

DEPARTMENT OF ENERGY

The Oregon Department of Energy (ODOE) works to ensure Oregon has an adequate supply of reliable and affordable energy and is safe from nuclear contamination, by helping Oregonians to save energy, develop clean energy resources, promote renewable energy, and clean up nuclear waste.

DEPARTMENT OF ENERGY	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	0	0	0	500,000	0	N/A
Lottery Funds	516,894	2,164,185	2,166,050	3,437,724	0	0.1%
Other Funds	24,549,756	36,440,507	34,854,421	47,308,983	0	-4.4%
Other Funds Nonlimited	172,002,020	171,915,239	176,018,807	176,018,807	0	2.4%
Federal Funds	28,793,085	36,845,834	3,086,893	2,980,933	0	-91.6%
Federal Funds Nonlimited		1	1	1	0	0.0%
TOTAL FUNDS	\$225,861,755	247,365,766	216,126,172	230,246,448	\$0	-12.6%
Positions	130	130	108	116	0	-16.9%
FTE	120.08	119.81	105.57	114.18	0.00	-11.9%

Major Revenues	Budget Environment	Comparison by Fund Type																														
<ul style="list-style-type: none"> Primary source of revenue is Other Funds Nonlimited, consisting of bonds issued to fund loans for the Small Scale Energy Loan Program (SELP), and associated loan repayments and fees (\$161.5 OF-NL). Other Funds revenue is derived principally from the Energy Supplier Assessment on energy producers, which is statutorily limited to .005 of an energy supplier's gross operating revenue derived in Oregon. In 2012, the rate was .0007. The CSL budget assumes \$12.8 million in ESA revenue. Other sources of Other Funds revenue include: <ul style="list-style-type: none"> Fees for service for energy incentive (tax credit) programs, generating \$3.6 	<ul style="list-style-type: none"> The Small-Scale Energy Loan Program (SELP) had high-value defaults between 2009 and 2012. The largest of these included a \$20 million loan to Cascade Grain for a biofuel facility and a \$12 million loan to Peak Sun, a solar manufacturer. Operating revenue and reserves for the SELP program total \$25 million, prompting the Governor's budget to include \$5 million in Lottery Bond revenue to "recapitalize" the SELP program, so that it can continue loan activity and reduce the likelihood of a request for General Fund support for debt service payments. The Department of Energy's Current Service Level budget would likely result in 	<p>DEPARTMENT OF ENERGY</p> <table border="1"> <caption>Revenue Breakdown (Millions of Dollars)</caption> <thead> <tr> <th>Year</th> <th>General Fund/Lottery</th> <th>Other Funds</th> <th>Federal Funds</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2009-11</td> <td>\$0.5</td> <td>\$196.6</td> <td>\$28.8</td> <td>\$225.9</td> </tr> <tr> <td>2011-13</td> <td>\$2.2</td> <td>\$208.4</td> <td>\$36.8</td> <td>\$247.4</td> </tr> <tr> <td>2013-15 CSL</td> <td>\$2.2</td> <td>\$213.9</td> <td>\$3.1</td> <td>\$219.2</td> </tr> <tr> <td>2013-15 GB</td> <td>\$3.9</td> <td>\$226.1</td> <td>\$3.0</td> <td>\$233.0</td> </tr> <tr> <td>2013-15</td> <td>\$0.0</td> <td>\$216.1</td> <td>\$0.0</td> <td>\$216.1</td> </tr> </tbody> </table>	Year	General Fund/Lottery	Other Funds	Federal Funds	Total	2009-11	\$0.5	\$196.6	\$28.8	\$225.9	2011-13	\$2.2	\$208.4	\$36.8	\$247.4	2013-15 CSL	\$2.2	\$213.9	\$3.1	\$219.2	2013-15 GB	\$3.9	\$226.1	\$3.0	\$233.0	2013-15	\$0.0	\$216.1	\$0.0	\$216.1
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<p>million. The Department is proposing a fee to fully recover the costs of reviewing applications, certifying completed projects, and compliance for projects related to biomass; and ratification of a re-inspection fee imposed in 2011-13.</p> <ul style="list-style-type: none"> • Fees for service for Energy Facility Siting activities. Proposed new energy generation and transmission facilities of a certain size must obtain the proper land use and environmental permits and meet certain standards. Ongoing project evaluation and involves working with developers and multiple jurisdictions over multiple years. Energy facility siting revenues are projected to be \$5.5 million for the 2013-15 biennium. • The other major fee for service program is the State Energy Efficiency Design Program (\$431,380). • Revenue to administer the Public Purpose Charge for school energy efficiency projects is estimated to amount to \$781,000 in 2013-15. • Federal Funds revenue from formula and competitive grants is estimated at \$4.2 million, \$1.8 million of which is attributable to monitoring of Hanford cleanup activities. 	<p>maintaining the Energy Supplier Assessment rate at .0007. Major new initiatives resulting from legislation or executive order could cause the assessment rate to increase if those initiatives do not allow for cost recovery.</p> <ul style="list-style-type: none"> • PacifiCorp filed a lawsuit against the Department of Energy over an increased Energy Supplier Assessment amount in 2011. The utility is arguing that the ESA is a tax rather than a fee, and that the Department does not have the authority to increase the amount. The tax court recently ruled that it does not have jurisdiction over the issue, and it is unclear whether PacifiCorp will appeal that ruling, and when they may file on the merits of their argument. • The Department of Energy continues to administer the “tail” of the Business Energy Tax Credit (BETC) program, while simultaneously administering the capped Energy Incentive Programs enacted in 2011 and 2012. It is anticipated that remaining BETC projects will be evaluated and certified by July 1, 2014. Compliance and monitoring of BETC projects will be ongoing for some years, but energy incentive programs also have compliance and monitoring component. 	

