys disbursed under this section only  
21 if adequate security exists to ensure repayment of the loan. An energy efficiency and  
22 sustainable technology loan from a project manager to an applicant located in the sustainable  
23 energy territory served by the project manager must have the features described in section  
24 29 of this 2009 Act and ORS 470.150 and is subject to the requirements and processes imposed  
25 under sections 2 to 41 of this 2009 Act for energy efficiency and sustainable technology loans  
26 issued by the Director of the State Department of Energy. A project manager that issues  
27 an energy efficiency and sustainable technology loan to support a small scale local energy  
28 project may record a fixture filing and lien on the property that benefits from the project  
29 as provided in section 36 or 37 of this 2009 Act.

30 **SECTION 27.** (1) The State Department of Energy may not complete an agreement for  
31 the issuance of an energy efficiency and sustainable technology loan unless the sustainable  
32 energy project manager, a contractor designated by the project manager or a person ap-  
33 proved by the department completes an energy savings projection or similar evaluation for  
34 the property that will benefit from the small scale local energy project. The projection or  
35 other evaluation shall be in writing and shall, at a minimum, identify the following:

36 (a) The recommended base efficiency package for the structure. A base energy package  
37 may include improvements to existing supply lines and equipment.

38 (b) Any optional package recommended for the structure.

39 (c) The estimated net monthly cost to the applicant when energy savings, project repay-  
40 ment costs, tax or other incentives, loan offset grants and other relevant economic factors  
41 are considered.

42 (d) The monthly cost to the applicant to repay the loan principal and finance charges.

43 (e) If the base efficiency package or recommended optional package includes the use of  
44 nontraditional technology, a description of the nontraditional technology.

45 (2) A base efficiency package or optional package may not provide for achieving energy

1 efficiency upgrades through the use of appliances or other equipment that lack sufficient  
2 relationship to the structure to be subject to a fixture filing or real property lien.

3 (3) The projection or other evaluation shall state in a clear and conspicuous manner:

4 (a) That the estimated net monthly cost to the applicant contained in the projection or  
5 other evaluation does not represent a guarantee of project performance or results; and

6 (b) That no liability attaches to the department, any state agency or officer, the project  
7 managers or any utility if actual energy savings are less than the estimated savings or if the  
8 construction process or constructed project is unsatisfactory in any way.

9 (4) If the base efficiency package or recommended optional package includes the use of  
10 nontraditional technology, the projection or other evaluation shall include a statement that  
11 the technology is nontraditional, initialed by the prospective loan applicant.

12 (5) An energy efficiency and sustainable technology loan may be used only for a project  
13 constructed by a contractor certified under section 51 of this 2009 Act.

14 (6) Prior to the disbursement of the loan moneys to the contractor, a project manager  
15 or other person approved by the department shall verify that the small scale local energy  
16 project has been completed in a manner consistent with energy efficiency and sustainable  
17 technology loan program requirements. If this state or any agency of this state adopts or  
18 recognizes an energy efficiency scoring system for buildings, the department may require  
19 that the verification described in this subsection include the determination of an energy ef-  
20 ficiency score for the property benefited by the project.

21 (7) The department shall periodically consult with contractors certified under section 51  
22 of this 2009 Act for the purpose of updating average cost and projected savings figures used  
23 for energy savings projections or other evaluations under this section. The department shall  
24 encourage the use of methods for conducting energy savings projections or other evaluations  
25 under this section that are cost-effective and time-effective, take advantage of economies  
26 of scale and produce results that are accurate and are replicable for equivalent base energy  
27 packages.

28 **SECTION 28.** (1) Except as provide in subsection (2) of this section, the amount of an  
29 energy efficiency and sustainable technology loan may not exceed \$40,000.

30 (2) The loan amount limit described in subsection (1) of this section shall increase an-  
31 nually on January 1 of each year, beginning January 1, 2011. The loan amount limit shall  
32 increase from the most recently established loan amount limit by a percentage equal to the  
33 percentage increase in the Portland-Salem Consumer Price Index for All Urban Consumers  
34 for All Items as reported by the Bureau of Labor Statistics of the United States Department  
35 of Labor.

36 **SECTION 29.** An application for an energy efficiency and sustainable technology loan  
37 must contain:

38 (1) Information sufficient to identify real or personal property located within this state  
39 against which a fixture filing and lien may be filed under section 36 or 37 of this 2009 Act to  
40 secure the loan and sufficient to allow verification that the property owner is the applicant  
41 or has consented to the fixture filing and lien;

42 (2) A clear and conspicuous disclosure:

43 (a) That a lien or other form of security for the energy efficiency and sustainable tech-  
44 nology loan need not be paid in full upon a sale of the property, but all amounts due under  
45 the repayment plan as of the sale date must be paid before the sale closes; and

1 (b) That some lenders may be unwilling to make a mortgage on a property that is subject  
2 to a lien or other form of security for the energy efficiency and sustainable technology loan;

3 (3) The loan applicant must sign a loan contract that recites all terms and conditions  
4 required under this chapter for an energy efficiency and sustainable technology loan; and

5 (4) The State Department of Energy must be satisfied that all conditions required under  
6 ORS 470.090 to support the loan have been satisfied.

7 **SECTION 30.** (1) If an applicant for a loan to construct a residential small scale local  
8 energy project has household income that may qualify the person for a weatherization pro-  
9 gram operated by the Housing and Community Services Department, the sustainable energy  
10 project manager shall refer the applicant to the department. This subsection does not pro-  
11 hibit a project manager from accepting an application from a person who has been denied,  
12 or is receiving, assistance under a department weatherization program.

13 (2) If an applicant for a loan to construct a residential small scale local energy project  
14 has household income that is less than 250 percent of the federal poverty guidelines, upon  
15 request by the applicant, the State Department of Energy may waive all or part of an appli-  
16 cation fee for the loan and may waive all or part of the project initiation fee.

17  
18 **FEES**

19  
20 **SECTION 31.** Except as provided in section 30 of this 2009 Act, an applicant for an energy  
21 efficiency and sustainable technology loan approved by the State Department of Energy shall  
22 pay the department a project initiation fee. Upon request of the loan applicant, the depart-  
23 ment may add all or part of a project initiation fee to the principal of an issued loan. The  
24 department may establish the fee amount by rule, not to exceed four percent of the approved  
25 loan amount. If the department does not establish the fee amount, the fee shall be two per-  
26 cent of the approved loan amount.

27  
28 **ON-BILL FINANCING**

29  
30 **SECTION 32.** (1) If an investor-owned utility serving a sustainable energy territory has  
31 established an on-bill financing system, an energy efficiency and sustainable technology loan  
32 shall be repaid by on-bill financing unless the loan agreement specifies that the State De-  
33 partment of Energy and the borrower have agreed to an alternative method for ensuring  
34 repayment of the loan.

35 (2) Unless the Public Utility Commission grants an investor-owned utility a waiver under  
36 subsection (4) of this section, the on-bill financing system of the utility must:

37 (a) Enable a customer to make a single payment to satisfy the periodic utility charges  
38 and repayment on an energy efficiency and sustainable technology loan;

39 (b) Provide a clearly identifiable line item or separate statement in the utility bill that  
40 shows the energy efficiency and sustainable technology loan repayment amount; and

41 (c) Direct energy efficiency and sustainable technology loan repayment amounts collected  
42 by the utility to the appropriate sustainable energy project manager or to the department  
43 for deposit to the credit of the Small Scale Local Energy Project Administration and Bond  
44 Sinking Fund, Energy Project Bond Loan Fund or Energy Project Supplemental Fund.

45 (3) The Public Utility Commission shall adopt rules for the use of on-bill financing by

1 investor-owned utilities. The rules may include, but need not be limited to, rules regarding  
2 nonpayment, insufficient payment, delinquency notices, repayment charge transfers, pro-  
3 cessing fees, late fees and refunds. The commission may not adopt any rule that imposes  
4 responsibility for the repayment of an energy efficiency and sustainable technology loan on  
5 the utility.

6 (4) The commission may waive the requirement that an investor-owned utility provide  
7 on-bill financing for one or more loans if the commission determines that providing the on-  
8 bill financing is not practicable. If the commission grants a utility a waiver under this sub-  
9 section, the utility shall bill the affected customers for loan repayment separately from any  
10 utility customer meter billings.

11 **SECTION 33.** (1) If a consumer-owned utility serving a sustainable energy territory has  
12 established an on-bill financing system, an energy efficiency and sustainable technology loan  
13 shall be repaid by on-bill financing unless the loan agreement specifies that the State De-  
14 partment of Energy and the borrower have agreed to an alternative method for ensuring  
15 repayment of the loan.

16 (2) Unless the Director of the State Department of Energy grants a consumer-owned  
17 utility a waiver under subsection (4) of this section, the on-bill financing system of the utility  
18 must:

19 (a) Enable a customer to make a single payment to satisfy the periodic utility charges  
20 and repayment on an energy efficiency and sustainable technology loan;

21 (b) Provide a clearly identifiable line item or separate statement in the utility bill that  
22 shows the energy efficiency and sustainable technology loan repayment amount; and

23 (c) Direct energy efficiency and sustainable technology loan repayment amounts collected  
24 by the utility to the appropriate sustainable energy project manager or to the department  
25 for deposit to the credit of the Small Scale Local Energy Project Administration and Bond  
26 Sinking Fund, Energy Project Bond Loan Fund or Energy Project Supplemental Fund.

27 (3) The director may not adopt any rule that imposes responsibility for the repayment  
28 of an energy efficiency and sustainable technology loan on the utility.

29 (4) The director may waive the requirement that a consumer-owned utility provide on-bill  
30 financing for one or more loans if the director determines, after consultation with the  
31 Bonneville Power Administration, that providing the on-bill financing is not practicable. If  
32 the director grants a waiver under this subsection, the utility shall bill the affected cus-  
33 tomers for loan repayment separately from any utility customer account or customer meter  
34 billings.

