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TO: House Committee on Energy and Environment

FROM: Mike Kaplan, Director

SUBJECT: Senate Bill 100 – and SB 100-2
State Home Oil Weatherization Program

Introduction

The Department of Energy supports SB 100 and the -2 amendment.

SB 100 was introduced by the Oregon Department of Energy to align the State Home Oil Weatherization program process and procedures with statute. The bill makes several changes to update the statutes governing the oil dealer program. These changes include:

- eliminating outdated references to the oil dealer program
- removing definitions that are either not used or outdated
- adding new definitions such as “contractor”
- clarifying how petroleum supplier assessment funds may be used for administration of the SHOW program and the petroleum supplier assessment; and,
- clarifying general rulemaking authority for the Department of Energy

Background

The Department of Energy administers the State Home Oil Weatherization program and the oil dealer program, and the petroleum supplier assessment that provides funding for the operation and administration of both programs. The statutes governing these programs and the petroleum supplier assessment were created in 1981 as part of Oregon’s Residential Energy Conservation Act.

The SHOW program, created through provisions found in ORS 469.681 and 469.683, provides maximum cash payments of \$500 to homeowners or their contractors for implementing conservation measures designed to improve the space heating and energy efficiency of a residence. Homeowners who use fuel oil dealers to supply their home’s primary space heating fuels are eligible to receive benefits through the SHOW program.

In addition, the SHOW program works with 17 community action agencies in Oregon to assist low-income households eligible for the U.S. Department of Energy’s Weatherization Assistance Program. Community action agencies may receive a maximum of \$2500 per dwelling for eligible projects.

For 33 years, since 1984, SHOW has served more than 12,000 dwellings in Oregon and provided approximately \$6.9 million to eligible homeowners or community action agencies on their behalf. Below is the last 10 years of program data for the SHOW program. In 2015 and 2016, 516 homeowners completed 651 measures. Measures included 178 window replacements, 112 attic installations of insulation, 58 floor installations of insulation and 157 programmable thermostats.

Number of Dwellings Served through SHOW Program (2007-2016)				
Year	# Dwelling Owners	# Dwellings through Community Action Agency	Total # Dwellings Served	Total Cash Payments
2007	385	145	530	\$198,891
2008	414	113	527	\$188,151
2009	595	137	732	\$305,357
2010	498	75	573	\$226,104
2011	464	89	553	\$310,281
2012	301	59	360	\$177,500
2013	239	104	343	\$420,787*
2014	228	38	266	\$130,213
2015	318	46	364	\$129,661
2016	198	47	245	\$120,030
Total	3,640	853	4,493	\$2,206,975

Data as of 12/31/16

*2013 cash payments total includes \$270,000 SHOW Pilot Program

The “oil dealer program” (ORS 469.675, 469.677 and 469.679) was designed in 1981, and required fuel oil dealers to develop and submit a residential energy conservation program to the department. The program was required to outline how fuel oil dealer customers would be provided with access to information about conservation measures, energy conservation measure financing, and assistance and technical advice through energy audits. ORS 469.677 requires the director of the Department of Energy to contract for the services that provide the assistance and technical advice required of fuel oil dealers, and to adopt standards through rulemaking for energy audits.

Currently under ORS 469.677, the Department of Energy contracts with the Department of Consumer and Business Services for customer assistance and technical advice about conservation measures and energy efficiency, but ODOE provides DCBS with the bulk of the information, technical assistance, and training required to fulfill the contract. Under the contract, DCBS provides services to customers of fuel oil dealers, including maintaining a call center for fuel oil dealer customers interested in receiving SHOW benefits, maintaining a link to ODOE’s web page, distributing information packets provided by ODOE, and attending periodic

trainings supplied by ODOE. Callers requiring technical assistance or information about energy conservation measures and energy efficiency audits are often referred to ODOE. Calls received by DCBS have dwindled, averaging 150 per year and as few as one to 10 per month. ODOE is invoiced monthly for services provided by DCBS.

The petroleum supplier assessment funds the operations and administration of the “oil dealer program” and the SHOW program. There are nine petroleum suppliers eligible to be assessed annually by the Oregon Department of Energy. The amount of the assessment is set by the director of the Department of Energy, and the aggregate amount of the assessment may not exceed \$400,000 annually.

What SB 100 Does

The bill repeals the fuel oil dealer program (ORS 469.675, 469.677 and 469.679); removes definitions for “commercial lending institution” and “cost-effective” from an area of statute that does not use or reference either of these terms or definitions (ORS 469.673 Definitions for ORS 469.673 to 469.683); clarifies that funds received through the petroleum supplier assessment may be used for the administration of the State Home Oil Weatherization program and the petroleum supplier assessment; and, provides a more refined definition for “contractor” that would clearly include a community action agency designated to receive funds from the SHOW program on behalf of low-income households.

By repealing ORS 469.675, 469.677, and 469.679, the Department of Energy will provide the services currently under contract for residential customers of fuel oil dealers. The minimal work load involved in the DCBS contract can be served within the current programs at ODOE.

What SB 100-2 Does

The -2 amendment transfers administration of the State Home Oil Weatherization (SHOW) program from the Oregon Department of Energy to the Housing and Community Services Department on January 1, 2018. As introduced, SB 100-2 continues to repeal the fuel oil dealer program (ORS 469.675, 469.677 and 469.679); to remove definitions not used, or out of date, and adds definitions such as “contactor”; to clarify that funds received through the petroleum supplier assessment; and to clarify general rulemaking authority for the program. The effective date of the bill with the -2 amendment is January 1, 2018.

The transfer of the program moves all duties, functions and powers of ODOE under ORS 469.673 to 469.683 to OHCS. This includes ODOE providing OHCS with all records and property related to the program. The unexpended balances for the SHOW program to be expended during the 2017-19 biennium will be available to OHCS for administration and enforcing the duties, functions and powers transferred with the SHOW program. SB 100 with the -2 amendment ensures that any action, proceeding or prosecution related to SHOW that began or was pending at the time of transfer of the program will not be affected by the action with OHCS being substituted.

Summary

The Oregon Department of Energy has introduced SB 100 to bring the State Home Oil Weatherization program into alignment with statute and current practices. The bill eliminates obsolete statutes and program practices, creates greater efficiency, and clarifies rules that govern the administration of SHOW and the petroleum supplier assessment. The -2 amendment moves the program from the Oregon Department of Energy to the Housing and Community Services Department of Oregon on January 1, 2018.

We ask for your support of SB 100 and the -2 amendment.