MAJOR CHALLENGES AND DECISION POINTS

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| <ol style="list-style-type: none"> 1. Package 070 eliminates two energy analyst positions from the Energy Planning, Policy and Technical Analysis Division for which there is no continued permanent funding. 2. Package 101 adds \$500,000 GF, \$1,232,015 OF, and \$174,012 FF, and includes the following components: <ol style="list-style-type: none"> a. adds back two positions eliminated in Package 070, to be utilized in the Cool Schools program (funded with Energy Supplier Assessment Revenue), and for energy efficient transportation initiatives pursuant to the Governor's Ten Year Energy Plan (Federal Funds). The Governor's budget recommends that the positions be permanent. b. Continues a 2011-13 limited duration Governor's Energy Policy advisor, funded with Energy Supplier Assessment revenue. c. Continues a limited duration Policy Analyst 3 position, which will be utilized in the SELP program. The Governor's budget recommends that the position be permanent. d. Adds 0.84 FTE to an existing vacant 0.16 FTE energy analyst position. The Department anticipates there will be an increased demand for the State Energy Efficiency Design (SEED) program, based on Ten Year Energy plans to create a State Building Innovation Lab. The position would be partially funded by ESA and partially funded by SEED fees for service. The Governor's budget recommends that the position be permanent. e. Adds \$500,000 General Fund for "landscape level planning" consultation, mapping, and studies relating to siting energy facilities. Whether this is a one-time expense or fully funds desired activities is unclear. 3. Package 201 adds three permanent positions (2.52 FTE) for energy incentive program support. These positions were limited duration in 2011-13. (Total = \$447,060 OF). | <ol style="list-style-type: none"> 4. HB 2344 enables the Department of Energy to enter into agreements with other entities related to small scale local energy projects. The legislation appears to grant broad authority, and according to the Department, is intended to enable the agency to be more innovative in developing projects and utilizing SELP funds in conjunction with other monies. 5. Package 401 continues two limited duration positions granted by the May 2012 Emergency Board to address siting workload and makes them permanent. The package also adds a Fiscal Analyst position to provide better and more accurate accounting, tracking and billing of state agency staff time to applicants. The Governor recommends that all positions be permanent. (Total = \$1,027,091 OF) 6. Package 501 includes funding to facilitate a move to a new building. The Department's existing building leases expires in the spring of 2013, and the agency hopes to increase productivity by locating all Salem program staff under one roof. If approved, the amount for this package will have to be adjusted based on timing of the move and refined build out costs. (Total = \$415,200 OF) 7. The Governor's budget assumes the ratification of fees (HB 5012) for processing pass-through applications for tax credits. The Department will request an amendment to add a compliance re-inspection fee to the bill. 8. The Governor's budget includes a Package 090 with a total of \$10 million in Lottery Bond proceeds: \$5 million for SELP recapitalization (see "Budget Environment", above) and \$5 million for a home energy efficiency initiative through Clean Energy Works Oregon, which is associated with the Governor's Ten Year Energy Plan goal of meeting 100% of new energy demand through conservation. The mission of Clean Energy Works Oregon is to connect homeowners to financing and approved energy efficiency contractors for owner-occupied single family detached homes located in Benton, Clackamas, Crook, Deschutes, Hood River, Jackson, Josephine, Jefferson, Klamath, Lake, Lane, Marion, |
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Multnomah, Polk, Washington, and Yamhill Counties. Clean Energy Works often acts as a subcontractor for ETO in serving consumers of PGE and PacifiCorp territories, and provides additional services and financing mechanisms.

HB 2343 revises requirements that public buildings incorporate green energy technology.

9. The Governor’s budget includes unidentified reductions related to state agency assessments for the Department of Administrative Services and the Office of Administrative Hearings, a reduction related to the PERS employer rate, and additional PERS related reductions which assume legislative action.