35 **SECTION 34.** If a customer is served by both an electric utility and a gas utility that both  
36 have an on-bill financing system, a loan repaid through on-bill financing shall be repaid  
37 through the on-bill financing system of the utility that supplies the customer's primary  
38 source of heat for the property.

39 **SECTION 35.** (1) If a utility incurs reasonable costs in implementing an on-bill financing  
40 system that exceed any moneys received by the utility to assist in the implementation, the  
41 costs are legitimate costs for ratemaking purposes.

42 (2) A loan repayment charge for an energy efficiency and sustainable technology loan  
43 may include, but need not be limited to, the amount of the loan, interest on the loan and the  
44 cost incurred by the State Department of Energy to implement, promote and administer the  
45 energy efficiency and sustainable technology loan program.





1 adopting any rules for carrying out apprenticeship and job training and development under  
2 the energy efficiency and sustainable technology loan program, the department and the board  
3 may seek input from organizations representing construction contractors.

4  
5 **PILOT PROGRAMS**

6  
7 **SECTION 42.** (1) The Director of the State Department of Energy shall initiate the energy  
8 efficiency and sustainable technology loan program described in sections 2 to 41 of this 2009  
9 Act in phases through a series of pilot programs, limiting the geographic availability and  
10 other features of the program as the director considers necessary to facilitate an orderly and  
11 successful implementation of the program. The director shall initiate the program as quickly  
12 as the director considers practicable to achieve the benefits of the program while ensuring  
13 high participant satisfaction and program integrity.

14 (2) The director shall endeavor to establish pilot programs initially in sustainable energy  
15 territories that reflect a variety of population densities. The director may give preference to  
16 territories that request to participate in the pilot program.

17 **SECTION 43.** (1) The Public Purpose Fund Administrator shall initiate pilot programs in  
18 investor-owned utility service territories to demonstrate the feasibility of innovative ap-  
19 proaches to financing and installing energy efficiency and sustainable technology measures  
20 as described in sections 2 to 41 of this 2009 Act in residences and commercial buildings in  
21 urban and rural communities. The pilot programs shall test:

22 (a) The effectiveness of direct contact, door-to-door, media outlet and other community-  
23 focused outreach and solicitation strategies designed to provide potential energy efficiency  
24 and sustainable technology loan program participants with information about energy effi-  
25 ciency and renewable energy opportunities under the program and under similar local, state  
26 and federal incentive programs;

27 (b) The costs and benefits of taking alternative approaches to energy audits, including  
28 but not limited to, the identification of measures that are cost-effective and time-effective,  
29 take advantage of economies of scale and produce results that are accurate and are  
30 replicable for equivalent base efficiency packages;

31 (c) Ways to assist program participants in understanding and accessing small scale local  
32 energy project funding and making informed decisions in selecting appropriate energy effi-  
33 ciency and renewable energy projects;

34 (d) The effectiveness of various levels of loan offset grants as an incentive to program  
35 participation;

36 (e) The effectiveness of on-billing financing as a means of loan repayment and the effec-  
37 tiveness of fixture filings, liens or other forms of security for loans;

38 (f) The feasibility and effectiveness of coordinated installations of residential and com-  
39 mercial structure energy packages overseen by a single project manager;

40 (g) The manner in which the program interacts or conflicts with existing consumer-  
41 owned utility loan programs and other utility and regional energy efficiency programs;

42 (h) The relative demand for loan program services among residential and commercial  
43 properties and between low-income and other households, and factors that influence that  
44 relative demand;

45 (i) The administrative costs and participation rates associated with various forms of loan

1 security; and

2 (j) Other strategies and measures identified by the State Department of Energy or the  
3 Public Utility Commission.

4 (2) The Public Purpose Fund Administrator shall report to the commission no later than  
5 October 1, 2010. The administrator shall provide a copy of the report to the State Department  
6 of Energy. The report shall evaluate the effectiveness of the pilot programs, and shall in-  
7 clude an evaluation of the extent to which various strategies and measures:

8 (a) Help to produce significantly higher rates of energy savings or renewable energy  
9 production;

10 (b) Increase participation in energy efficiency and renewable energy programs;

11 (c) Increase the number of energy efficiency and renewable energy measures installed  
12 per building; and

13 (d) Reduce the administrative cost per building of providing energy efficiency and  
14 renewable energy services.

15 (3) The commission shall review the report and:

16 (a) Order full implementation of the successful energy efficiency and sustainable tech-  
17 nology loan program measures and strategies in investor-owned utility service territories;  
18 or

19 (b) Order the partial implementation of energy efficiency and sustainable technology loan  
20 program measures and strategies and make recommendations to the Legislative Assembly  
21 for appropriate statutory modification of the program.

22 (4) When carrying out pilot programs under this section, the Public Purpose Fund Ad-  
23 ministrator and sustainable energy project managers shall cooperate and coordinate their  
24 efforts with the efforts of local utilities and encourage utilities to promote energy efficiency  
25 and renewable energy and to engage in outreach and promotional efforts to inform custom-  
26 ers of the utility about the energy efficiency and sustainable technology loan program. The  
27 Public Purpose Fund Administrator and project managers shall coordinate with gas utilities  
28 regarding any changes to a gas pipeline and with electric utilities regarding electric charging  
29 or any changes to electrical connections that are external to a structure. The Public Purpose  
30 Fund Administrator and project managers shall coordinate with a gas utility regarding the  
31 installation of appliances used for space heating, water heating and compressed natural gas  
32 refueling.

33 **SECTION 44.** (1) The Director of the State Department of Energy shall consult with  
34 consumer-owned utilities and other interested parties to develop a pilot program for energy  
35 efficiency and sustainable technology as described in sections 2 to 41 of this 2009 Act for use  
36 in the consumer-owned utility service territories. The director shall solicit one or more  
37 consumer-owned utilities to act as sustainable energy project managers for the pilot pro-  
38 gram. The director shall solicit utilities to act as project managers for the developed pilot  
39 program no later than 180 days after the effective date of this 2009 Act.

40 (2) The pilot program shall test:

41 (a) The effectiveness of direct contact, door-to-door, media outlet and other community-  
42 focused outreach and solicitation strategies designed to provide potential energy efficiency  
43 and sustainable technology loan program participants with information about energy effi-  
44 ciency and renewable energy opportunities under the program and under similar local, state  
45 and federal incentive programs;

1 (b) The costs and benefits of taking alternative approaches to energy audits, including  
2 but not limited to identifying measures that are cost-effective and time-effective, taking ad-  
3 vantage of economies of scale and producing results that are accurate and are replicable for  
4 equivalent base efficiency packages;

5 (c) Ways to assist program participants in understanding and accessing small scale local  
6 energy project funding and making informed decisions in selecting appropriate energy effi-  
7 ciency and renewable energy projects;

8 (d) The effectiveness of various levels of loan offset grants as incentives to program  
9 participation;

10 (e) The effectiveness of on-billing financing as a means of loan repayment and the effec-  
11 tiveness of fixture filings, liens or other forms of security for loans;

12 (f) The feasibility and effectiveness of coordinated installations of residential and com-  
13 mercial structure energy packages overseen by a single project manager;

14 (g) The manner in which the program interacts or conflicts with existing consumer-  
15 owned utility loan programs and other utility and regional energy efficiency programs;

16 (h) The relative demand for loan program services among residential and commercial  
17 properties and between low-income and other households, and factors that influence that  
18 relative demand;

19 (i) The administrative costs and participation rates associated with various forms of loan  
20 security; and

21 (j) Other strategies and measures identified by the director.

22 (3) The sustainable energy project managers in the consumer-owned utility service areas  
23 shall report to the director no later than October 1, 2010. The report shall evaluate the ef-  
24 fectiveness of the pilot program and shall include an evaluation of the extent to which vari-  
25 ous program strategies and measures:

26 (a) Help to produce significantly higher rates of energy savings or renewable energy  
27 production;

28 (b) Increase participation in energy efficiency and renewable energy programs;

29 (c) Increase the number of energy efficiency and renewable energy measures installed  
30 per building; and

31 (d) Reduce the administrative cost per building of providing energy efficiency and  
32 renewable energy services.

33 (4) When carrying out pilot programs under this section, the director and the sustainable  
34 energy project managers shall cooperate and coordinate their efforts with the efforts of local  
35 utilities and encourage utilities to promote energy efficiency and renewable energy and to  
36 engage in outreach and promotional efforts to inform customers of the utility about the en-  
37 ergy efficiency and sustainable technology loan program.

38 **SECTION 45.** A contractor may construct small scale local energy projects financed un-  
39 der a pilot program described in sections 42 to 44 of this 2009 Act without being certified  
40 under section 51 of this 2009 Act if:

41 (1) No certified contractor is available to construct the project;

42 (2) The Public Purpose Fund Administrator or the sustainable energy project manager  
43 has approved allowing the contractor to implement projects financed under the energy effi-  
44 ciency and sustainable technology loan program; and

45 (3) The contractor pays wages to employees used for energy efficiency and sustainable

1 technology loan program projects at a rate equal to at least 180 percent of the state mini-  
2 mum wage or, if the project is for a commercial structure or is subject to prevailing wage  
3 laws, the prevailing wage for each trade or occupation employed. As used in this subsection,  
4 “commercial structure” means a structure other than a residential structure as defined in  
5 ORS 701.005.

6 **SECTION 46.** If there is a change in ownership or other interest in property benefited  
7 by an energy efficiency and sustainable technology loan, and the loan relies on an on-bill fi-  
8 nancing system for collection of the loan repayment charge, the utility shall transfer the  
9 loan repayment charge to the utility customer account of the person acquiring the ownership  
10 or other interest in the property.

11 **SECTION 46a.** Notwithstanding any other provision of sections 42 to 48, 51 and 52 of this  
12 2009 Act, if the Director of the State Department of Energy determines that the State De-  
13 partment of Energy is unable to issue a sufficient number of energy efficiency and  
14 sustainable technology loans to offset the reasonable cost to the department of operating the  
15 loan program, the director may delay or suspend the energy efficiency and sustainable  
16 technology loan program in one or more pilot program areas or may delay or suspend any  
17 feature of the energy efficiency and sustainable technology loan program.

