

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2960 - B

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal Office

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Measure Description:

Directs State Department of Energy to establish clean energy deployment program to provide grants and loans to support energy efficiency or clean energy projects, including projects to weatherize, upgrade or retrofit public schools.

Government Unit(s) Affected:

Department of Energy, Public Utility Commission, School Districts

Summary of Expenditure Impact: See Analysis

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure does several things, including the creation of a new fund, modification of an existing fund, and directs the Oregon Department of Energy (ODOE) to establish a new grant and loan program and a pilot program. Additionally the measure changes the distribution of certain public purpose charges and requires the Public Utility Commission (PUC) to report on energy efficiency.

Clean Energy Deployment Program

ODOE is directed to establish the clean energy deployment program to provide grants and loans to support energy efficiency or clean energy projects in the state. ODOE may establish qualifications for the grants and loans by administrative rule and may contract for the implementation of the clean energy deployment program. The measure stipulates the type of projects and the sources of funds that school districts can utilize to finance through the clean energy deployment program.

The measure establishes the Clean Energy Deployment Fund, separate and distinct from the General Fund, continuously appropriates the moneys in the fund to the Department of Energy, and credits the interest earned back to the fund.

ODOE assumes that the Clean Energy Deployment Program is similar to the Governor's Schools Initiative and can be administered in conjunction with that program. The Governor's Schools Initiative involves utilizing \$2 million in Federal American Recovery and Reimbursement Act (ARRA) grant funds toward completion of energy audits in schools outside of the public purpose service charge areas. ODOE is developing a program that would offer low cost financing, technical assistance and project planning support to school districts who are interested in making energy efficiency investments that would generate savings at a level sufficient to repay the cost of financing.

In 2011-13, the Department will redirect \$300,000 Other Funds from unallocated monies associated with the High Efficiency Energy Design program for schools, and also apply to utilize a portion of Federal State Energy Program grants. ODOE anticipates using these funds to operate the Clean Energy Deployment Program Pilot and Governor's Schools Initiative efforts. ODOE assumes that additional staff may be needed to work with individual school districts and other potential partners to fund approved projects.

The fiscal impact is indeterminate. The measure identifies several possible sources, but the amount of actual available funds is unknown. The Legislative Fiscal Office (LFO) notes that the demand for individual grants and loans is indeterminate and that excessive demand may require additional staff to administer the program. Without specified funds in the Clean Energy Deployment Fund, the level of administration required for the grant and loan program is unknown.

Jobs, Energy and Schools Fund

The measure changes the name of the Loan Offset Grant Fund to the Jobs, Energy and Schools Fund. The measure allows ODOE to use funds from the Jobs, Energy and Schools Fund and the Clean Energy Deployment Fund to provide loans and grants to school districts that have weatherization, upgrade or retrofit projects to improve energy efficiency.

ODOE estimates approximately \$1.2 million of uncommitted funds remain in the Loan Offset Grant Fund, which will be utilized to buy down interest rates to at or near 0% for weatherization and energy efficiency projects in schools. ODOE assumes that these uncommitted funds are to be used only as matching funds for energy efficiency projects and not for administration of the program. There is no additional staffing impact to ODOE.

Four-Year Pilot Program

The measure directs ODOE to establish and administer a four-year pilot program within the clean energy deployment program to create energy savings projects at public schools. The Department is directed to establish a schedule of projects procured through a central contracting system that will allow school districts to apply for project funding. The measure stipulates factors ODOE must consider in the application process. The pilot program sunsets June 30, 2015.

ODOE assumes that the majority additional workload associated with the four-year pilot program can be accomplished within existing resources redeployed in conjunction with the resources assumed in the Governor's Schools Initiative.

Public Purpose Charges

Additionally, the measure changes the administration of annual public purpose charge revenues from a contract between Department of Energy and six education service districts to approximately 110 school districts in service territories covered by PGE and PacifiCorp. Currently, ODOE has two existing positions that work with six education service districts to provide funding of approximately \$800,000 biennially for energy audits and other specified projects.

The fiscal impact is indeterminate. The number of school districts that choose to contract with ODOE is unknown. Depending on the number of school districts that contract with ODOE, additional staffing may be required to handle the workload.

LFO notes that the expenditures for this program are reimbursed from revenues received through the service contracts. Currently there is no identified revenue to support initial costs related to program development and contracting agreement assistance with the individual school districts.

Public Utility Commission Report

The measure requires the PUC to prepare a report on energy efficiency agreements and investments to the legislature on or before December 1, 2012. PUC and ODOE anticipate that any workload associated with this report can be accomplished within existing resources.

LFO has contacted school district representatives for a fiscal impact statement but has not received a response. If fiscal impact information is provided from school districts, LFO will issue a revised fiscal impact statement.