18  
19 **MISCELLANEOUS PROVISIONS**  
20

21 **SECTION 47.** The cost of adopting rules under ORS 470.140 to carry out sections 2 to 41  
22 of this 2009 Act:

23 (1) May be paid from the Loan Offset Grant Fund or Energy Project Bond Loan Fund;  
24 or

25 (2) May be paid from the Small Scale Local Energy Project Administration and Bond  
26 Sinking Fund created under ORS 470.300 if the Director of the State Department of Energy  
27 and the State Treasurer find that:

28 (a) A cash flow projection for the sinking fund shows that, for the term of the sinking  
29 fund bonds outstanding at the time the Director of the State Department of Energy transfers  
30 the moneys, remaining moneys in the sinking fund, together with expected loan contract  
31 payments and fund earnings, will improve the financial basis of the program and will con-  
32 tinue to be adequate to pay bond principal, interest, redemption premiums, if any, and ad-  
33 ministration costs; and

34 (b) The transfer will not create the need for issuance of any bonds.

35 **SECTION 47a.** Notwithstanding ORS 469.441, in addition to any assessment imposed under  
36 ORS 469.421 (8), the State Department of Energy may impose a special assessment on energy  
37 resource suppliers that are subject to the assessment described in ORS 469.421 (8). The spe-  
38 cial assessment authorized under this section may not exceed \$300,000. The department shall  
39 calculate the share of the special assessment to be paid by an energy resource supplier based  
40 on the most recent gross operating revenue ratio determined for that supplier under ORS  
41 469.421 (8)(c) as of the special assessment date. The department may not impose the special  
42 assessment authorized under this section more than once and may not impose the special  
43 assessment after July 1, 2010. Moneys received by the department from the special assess-  
44 ment must be deposited to the Energy Project Supplemental Fund and used to pay costs in-  
45 curred by the department or the Director of the State Department of Energy in

1 implementing or administering loan programs for small scale local energy projects.

2 **SECTION 48.** The State Department of Energy shall adopt rules establishing contractor  
3 certification standards required under section 13 of this 2009 Act no later than December 1,  
4 2010. The Construction Contractors Board shall implement a certification system for con-  
5 tractors under section 51 of this 2009 Act no later than January 1, 2011.

6 **SECTION 49.** Sections 42, 43, 44, 45, 46, 46a and 47a of this 2009 Act are repealed January  
7 2, 2016.

8 **SECTION 50.** Sections 51 and 52 of this 2009 Act are added to and made a part of ORS  
9 chapter 701.

10 **SECTION 51.** (1) A licensed contractor that possesses an appropriate endorsement may  
11 apply to the Construction Contractors Board for certification to participate in the con-  
12 struction of small scale local energy projects financed through the energy efficiency and  
13 sustainable technology loan program. The board may issue the certification to a contractor  
14 that meets the standards established by the State Department of Energy under section 13  
15 of this 2009 Act. The board may charge a reasonable fee for certifying a contractor.

16 (2) If the board receives information that the contractor has failed to comply with the  
17 certification standards established by the department or has violated a wage and hours  
18 standard described in section 52 of this 2009 Act, the board shall hold a hearing and may  
19 revoke the certification.

20 (3) The board shall give the department notice of the issuance or revocation of a certif-  
21 ication under this section.

22 **SECTION 52.** (1) If a project financed under the energy efficiency and sustainable tech-  
23 nology loan program is to be constructed for a commercial structure, the State Department  
24 of Energy shall require that the certified contractor pay the employees used for the project  
25 at the prevailing wage rate determined by the Commissioner of the Bureau of Labor and  
26 Industries for each trade or occupation employed. If a project is not to be constructed for a  
27 commercial structure, but the department is uncertain whether prevailing wage require-  
28 ments apply to the project, the department shall consult with the Bureau of Labor and In-  
29 dustries. As used in this subsection, "commercial structure" means a structure that is not  
30 a residential structure.

31 (2) If the Construction Contractors Board receives a complaint that a contractor certi-  
32 fied under section 51 of this 2009 Act has failed to comply with a wage and hours standard  
33 for work on a project financed under the energy efficiency and sustainable technology loan  
34 program, the board shall forward the complaint to the Bureau of Labor and Industries. If the  
35 bureau determines that the contractor has violated a wage and hours standard for work on  
36 a project financed under the loan program, the bureau shall notify the board of the deter-  
37 mination.

38 **SECTION 53.** Section 14 of this 2009 Act becomes operative January 1, 2011.

39 **SECTION 53a.** Notwithstanding any other law limiting expenditures, the limitation on  
40 expenditures established by section 1, chapter \_\_, Oregon Laws 2009 (Enrolled House Bill  
41 5013), for the biennium beginning July 1, 2009, as the maximum limit for payment of expenses  
42 from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery  
43 funds and federal funds, collected or received by the State Department of Energy, is in-  
44 creased by \$300,000 for the purpose of carrying out the provisions of sections 7 to 9, 13, 27,  
45 29 to 33 and 35 to 48 of this 2009 Act and carrying out department activities relating to the

1 **amendments to ORS 470.050, 470.060 and 470.150 by sections 54, 55 and 64 of this 2009 Act.**

2  
3 **AMENDMENTS TO OREGON REVISED STATUTES**

4  
5 **SECTION 54.** ORS 470.050 is amended to read:

6 470.050. As used in this chapter, unless the context requires otherwise:

7 (1) "Alternative fuel project" means:

8 (a) A fleet of vehicles that are modified or acquired directly from a factory and that:

9 (A) Use an alternative fuel including electricity, ethanol, gasohol with at least 10 percent de-  
10 naturated alcohol content, hydrogen, hythane, methane, methanol, natural gas, propane or any other  
11 fuel approved by the Director of the State Department of Energy; and

12 (B) Produce lower or equivalent exhaust emissions or are more energy efficient than vehicles  
13 fueled by gasoline; and

14 (b) A facility, including a fueling station, necessary to operate an alternative fuel vehicle fleet.

15 (2) "Applicant" means an applicant for a **loan to construct** a small scale local energy project  
16 [*loan*].

17 (3) **"Base efficiency package" means the package of energy efficiency upgrades or**  
18 **renewable energy projects for a property that, when energy savings, project repayment costs,**  
19 **tax or other incentives, loan offset grants and other relevant economic factors are consid-**  
20 **ered, is estimated to not increase the utility bill of the customer over the loan repayment**  
21 **term.**

22 [(3)] (4) "Committee" means the Small Scale Local Energy Project Advisory Committee created  
23 under ORS 470.070.

24 [(4)] (5) "Cooperative" means a cooperative [corporation organized under ORS chapter 62.

25 [(5)] (6) "Director" means the Director of the State Department of Energy appointed under ORS  
26 469.040.

27 [(6)] (7) "Eligible federal agency" means a federal agency or public corporation created by the  
28 federal government that proposes to use a loan for a small scale **local** energy project. "Eligible  
29 federal agency" does not include a federal agency or public corporation created by the federal  
30 government that proposes to use a loan for a small scale **local** energy project to generate electricity  
31 for sale.

32 [(7)] (8) "Eligible state agency" means a state officer, board, commission, department, institution,  
33 branch or agency of the state whose costs are paid wholly or in part from funds held in the State  
34 Treasury.

35 (9) **"Energy efficiency and sustainable technology loan" means a loan for a small scale**  
36 **local energy project that is repayable by means of:**

37 (a) **A charge included with the participant's utility customer account billing; or**

38 (b) **An alternative repayment method identified by the department and the borrower and**  
39 **specified in the loan agreement.**

40 (10) **"Energy Project Bond Loan Fund" means the fund established under section 17 of**  
41 **this 2009 Act.**

42 (11) **"Energy Project Supplemental Fund" means the fund established under section 15**  
43 **of this 2009 Act.**

44 (12) **"Energy Revenue Bond Repayment Fund" means the fund established under section**  
45 **18 of this 2009 Act.**

1       **(13) “Energy savings projection” means an examination of the energy performance and**  
2 **site characteristics of a property that, at a minimum, identifies:**

3       **(a) A base efficiency package; and**

4       **(b) Any additional optional measures that a customer is able to repay and that the**  
5 **sustainable energy project manager believes to be feasible for the site.**

6       [(8)] **(14) “Loan” includes the purchase or other acquisition of evidence of indebtedness and**  
7 **money used for the purchase or other acquisition of evidence of indebtedness.**

8       [(9)] **(15) “Loan contract” means the evidence of indebtedness and all instruments used in the**  
9 **purchase or acquisition of the evidence of indebtedness. For eligible federal or state agencies or**  
10 **municipal corporations that are tax exempt entities, a loan contract may include a lease purchase**  
11 **agreement with respect to personal property.**

12       [(10) *“Loan fund” means the Small Scale Local Energy Project Loan Fund created by Article XI-J*  
13 *of the Oregon Constitution.*]

14       **(16) “Loan offset grant” means moneys from the Loan Offset Grant Fund that are used**  
15 **to help offset the initial project costs or loan payments for energy efficiency, renewable en-**  
16 **ergy and energy conservation projects.**

17       **(17) “Loan Offset Grant Fund” means the fund established under section 16 of this 2009**  
18 **Act.**

19       **(18) “Loan repayment charge” means an amount charged to a utility customer account**  
20 **through on-bill financing as a mechanism for the repayment of an energy efficiency and**  
21 **sustainable technology loan.**

22       [(11)] **(19) “Municipal corporation” has the meaning given in ORS 297.405 and also includes any**  
23 **Indian tribe or authorized Indian tribal organization or any combination of two or more of these**  
24 **tribes or organizations acting jointly in connection with a small scale local energy project.**

25       **(20) “On-bill financing” means a mechanism for collecting the repayment of an energy**  
26 **efficiency and sustainable technology loan through a utility customer account billing system.**

27       **(21) “Optional package” means measures for promoting energy efficiency or the use of**  
28 **renewable energy:**

29       **(a) That are in addition to the measures described in the customer’s base efficiency**  
30 **package;**

31       **(b) For which a customer has the ability to repay; and**

32       **(c) That the sustainable energy project manager believes to be feasible for the site.**

33       [(12)] **(22) “Oregon business” means a sole proprietorship, partnership, company, cooperative,**  
34 **corporation or other form of business entity that is organized or authorized to do business under**  
35 **Oregon law for profit.**

36       **(23) “Public Purpose Fund Administrator” means the entity designated by the Public**  
37 **Utility Commission to administer moneys collected by a company through the public purpose**  
38 **charge described under ORS 757.612.**

39       [(13)] **(24) “Recycling project” means a facility or equipment that converts waste into a new and**  
40 **usable product.**

41       [(14)] **(25) “Small business” means:**

42       **(a) An Oregon business that is:**

43       **(A) A retail or service business employing 50 or fewer persons at the time the loan is made; or**

44       **(B) An industrial or manufacturing business employing 200 or fewer persons at the time the loan**  
45 **is made; or**

1 (b) An Oregon subsidiary of a sole proprietorship, partnership, company, cooperative, corpo-  
2 ration or other form of business entity for which the total number of employees for both the sub-  
3 sidiary and the parent sole proprietorship, partnership, company, cooperative, corporation or other  
4 form of business entity at the time the loan is made is:

5 (A) Fifty or fewer persons if the subsidiary is a retail or service business; and

6 (B) Two hundred or fewer if the subsidiary is an industrial or manufacturing business.

7 [(15) “Sinking fund” means the Small Scale Local Energy Project Administration and Bond Sink-  
8 ing Fund created in ORS 470.300.]

9 **(26) “Small scale local energy program loan” means a loan for a small scale local energy  
10 project other than an energy efficiency and sustainable technology loan.**

11 [(16)] **(27) “Small scale local energy project” means:**

12 (a) A system, mechanism or series of mechanisms located primarily in Oregon that directly or  
13 indirectly uses or enables the use of, by the applicant or another person, renewable resources in-  
14 cluding, but not limited to, solar, wind, geothermal, biomass, waste heat or water resources to  
15 produce energy, including heat, electricity and substitute fuels, to meet a local community or re-  
16 gional energy need in this state;

17 (b) A system, mechanism or series of mechanisms located primarily in Oregon or providing  
18 substantial benefits to Oregon that directly or indirectly conserves energy or enables the conserva-  
19 tion of energy by the applicant or another person, including energy used in transportation;

20 (c) A recycling project;

21 (d) An alternative fuel project;

22 (e) An improvement that increases the production or efficiency, or extends the operating life,  
23 of a system, mechanism, series of mechanisms or project otherwise described in this subsection, in-  
24 cluding but not limited to restarting a dormant project;

25 (f) A system, mechanism or series of mechanisms installed in a facility or portions of a facility  
26 that directly or indirectly reduces the amount of energy needed for the construction and operation  
27 of the facility and that meets the sustainable building practices standard established by the State  
28 Department of Energy by rule; or

29 (g) A project described in paragraphs (a) to (f) of this subsection, whether or not the existing  
30 project was originally financed under this chapter, together with any refinancing necessary to re-  
31 move prior liens or encumbrances against the existing project.

32 (h) A project described in paragraphs (a) to (g) of this subsection that conserves energy or  
33 produces energy by generation or by processing or collection of a renewable resource.

34 **(28) “Small Scale Local Energy Project Administration and Bond Sinking Fund” means  
35 the fund created under ORS 470.300.**

36 **(29) “Small Scale Local Energy Project Loan Fund” means the loan fund created by Ar-  
37 ticle XI-J of the Oregon Constitution and appropriated to the State Department of Energy  
38 under ORS 470.130.**

39 **(30) “Sustainable energy project manager” means the organization responsible for pro-  
40 moting the energy efficiency and sustainable technology loan program and related incentives  
41 for energy efficiency and renewable energy at the neighborhood and community level.**

42 **(31) “Sustainable energy territory” means the geographic service area that a sustainable  
43 energy project manager is responsible for serving.**

44 **SECTION 55.** ORS 470.060 is amended to read:

45 470.060. [(1) Any individual who is a resident of Oregon, an Oregon business, a nonprofit or public

1 cooperative, a nonprofit corporation, an eligible federal agency, an eligible state agency, a public cor-  
2 poration created by the state, an intergovernmental entity created pursuant to an intergovernmental  
3 agreement under ORS 190.003 to 190.130, or a municipal corporation may file with the State Depart-  
4 ment of Energy an application to obtain loan funds for a small scale local energy project as provided  
5 in this chapter.]

6 **(1) The following may file with the State Department of Energy an application to obtain**  
7 **moneys for a small scale local energy project as provided in this chapter:**

8 **(a) An individual who is an Oregon resident;**

9 **(b) An Oregon business;**

10 **(c) A nonprofit or public cooperative;**

11 **(d) A nonprofit corporation;**

12 **(e) An eligible federal agency;**

13 **(f) An eligible state agency;**

14 **(g) A public corporation created by this state;**

15 **(h) An intergovernmental entity created pursuant to an intergovernmental agreement**  
16 **under ORS 190.003 to 190.130;**

17 **(i) A special district;**

18 **(j) A local improvement district; or**

19 **(k) A municipal corporation.**

20 (2) Applications to obtain [*funds*] **financing** for a small scale local energy project shall be made  
21 in writing on a form prescribed by the State Department of Energy. Applications submitted to the  
22 State Department of Energy shall:

23 (a) Describe the nature and purpose of the proposed small scale local energy project.

24 (b) State whether any purposes other than energy production, but consistent with energy pro-  
25 duction, will be served by the proposed small scale local energy project, and the nature of the other  
26 purposes, if any.

27 (c) Include an evaluation of the potential of the small scale local energy project to meet local  
28 community energy needs.

29 (d) Include an evaluation of the potential environmental impacts of the small scale local energy  
30 project.

31 (e) State whether any moneys other than those in the loan fund are proposed to be used for the  
32 development of the proposed small scale local energy project, and whether any other moneys are  
33 available or have been sought for the project.

34 (f) Describe the source of [*funds*] **moneys** for repayment of the loan applied for.

35 **(3) If the application is for a loan other than an energy efficiency and sustainable tech-**  
36 **nology loan to an individual,** a fee of one-tenth of one percent of the amount of the loan applied  
37 for or \$2,500, whichever is less, shall be submitted with each application. In addition, the applicant  
38 may be required to pay for costs incurred in connection with the application that exceed the appli-  
39 cation fee and which the Director of the State Department of Energy determines are incurred solely  
40 in connection with processing the application. The applicant shall be advised of any additional costs  
41 the applicant must pay before the costs are incurred.

42 **SECTION 56.** ORS 470.070 is amended to read:

43 470.070. (1) The Director of the State Department of Energy shall appoint a Small Scale Local  
44 Energy Project Advisory Committee to review applications made under ORS 470.060 and rules  
45 adopted under ORS 470.080, **other than applications for energy efficiency and sustainable**

1 **technology loans**, and make recommendations [*thereon*] **regarding those applications** to the di-  
2 rector.

3 (2) [*Seven*] **Nine** members shall be appointed to the Small Scale Local Energy Project Advisory  
4 Committee. Each member shall be appointed to serve a two-year term, commencing on the date of  
5 appointment, and until a successor is appointed and qualified. The members shall represent the in-  
6 terest of the citizens of this state and shall be knowledgeable in the areas of small scale energy  
7 technology, natural resource development, environmental protection, finance, agriculture, local gov-  
8 ernment operations and utility operations. At least three members shall reside outside the  
9 Willamette Valley.

10 (3) The committee shall elect its own presiding officer, adopt rules for its procedure and meet  
11 on call of the presiding officer or a majority of the members. A majority of the members shall con-  
12 stitute a quorum to do business. The director shall provide administrative facilities and services for  
13 the committee.

14 (4) Members of the Small Scale Local Energy Project Advisory Committee shall be entitled to  
15 expenses as provided by ORS 292.495.

16 **SECTION 57.** ORS 470.080 is amended to read:

17 470.080. (1) After consultation with the Small Scale Local Energy Project Advisory Committee,  
18 the Director of the State Department of Energy shall establish by rule standards and criteria for  
19 small scale local energy projects to be funded under [*the provisions of ORS 470.060 to 470.080 and*  
20 *470.090.*] **this chapter other than projects funded through energy efficiency and sustainable**  
21 **technology loans**. The standards and criteria shall operate to encourage diversity in projects  
22 funded, give preference to the maximum extent practical to projects proposed by individuals and  
23 small businesses, ensure acceptability of environmental impacts and shall require consideration of  
24 the potential contribution of a project if developed at other suitable locations to meeting the energy  
25 needs of this state. The standards and criteria shall give the least preference to projects proposed  
26 by an eligible federal agency.

27 (2) All applications submitted under ORS 470.060 shall be reviewed by the State Department of  
28 Energy. The department may request that the applicant submit additional information or revise the  
29 application. The department shall:

30 (a) Determine whether the application meets the standards and criteria adopted under sub-  
31 section (1) of this section; and

32 (b) Recommend approval or denial of the loan application, and if approval is recommended in  
33 what amount the loan should be made.

34 (3) After concluding its review, unless the application meets the criteria established by the  
35 committee under subsection (4) of this section, the department shall refer the application and its  
36 findings and recommendation to the committee for its review. The department shall notify the ap-  
37 plicant of the date, time and place of any oral presentation to the committee on the application. The  
38 committee shall review the application and the department's findings and recommendations and ad-  
39 vise the director whether the proposed small scale local energy project meets the criteria estab-  
40 lished by the director under subsection (1) of this section, whether the project should be financed  
41 with moneys from the **Small Scale Local Energy Project** Loan Fund and in what amount the loan  
42 should be made if approved.

43 (4) The committee may provide for direct referral of an application by the department to the  
44 director if the application meets criteria established by the committee.

45 **SECTION 58.** ORS 470.090 is amended to read:

1       470.090. (1) After consideration of the recommendation of the Small Scale Local Energy Project  
2 Advisory Committee or the State Department of Energy as provided by ORS 470.080, the Director  
3 of the State Department of Energy may approve or reject the financing of a small scale local energy  
4 project described in an application filed as provided in ORS 470.060, using moneys in the Small Scale  
5 Local Energy Project Loan Fund. Approval of a loan by the director shall include a certification  
6 of the amount of the loan.

7       (2) The director's approval of a loan for a small scale local energy project shall be based on a  
8 finding that:

9       (a) The proposed small scale local energy project meets established standards and criteria under  
10 ORS 470.080;

11       (b) The proposed project is consistent with the preservation and enhancement of environmental  
12 quality;

13       (c) The proposed project is feasible and a reasonable risk from practical and economic stand-  
14 points;

15       (d) The plan for development of the project is satisfactory;

16       (e) The applicant is qualified, creditworthy and responsible and is willing and able to enter into  
17 a contract with the director for development and repayment as provided in ORS 470.150 **or section**  
18 **29 of this 2009 Act**;

19       (f) There is a need for the proposed small scale local energy project and the applicant's financial  
20 resources are adequate to provide the working capital to maintain the project after completion;

21       (g) Moneys in the loan fund are or will be available for the development of the proposed small  
22 scale local energy project;

23       (h) A dwelling constructed before January 1, 1979, that will be served by a proposed space  
24 heating project is weatherized according to the standards established under ORS 469.155;

25       (i) Except for a proposed space heating project for a dwelling under paragraph (h) of this sub-  
26 section, the loan does not finance any project for which the projected economic value of the energy  
27 savings of the project during the first year the project is implemented is equal to or greater than  
28 the cost of the project; and

29       (j) The loan will not preclude individuals and small businesses from access to loan [*funds*]  
30 **moneys**.

31       (3) The director shall notify the applicant and the presiding officer of the committee of the di-  
32 rector's action and of the reasons for that action. The director shall inform the applicant of the re-  
33 view procedure established in ORS 470.100.

34       **SECTION 59.** ORS 470.100 is amended to read:

35       470.100. (1) If the Director of the State Department of Energy rejects a loan application or ap-  
36 proves a loan amount different than that requested by the applicant, the applicant may request that  
37 the Small Scale Local Energy Project Advisory Committee review the director's action.

38       (2) The committee may review the director's action on its own motion or at the request of the  
39 applicant. A majority of the members of the committee may authorize the presiding officer of the  
40 committee to appeal the director's action to the Governor.

41       (3) An appeal of the director's action may be initiated by the presiding officer of the committee  
42 no later than 45 days after the date the applicant receives notice of the director's action under ORS  
43 470.090.

44       (4) The decision of the Governor is final. If the Governor fails to act within 30 days after re-  
45 ceiving the appeal, the appeal shall be considered to be denied.

1 (5) Notwithstanding ORS chapter 183, a decision of the director or the Governor on an appli-  
2 cation for [*loan funds*] **financing** under ORS 470.090 or this section is not subject to judicial review.

3 **SECTION 60.** ORS 470.110 is amended to read:

4 470.110. The Director of the State Department of Energy may accept gifts of money or other  
5 property from any source, given for the purposes of ORS 470.050 to 470.120, 470.140 (1) and 470.150  
6 to 470.210. Money so received shall be paid into the **Small Scale Local Energy Project** Loan Fund.  
7 Money or other property so received shall be used for the purposes for which received.

8 **SECTION 61.** ORS 470.120 is amended to read:

9 470.120. If the applicant receives from any source other than the [*loan fund any funds*] **Small**  
10 **Scale Local Energy Project Loan Fund, the Energy Project Supplemental Fund or the Energy**  
11 **Project Bond Loan Fund any moneys** to assist in the development of the project, the amount of  
12 the loan to the applicant from the [*loan fund*] **Small Scale Local Energy Project Loan Fund,**  
13 **Energy Project Supplemental Fund or Energy Project Bond Loan Fund** shall be limited to that  
14 amount necessary for the development of those portions of the project not funded by other sources.

15 **SECTION 62.** ORS 470.130 is amended to read:

16 470.130. All moneys in the **Small Scale Local Energy Project** Loan Fund created by Article  
17 XI-J of the Oregon Constitution are appropriated continuously to the State Department of Energy  
18 and shall be used for the purposes [*provided in*] **authorized under** this chapter.

19 **SECTION 63.** ORS 470.140 is amended to read:

20 470.140. (1) In accordance with the applicable provisions of ORS chapter 183, the Director of the  
21 State Department of Energy may adopt rules considered necessary to carry out the purposes of this  
22 chapter.

23 (2) The director shall submit to the Legislative Assembly and the Governor a biennial report  
24 of the transactions of the **Small Scale Local Energy Project** Loan Fund and the **Small Scale**  
25 **Local Energy Project Administration and Bond** Sinking Fund in such detail as will accurately  
26 indicate the condition of the funds.

27 **SECTION 64.** ORS 470.150 is amended to read:

28 470.150. Except as provided in ORS 470.155 **and 470.170**, if the Director of the State Department  
29 of Energy approves the financing of a small scale local energy project, the director, on behalf of the  
30 state, and the applicant may enter into a loan contract, secured by a first lien or by other good and  
31 sufficient collateral in the manner provided in ORS 470.155 to 470.210. For purposes of this section,  
32 the interest of the State Department of Energy under a lease purchase contract entered into with  
33 an eligible federal or state agency or a municipal corporation may constitute good and sufficient  
34 collateral. The contract:

35 (1) May provide that the director, on behalf of the state, must approve the arrangements made  
36 by the applicant for the development, operation and maintenance of the small scale local energy  
37 project, using moneys in the **Small Scale Local Energy Project** Loan Fund for the project devel-  
38 opment.

39 (2) Shall provide a plan for repayment by the applicant [*to the sinking fund*] of moneys borrowed  
40 from the loan fund used for the development of the small scale local energy project and interest on  
41 those moneys used at a rate of interest the director determines is necessary to provide adequate  
42 funds to recover the administrative expenses incurred [*under this chapter*] **in connection with the**  
43 **loan.** The director shall set the interest rate at an incremental rate above the interest rate on the  
44 underlying bonds **in an amount sufficient to recover all program-related costs including, but**  
45 **not limited to, implementation, financing, administration and promotional costs for the pro-**

1 **gram.** The incremental rate for projects proposed by an eligible federal agency shall be greater than  
2 the incremental rate charged to any other governmental borrower. The repayment plan, among other  
3 matters:

4 (a) Shall provide for commencement of repayment by the applicant of moneys used for project  
5 development and interest thereon not later than two years after the date of the loan contract or at  
6 any other time as the director may provide. In addition to any other prepayment option provided in  
7 a borrower's loan agreement, the department shall provide a borrower the opportunity to prepay the  
8 borrower's loan, without any additional premium, by defeasing such loan to the call date of the bond  
9 or bonds funding the applicable loan, or any refunding bonds linked to the loan, but such defeasance  
10 shall occur only if the director finds that after the defeasance, the sinking fund will have sufficient  
11 funds to make payments required under ORS 470.300 (1).

12 (b) May provide for reasonable extension of the time for making any repayment in emergency  
13 or hardship circumstances, if approved by the director.

14 (c) Shall provide for evidence of debt assurance of and security for repayment by the applicant  
15 considered necessary or proper by the director.

16 (d) Shall set forth the period of loan, which [*shall*] **may** not exceed the usable life of the com-  
17 pleted project, or 30 years from the date of the loan contract, whichever is less.

18 (e) May set forth a procedure for formal declaration of default of payment by the director, in-  
19 cluding formal notification of all relevant federal, state and local agencies; and further, a procedure  
20 for notification of all relevant federal, state and local agencies that declaration of default has been  
21 rescinded when appropriate.

22 (3) May include provisions satisfactory to the director for field inspection, the director to be the  
23 final judge of completion of the project.

24 (4) May provide that the liability of the state under the contract is contingent upon the avail-  
25 ability of moneys in the loan fund for use in the planning and development of the project.

26 (5) May include further provisions the director considers necessary to ensure expenditure of the  
27 funds for the purposes set forth in the approved application.

28 (6) May provide that the director may institute an appropriate action or suit to prevent use of  
29 the project financed by the loan fund by any person who is delinquent in the repayment of any  
30 moneys due the sinking fund.

31 **(7) If the project is being financed by an energy efficiency and sustainable technology**  
32 **loan or small scale local energy program loan, in addition to the requirements of subsections**  
33 **(1) to (6) of this section, shall include:**

34 **(a) For an energy efficiency and sustainable technology loan that relies on an on-bill fi-**  
35 **nancing system for the collection of a loan repayment charge, an agreement by the applicant**  
36 **to notify a person acquiring ownership of, or an interest in, the property from the applicant**  
37 **that the loan repayment charge will be transferred to the utility customer account of the**  
38 **person acquiring the ownership or interest unless the loan is discharged before or at the**  
39 **time the ownership or interest transfers;**

40 **(b) A plainly worded acknowledgment by the applicant that failure to make payments as**  
41 **required under the loan agreement may result in the foreclosure of a property lien or other**  
42 **debt collection actions;**

43 **(c) A waiver stating that the applicant waives any jurisdictional or other irregularities**  
44 **or defects in:**

45 **(A) The energy efficiency and sustainable technology loan program;**

1       **(B) A small scale local energy project;**

2       **(C) The small scale local energy program loan provisions;**

3       **(D) This chapter; or**

4       **(E) Department rules that relate in any way to the loan repayment charge, real property**  
5 **lien provisions or any form or combination of loan security or to the requirement to satisfy**  
6 **the loan obligation;**

7       **(d) If the applicant is not the owner of the property to be burdened by the loan repay-**  
8 **ment charge, fixture filing or real property lien, provision for participation by the property**  
9 **owner as a party to the contract or a notarized authorization by the owner for the fixture**  
10 **filing and lien; and**

11       **(e) A description of any other conditions required by the department.**

12       **SECTION 65.** ORS 470.160 is amended to read:

13       470.160. If the Director of the State Department of Energy approves a loan for a small scale  
14 local energy project, the State Treasurer shall pay moneys for such project from the **Small Scale**  
15 **Local Energy Project Loan Fund or Energy Project Bond Loan Fund** in accordance with the  
16 terms of the loan contract, as prescribed by the director.

17       **SECTION 66.** ORS 470.170 is amended to read:

18       470.170. (1)(a) **Except as otherwise provided in this subsection**, when a loan is made under  
19 this chapter to an applicant other than a municipal corporation, the loan shall be secured pursuant  
20 to a mortgage, trust deed, security agreement, pledge, assignment or similar instrument, by a secu-  
21 rity interest or lien on real or personal property in the full amount of the loan or as the Director  
22 of the State Department of Energy shall require for adequate security, including but not limited to  
23 long-term leasehold interests or equitable interests in real property or personal property. In lieu of,  
24 or in addition to, any of the collateral otherwise described in this [subsection] **paragraph**, the ap-  
25 plicant may secure the loan by providing credit enhancement, including but not limited to a letter  
26 of credit or payment bond, or a guaranty acceptable to the director.

27       **(b) To the extent consistent with any declaration, pledge or agreement for bonds issued**  
28 **under ORS 470.220 to 470.290, an energy efficiency and sustainable technology loan shall be**  
29 **secured as provided in sections 36 or 37 of this 2009 Act.**

30       (2) When a loan is made to a municipal corporation for the development of a small scale local  
31 energy project under this chapter, the loan shall be secured as the director shall require for ade-  
32 quate security. The security may be in the form of a lien, mortgage, interest under a lease-purchase  
33 contract or other form of security acceptable to the director and the municipal corporation.

34       (3) When a loan made under this chapter is secured by a lien on the real property of the appli-  
35 cant, the director shall perfect the lien by recording as provided by law.

36       (4) Upon payment of all amounts loaned to an applicant pursuant to this chapter, the director  
37 shall file a satisfaction or release notice that indicates repayment of the loan.

38       (5) The director may cause to be instituted appropriate proceedings to foreclose liens for delin-  
39 quent loan payments, and shall pay the proceeds of any such foreclosure, less the director's expenses  
40 incurred in foreclosing, into the **Small Scale Local Energy Project Administration and Bond**  
41 **Sinking Fund if the loan was issued from the Small Scale Local Energy Project Loan Fund,**  
42 **or into the Energy Project Bond Loan Fund if the loan was from the Energy Project Bond**  
43 **Loan Fund.** In a foreclosure proceeding the director may bid on property offered for sale in the  
44 proceedings and may acquire title to the property on behalf of the state.

45       (6) The director may take any action, make any disbursement, hold any funds or institute any

1 action or proceeding necessary to protect the state's interest.

2 (7) The director may settle, compromise or release, for reasons other than uncollectibility as  
3 provided in ORS 293.240, all or part of any loan obligation so long as the director's action is con-  
4 sistent with the purposes of this chapter and does not impair the ability to pay the administrative  
5 expenses of the State Department of Energy or the obligations of any bonds then outstanding.

6 **SECTION 67.** ORS 470.190 is amended to read:

7 470.190. If an applicant fails to comply with a contract entered into with the Director of the  
8 State Department of Energy for development and repayment as provided in ORS 470.150 **or section**  
9 **29 of this 2009 Act**, the director, in addition to remedies provided in ORS 470.170 and 470.180, may  
10 seek other appropriate legal remedies to secure the loan and may contract as provided in ORS  
11 470.150 with any other person for continuance of development and for repayment of moneys from the  
12 **Small Scale Local Energy Project Loan Fund or from the Energy Project Bond Loan Fund**  
13 used therefor and interest thereon.

14 **SECTION 68.** ORS 470.230 is amended to read:

15 470.230. Except as provided in ORS 470.270, all moneys obtained from the sale of **general obli-**  
16 **gation** bonds under ORS 470.220 to 470.290 **and Article XI-J of the Oregon Constitution** shall be  
17 credited by the State Treasurer to the **Small Scale Local Energy Project** Loan Fund. Those mon-  
18 eys shall be used only for the purposes stated in Article XI-J of the Oregon Constitution, [*and ORS*  
19 *470.050 to 470.120, 470.140 (1) and 470.150 to 470.210,*] including payment of the costs of issuing the  
20 bonds and of obtaining credit enhancement for the bonds, and making payments of interest on bonds  
21 issued pursuant to the provisions of ORS 470.220 to 470.290 if there are insufficient funds in the  
22 **Small Scale Local Energy Project Administration and Bond** Sinking Fund to make the payments  
23 referred to in ORS 470.300 (1). Moneys loaned to municipal corporations but withheld by the State  
24 Department of Energy for security or to pay for future project costs may remain in the loan fund.  
25 Pending the use of the moneys in the loan fund for the proper purposes, the moneys may be invested  
26 in the manner provided by law.

27 **SECTION 69.** ORS 470.240 is amended to read:

28 470.240. All **general obligation** bonds issued under ORS 470.220 to 470.290 **and Article XI-J**  
29 **of the Oregon Constitution** shall contain a direct promise of the State of Oregon to pay the prin-  
30 cipal amount of the bonds, plus any accrued interest and any redemption premium. The principal  
31 of and the interest and redemption premium, if any, upon the bonds, when due, shall be paid at the  
32 fiscal agency of the State of Oregon. The charges imposed by that agency for its services shall be  
33 paid, upon approval by the State Treasurer, from the **Small Scale Local Energy Project Admin-**  
34 **istration and Bond** Sinking Fund.

35 **SECTION 70.** ORS 470.270 is amended to read:

36 470.270. (1) After consultation with the State Treasurer, the Director of the State Department  
37 of Energy may issue **general obligation** refunding bonds for the purpose of refunding outstanding  
38 bonds issued under ORS 470.220 to 470.290 **and Article XI-J of the Oregon Constitution**. The re-  
39 funding bonds may be sold in the same manner as other bonds are sold under ORS 470.220 to  
40 470.290. All moneys obtained from the sale of refunding bonds shall be credited by the State Treas-  
41 urer to the **Small Scale Local Energy Project Administration and Bond** Sinking Fund. [*The is-*  
42 *suance of the refunding bonds, the maturity date, and other details thereof, the rights of the holders*  
43 *thereof, and the duties of the Governor, Secretary of State and State Treasurer with respect thereto,*  
44 *shall be governed by the provisions of ORS 470.220 to 470.290.*] The refunding bonds may be issued  
45 to refund bonds previously issued for refunding purposes. Pending the use of moneys obtained from

1 the sale of refunding bonds for proper purposes, such moneys may be invested in the manner pro-  
2 vided by law.

3 (2) Notwithstanding any provision of ORS 470.150, if the State Department of Energy issues  
4 taxable refunding bonds at a lower interest rate to refund outstanding general obligation bonds, and  
5 is unable to allow loan recipients to receive a portion of the interest savings, the director shall al-  
6 low the loan recipient to prepay the outstanding loan balance upon the request of the recipient. The  
7 director shall respond to such a request within 30 days after receiving the request by specifying the  
8 outstanding principal balance after applying reserves held by the state for the borrower and the  
9 prepayment premium as listed in the bond document, loan document or bond purchase agreement.

10 (3) The department shall pursue opportunities for refunding bonds to reduce interest sums pay-  
11 able by the department. When the department refunds a bond with tax-exempt bonds, the department  
12 shall share, on an equitable basis, the savings from any refunding with the borrowers whose loans  
13 were made with the proceeds of the refunded bonds in an amount consistent with a finding by the  
14 director that the sinking fund has, and will continue to have, sufficient funds to make payments re-  
15 quired under ORS 470.300 (1). The department may not refund tax-exempt bonds with taxable bonds,  
16 unless the department is able to share the savings associated with such a refunding with the bor-  
17 rowers whose loans are linked to such bonds. At least 120 days before the date on which the de-  
18 partment intends to issue refunding bonds, the director shall notify each borrower whose loan was  
19 made from the proceeds of the bonds being refunded and shall offer the borrower the opportunity  
20 to prepay the borrower's loan. A borrower shall respond within 60 days of the date of the notice  
21 described in this subsection if the borrower intends to prepay the borrower's loan.

22 **SECTION 71.** ORS 470.280 is amended to read:

23 470.280. (1) The State Treasurer shall make payment of the principal of and the interest and  
24 redemption premium, if any, on any **general obligation** bond issued under ORS 470.220 to 470.290  
25 from the **Small Scale Local Energy Project Administration and Bond** Sinking Fund.

26 (2) The State Treasurer shall compute and determine in January of each year, after the sale of  
27 bonds under ORS 470.220 to 470.290 **and Article XI-J of the Oregon Constitution**, the amount of  
28 principal, interest and redemption premiums that will fall due during the year on bonds then out-  
29 standing and unpaid and shall maintain or hold in the sinking fund sufficient moneys to pay such  
30 maturing obligations.

31 **SECTION 72.** ORS 470.300 is amended to read:

32 470.300. (1) There hereby is created the Small Scale Local Energy Project Administration and  
33 Bond Sinking Fund, separate and distinct from the General Fund, to provide for payment of:

34 (a) Administrative expenses of the State Department of Energy and the Director of the State  
35 Department of Energy in processing applications, investigating potential small scale local energy  
36 projects and proposed loans and servicing and collecting outstanding loans made [*under this*  
37 *chapter*] **from the Small Scale Local Energy Project Loan Fund**, if the expense is not paid di-  
38 rectly by the applicant.

39 (b) Administrative expenses of the State Treasurer in carrying out the duties, functions and  
40 powers imposed upon the State Treasurer by this chapter.

41 (c) Principal, interest and redemption premium, if any, of all bonds issued pursuant to the pro-  
42 visions of ORS 470.220 to 470.290 **and Article XI-J of the Oregon Constitution**.

43 (d) Net investment earnings on any funds loaned to municipal corporations but withheld as  
44 provided in ORS 470.230.

45 (e) Costs of issuing the bonds and of obtaining credit enhancement for the bonds.

1 (2) The fund created by subsection (1) of this section shall consist of:

2 (a) Application fees required by ORS 470.060, unless the department requires the applicant to  
3 pay the fee directly for a cost incurred in connection with the application.

4 (b) Repayment of moneys loaned to applicants from the **Small Scale Local Energy Project**  
5 Loan Fund, including interest on such moneys.

6 (c) Such moneys as may be appropriated to the fund by the Legislative Assembly.

7 (d) Moneys obtained from the sale of refunding bonds **under ORS 470.220 to 470.290** and any  
8 accrued interest on such bonds.

9 (e) Moneys received from ad valorem taxes levied pursuant to Article XI-J of the Oregon Con-  
10 stitution, and all moneys that the Legislative Assembly may provide in lieu of such taxes.

11 (f) Interest earned on cash balances invested by the State Treasurer.

12 (g) Moneys transferred from the [*Small Scale Local Energy Project*] loan fund.

13 **(h) Gifts, grants, donations or other moneys for promoting small scale local energy pro-**  
14 **gram loan purposes and goals.**

15 (3) The director, with the approval of the State Treasurer, may transfer moneys from the sinking  
16 fund to the loan fund if:

17 (a) A cash flow projection shows that, for the term of the bonds outstanding at the time the  
18 director transfers the moneys, remaining moneys in the sinking fund, together with expected loan  
19 contract payments and fund earnings, will improve the financial basis of the program and will con-  
20 tinue to be adequate to pay bond principal, interest, redemption premiums, if any, and administration  
21 costs; and

22 (b) The transfer will not create the need for issuance of any bonds.

23 (4) The director, with the approval of the State Treasurer, may establish separate and distinct  
24 accounts within the sinking fund to accomplish the purpose of this section.

25 **SECTION 73.** ORS 470.310 is amended to read:

26 470.310. (1) If there are insufficient funds in the **Small Scale Local Energy Project Adminis-**  
27 **tration and Bond Sinking Fund** to make the payments referred to in ORS 470.300 (1), the Director  
28 of the State Department of Energy may request the funds necessary for such payments from the  
29 Legislative Assembly or the Emergency Board.

30 (2) When the director determines that moneys in sufficient amount are available in the sinking  
31 fund, the State Treasurer shall reimburse the General Fund without interest, in an amount equal to  
32 the amount allocated by the Legislative Assembly or the Emergency Board pursuant to subsection  
33 (1) of this section. The moneys used to reimburse the General Fund under this subsection shall not  
34 be considered a budget item on which a limitation is otherwise fixed by law, but shall be in addition  
35 to any specific appropriations or amounts authorized to be expended from continually appropriated  
36 moneys.

37  
38 **LOCAL IMPROVEMENT DISTRICTS**  
39

40 **SECTION 74.** Section 75 of this 2009 Act is added to and made a part of ORS 223.387 to  
41 **223.399.**

42 **SECTION 75.** (1) As used in this section:

43 (a) **“Energy improvements” means energy efficiency and renewable energy improvements**  
44 **to qualifying real property authorized by:**

45 (A) **A local government implementing a program established under subsection (2) of this**

1 section; or

2 (B) The State Department of Energy for a loan issued under subsection (9) of this section  
3 to a local government that establishes a program in cooperation with a local government  
4 described in subparagraph (A) of this paragraph.

5 (b) "Local government" means cities and counties.

6 (c) "Qualifying real property" means single-family or multifamily residential dwellings or  
7 commercial or industrial buildings that the local government has determined can be bene-  
8 fited by energy improvements.

9 (2) Subject to subsection (3) of this section, a local government may establish a program  
10 to make loans to owners of record of qualifying real property for the purpose of paying for  
11 cost-effective energy improvements to the qualifying real property financed with the net  
12 proceeds and interest earnings of revenue bonds authorized by this section.

13 (3) Before establishing a program under this section, the local government shall provide  
14 notice to utilities that distribute electric energy or natural gas within the areas in which the  
15 local government will operate the program.

16 (4) A local government that establishes a program under this section may:

17 (a) Require performance of an energy audit on the qualifying real property before the  
18 local government approves a loan for energy improvements to the property;

19 (b) Impose requirements intended to ensure that the loan is consistent with the purpose  
20 of the program; and

21 (c) Impose requirements and conditions on loans that are designed to ensure timely re-  
22 payment of the loans.

23 (5) If the owner of record of qualifying real property requests a loan under this section,  
24 the local government implementing the program may:

25 (a) Enter into a loan agreement with the owner, and any other person benefited by the  
26 loan, in a principal amount sufficient to pay:

27 (A) The costs of energy improvements the local government determines will benefit the  
28 qualifying real property and the borrowers;

29 (B) The costs of the energy audit; and

30 (C) The costs and reserves of the program.

31 (b) Charge the borrower an interest rate on the principal amount that is sufficient to pay  
32 the financing costs of the program, including loan delinquencies.

33 (c) Charge periodic fees to pay for program costs.

34 (6) The local government implementing the program that lends money for qualifying real  
35 property may:

36 (a) Secure the loan with a lien on the benefited qualifying real property in the manner  
37 and with the same priority as a lien for assessments for local improvements authorized by  
38 ORS 223.393.

39 (b) Assess the benefited qualifying real property for the amounts due under a loan  
40 agreement.

41 (c) Enforce a lien and collect an assessment authorized by this section as provided in  
42 ORS 223.505 to 223.650.

43 (d) Secure a loan in any other manner that the local government determines is reason-  
44 able.

45 (7) In lieu of enforcing liens and collecting assessments as provided in subsection (6) of

1 **this section, a local government may certify the assessment, in the manner provided in ORS**  
2 **310.060, to the county assessor of each county in which benefited qualifying real property is**  
3 **located. If the assessments are certified as provided in this subsection, the county assessor**  
4 **shall:**

5 **(a) Enter the assessment upon the county assessment roll against the property described**  
6 **in the certificate, in the manner that other local government assessments are entered;**

7 **(b) Collect, account for and enforce the assessments in the manner that local govern-**  
8 **ment taxes are collected, accounted for and enforced; and**

9 **(c) Transfer, as provided by law, the assessments collected to the local government that**  
10 **imposed the assessment.**

11 **(8) A local government may issue revenue bonds pursuant to ORS 287A.150 to finance**  
12 **program costs, including the costs of making loans for energy improvements.**

13 **(9) The State Department of Energy may lend money under the provisions of ORS 470.060**  
14 **to 470.080 and 470.090 to a local government that establishes a program under this section**  
15 **in cooperation with a local government implementing a program under this section.**

16  
17 **ENERGY RESOURCE SUPPLIERS**

18  
19 **SECTION 76.** ORS 469.421 is amended to read:

20 469.421. (1) Subject to the provisions of ORS 469.441, any person submitting a notice of intent,  
21 a request for exemption under ORS 469.320, a request for an expedited review under ORS 469.370,  
22 a request for an expedited review under ORS 469.373, a request for the State Department of Energy  
23 to approve a pipeline under ORS 469.405 (3), an application for a site certificate or a request to  
24 amend a site certificate shall pay all expenses incurred by the Energy Facility Siting Council, the  
25 State Department of Energy and the Oregon Department of Administrative Services related to the  
26 review and decision of the council. These expenses may include legal expenses, expenses incurred  
27 in processing and evaluating the application, issuing a final order or site certificate, commissioning  
28 an independent study by a contractor, state agency or local government under ORS 469.360, and  
29 changes to the rules of the council that are specifically required and related to the particular site  
30 certificate.

31 (2) Every person submitting a notice of intent to file for a site certificate, a request for ex-  
32emption or a request for expedited review shall submit the fee required under the fee schedule es-  
33tablished under ORS 469.441 to the State Department of Energy when the notice or request is  
34submitted to the council. To the extent possible, the full cost of the evaluation shall be paid from  
35the fee paid under this subsection. However, if costs of the evaluation exceed the fee, the person  
36submitting the notice or request shall pay any excess costs shown in an itemized statement prepared  
37by the council. In no event shall the council incur evaluation expenses in excess of 110 percent of  
38the fee initially paid unless the council provides prior notification to the applicant and a detailed  
39projected budget the council believes necessary to complete the project. If costs are less than the  
40fee paid, the excess shall be refunded to the person submitting the notice or request.

41 (3) Before submitting a site certificate application, the applicant shall request from the State  
42Department of Energy an estimate of the costs expected to be incurred in processing the application.  
43The department shall inform the applicant of that amount and require the applicant to make periodic  
44payments of such costs pursuant to a cost reimbursement agreement. The cost reimbursement  
45agreement shall provide for payment of 25 percent of the estimated costs when the applicant submits

1 the application. If costs of the evaluation exceed the estimate, the applicant shall pay any excess  
2 costs shown in an itemized statement prepared by the council. In no event shall the council incur  
3 evaluation expenses in excess of 110 percent of the fee initially estimated unless the council pro-  
4 vided prior notification to the applicant and a detailed projected budget the council believes is  
5 necessary to complete the project. If costs are less than the fee paid, the council shall refund the  
6 excess to the applicant.

7 (4) Any person who is delinquent in the payment of fees under subsections (1) to (3) of this  
8 section shall be subject to the provisions of subsection (11) of this section.

9 (5) Subject to the provisions of ORS 469.441, each holder of a certificate shall pay an annual fee,  
10 due every July 1 following issuance of a site certificate. For each fiscal year, upon approval of the  
11 State Department of Energy's budget authorization by a regular session of the Legislative Assembly  
12 or as revised by the Emergency Board, the Director of the State Department of Energy promptly  
13 shall enter an order establishing an annual fee based on the amount of revenues that the director  
14 estimates is needed to fund the cost of ensuring that the facility is being operated consistently with  
15 the terms and conditions of the site certificate, any order issued by the department under ORS  
16 469.405 (3) and any applicable health or safety standards. In determining this cost, the director shall  
17 include both the actual direct cost to be incurred by the council, the State Department of Energy  
18 and the Oregon Department of Administrative Services to ensure that the facility is being operated  
19 consistently with the terms and conditions of the site certificate, any order issued by the State De-  
20 partment of Energy under ORS 469.405 (3) and any applicable health or safety standards, and the  
21 general costs to be incurred by the council, the State Department of Energy and the Oregon De-  
22 partment of Administrative Services to ensure that all certificated facilities are being operated  
23 consistently with the terms and conditions of the site certificates, any orders issued by the State  
24 Department of Energy under ORS 469.405 (3) and any applicable health or safety standards that  
25 cannot be allocated to an individual, licensed facility. Not more than 35 percent of the annual fee  
26 charged each facility shall be for the recovery of these general costs. The fees for direct costs shall  
27 reflect the size and complexity of the facility and its certificate conditions.

28 (6) Each holder of a site certificate executed after July 1 of any fiscal year shall pay a fee for  
29 the remaining portion of the year. The amount of the fee shall be set at the cost of regulating the  
30 facility during the remaining portion of the year determined in the same manner as the annual fee.

31 (7) When the actual costs of regulation incurred by the council, the State Department of Energy  
32 and the Oregon Department of Administrative Services for the year, including that portion of the  
33 general regulation costs that have been allocated to a particular facility, are less than the annual  
34 fees for that facility, the unexpended balance shall be refunded to the site certificate holder. When  
35 the actual regulation costs incurred by the council, the State Department of Energy and the Oregon  
36 Department of Administrative Services for the year, including that portion of the general regulation  
37 costs that have been allocated to a particular facility, are projected to exceed the annual fee for  
38 that facility, the Director of the State Department of Energy may issue an order revising the annual  
39 fee.

40 (8) In addition to any other fees required by law, each energy resource supplier shall pay to the  
41 State Department of Energy annually its share of an assessment to fund the activities of the Energy  
42 Facility Siting Council, the Oregon Department of Administrative Services and the State Department  
43 of Energy, determined by the Director of the State Department of Energy in the following manner:

44 (a) Upon approval of the budget authorization of the Energy Facility Siting Council, the Oregon  
45 Department of Administrative Services and the State Department of Energy by a regular session of

1 the Legislative Assembly, the Director of the State Department of Energy shall promptly enter an  
2 order establishing the amount of revenues required to be derived from an assessment pursuant to  
3 this subsection in order to fund the activities of the Energy Facility Siting Council, the Oregon  
4 Department of Administrative Services and the State Department of Energy, including those enu-  
5 merated in ORS 469.030 and others authorized by law, for the first fiscal year of the forthcoming  
6 biennium. On or before June 1 of each even-numbered year, the Director of the State Department  
7 of Energy shall enter an order establishing the amount of revenues required to be derived from an  
8 assessment pursuant to this subsection in order to fund the activities of the Energy Facility Siting  
9 Council, the Oregon Department of Administrative Services and the State Department of Energy,  
10 including those enumerated in ORS 469.030 and others authorized by law, for the second fiscal year  
11 of the biennium [*which*]. **The order shall take into account any revisions to the biennial budget of**  
12 **the Energy Facility Siting Council, the State Department of Energy and the Oregon Department of**  
13 **Administrative Services made by the Emergency Board or by a special session of the Legislative**  
14 **Assembly subsequent to the most recently concluded regular session of the Legislative Assembly.**  
15 **However, an assessment under this section may not be used to derive revenue for funding**  
16 **State Department of Energy activities related to the energy efficiency and sustainable tech-**  
17 **nology loan program described in ORS chapter 470.**

18 (b) Each order issued by the director pursuant to paragraph (a) of this subsection shall allocate  
19 the aggregate assessment set forth therein to energy resource suppliers in accordance with para-  
20 graph (c) of this subsection.

21 (c) The amount assessed to an energy resource supplier shall be based on the ratio which that  
22 supplier's annual gross operating revenue derived within this state in the preceding calendar year  
23 bears to the total gross operating revenue derived within this state during that year by all energy  
24 resource suppliers. The assessment against an energy resource supplier shall not exceed five-tenths  
25 of one percent of the supplier's gross operating revenue derived within this state in the preceding  
26 calendar year. The director shall exempt from payment of an assessment any individual energy re-  
27 source supplier whose calculated share of the annual assessment is less than \$250.

28 (d) The director shall send each energy resource supplier subject to assessment pursuant to this  
29 subsection a copy of each order issued, by registered or certified mail. The amount assessed to the  
30 energy resource supplier pursuant to the order shall be considered to the extent otherwise permitted  
31 by law a government-imposed cost and recoverable by the energy resource supplier as a cost in-  
32 cluded within the price of the service or product supplied.

33 (e) The amounts assessed to individual energy resource suppliers pursuant to paragraph (c) of  
34 this subsection shall be paid to the State Department of Energy as follows:

35 (A) Amounts assessed for the first fiscal year of a biennium shall be paid not later than 90 days  
36 following the close of the regular session of the Legislative Assembly; and

37 (B) Amounts assessed for the second fiscal year of a biennium shall be paid not later than July  
38 1 of each even-numbered year.

39 (f) An energy resource supplier shall provide the director, on or before May 1 of each year, a  
40 verified statement showing its gross operating revenues derived within the state for the preceding  
41 calendar year. The statement shall be in the form prescribed by the director and is subject to audit  
42 by the director. The statement shall include an entry showing the total operating revenue derived  
43 by petroleum suppliers from fuels sold that are subject to the requirements of section 3, Article IX  
44 of the Oregon Constitution, ORS 319.020 with reference to aircraft fuel and motor vehicle fuel, and  
45 ORS 319.530. The director may grant an extension of not more than 15 days for the requirements

1 of this subsection if:

2 (A) The energy supplier makes a showing of hardship caused by the deadline;

3 (B) The energy supplier provides reasonable assurance that the energy supplier can comply with  
4 the revised deadline; and

5 (C) The extension of time does not prevent the Energy Facility Siting Council, the Oregon De-  
6 partment of Administrative Services or the State Department of Energy from fulfilling their statu-  
7 tory responsibilities.

8 (g) As used in this section:

9 (A) "Energy resource supplier" means an electric utility, natural gas utility or petroleum sup-  
10 plier supplying, **generating, transmitting or distributing** electricity, natural gas or petroleum  
11 products in Oregon.

12 (B) "Gross operating revenue" means gross receipts from sales or service made or provided  
13 within this state during the regular course of the energy supplier's business, but does not include  
14 either revenue derived from interutility sales within the state or revenue received by a petroleum  
15 supplier from the sale of fuels that are subject to the requirements of section 3, Article IX of the  
16 Oregon Constitution, ORS 319.020 or 319.530.

17 (C) "Petroleum supplier" has the meaning given that term in ORS 469.020.

18 (h) In determining the amount of revenues that must be derived from any class of energy re-  
19 source suppliers by assessment pursuant to this subsection, the director shall take into account all  
20 other known or readily ascertainable sources of revenue to the Energy Facility Siting Council, the  
21 Oregon Department of Administrative Services and the State Department of Energy, including, but  
22 not limited to, fees imposed under this section and federal funds, and may take into account any  
23 funds previously assessed pursuant to ORS 469.420 (1979 Replacement Part) or section 7, chapter  
24 792, Oregon Laws 1981.

25 (i) Orders issued by the director pursuant to this section shall be subject to judicial review un-  
26 der ORS 183.484. The taking of judicial review shall not operate to stay the obligation of an energy  
27 resource supplier to pay amounts assessed to it on or before the statutory deadline.

28 (9)(a) In addition to any other fees required by law, each operator of a nuclear fueled thermal  
29 power plant or nuclear installation within this state shall pay to the State Department of Energy  
30 annually on July 1, an assessment in an amount determined by the director to be necessary to fund  
31 the activities of the state and the counties associated with emergency preparedness for a nuclear  
32 fueled thermal power plant or nuclear installation. The assessment shall not exceed \$461,250 per  
33 year. Moneys collected as assessments under this subsection are continuously appropriated to the  
34 State Department of Energy for this purpose.

35 (b) The State Department of Energy shall maintain and shall cause other state agencies and  
36 counties to maintain time and billing records for the expenditure of any fees collected from an op-  
37 erator of a nuclear fueled thermal power plant under paragraph (a) of this subsection.

38 (10) Reactors operated by a college, university or graduate center for research purposes and  
39 electric utilities not connected to the Northwest Power Grid are exempt from the fee requirements  
40 of subsections (5), (8) and (9) of this section.

41 (11)(a) All fees assessed by the director against holders of site certificates for facilities that have  
42 an installed capacity of 500 megawatts or greater may be paid in several installments, the schedule  
43 for which shall be negotiated between the director and the site certificate holder.

44 (b) Energy resource suppliers or applicants or holders of a site certificate who fail to pay a fee  
45 provided under subsections (1) to (9) of this section or the fees required under ORS 469.360 after it

1 is due and payable shall pay, in addition to that fee, a penalty of two percent of the fee a month for  
2 the period that the fee is past due. Any payment made according to the terms of a schedule nego-  
3 tiated under paragraph (a) of this subsection shall not be considered past due. The director may  
4 bring an action to collect an unpaid fee or penalty in the name of the State of Oregon in a court  
5 of competent jurisdiction. The court may award reasonable attorney fees to the director if the di-  
6 rector prevails in an action under this subsection. The court may award reasonable attorney fees  
7 to a defendant who prevails in an action under this subsection if the court determines that the di-  
8 rector had no objectively reasonable basis for asserting the claim or no reasonable basis for ap-  
9 pealing an adverse decision of the trial court.

10  
11 **CAPTIONS**

12  
13 **SECTION 77. The unit captions used in this 2009 Act are provided only for the conven-**  
14 **ience of the reader and do not become part of the statutory law of this state or express any**  
15 **legislative intent in the enactment of this 2009 Act.**

16  
17 **EMERGENCY**

18  
19 **SECTION 78. This 2009 Act being necessary for the immediate preservation of the public**  
20 **peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect**  
21 **on its passage.**

22  
\_\_\_\_\_