



Oregon

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MEMORANDUM

To: Resilient Efficient Buildings Task Force

From: Blake Shelide, Facilities Engineer
Jennifer Senner, Federal Grants Officer

Date: November 14, 2022

Re: Federal Funding and Resilient Efficient Buildings Task Force Policy Options

The Oregon Department of Energy anticipates a significant increase in federal funding over the coming years due to the Infrastructure Investment and Jobs Act and the Inflation Reduction Act - somewhere between five to eight times increase in federal funding at the agency per year. Most of this funding, roughly \$113 million, is targeted toward building and appliance efficiency.

At the request of the Resilient Efficient Buildings Task Force, the Oregon Department of Energy has prepared a table of Inflation Reduction Act funding sources and how they may line up with the six policy scenarios selected by the task force members. You will find that table below. Please note that the three other secondary policy scenarios that are *not* receiving the same level of Task Force quantitative analysis are not included below. Those scenarios are not yet as defined and their connection to the federal funding is less clear. However, ODOE can re-evaluate as needed should the Task Force further pursue these policy scenarios.

The Department was also asked if there are ways that the state can best position new programs and initiatives to strengthen our applications for federal funds. Below the tables, Task Force members can find some suggestions for that.

Building-Related Programs in the IRA	Distribution Type
Home Energy Performance-Based, Whole-House Rebates (HOMES)	Formula
High-Efficiency Electric Home Rebate Program (HEEHRA)	Formula
State-based Home Energy Efficiency Contractor Training Grants	TBD
Building Energy Codes (Assistance for Latest and Zero Building Energy Code Adoption)	TBD
EPA Greenhouse Gas Reduction Fund	Competitive
Extension, Increase, and Modification of Nonbusiness Energy Property Credit (25C)	Tax Credit
Residential Clean Energy Credit (25D)	Tax Credit
Energy Efficient Commercial Buildings Deduction (179D)	Tax Credit
Extension, Increase, and Modifications of New Energy Efficient Home Credit (45L)	Tax Credit

Policy Options Under Consideration Mapped to Potential IRA Funding

Note: The mapping of IRA funding with Task Force policy options below represents funding from the IRA that could potentially apply to help implement or offset the costs for implementation of these policies and their associated energy measures. However, there are many details about both the IRA funding programs and Task Force policies that are unknown at this time.

1. Building performance standards
Building Energy Codes (Assistance for Latest and Zero Building Energy Code Adoption)
EPA Greenhouse Gas Reduction Fund
Energy Efficient Commercial Buildings Deduction (179D)

2. Promote, incentivize, and/or subsidize energy efficiency and heating/cooling efficiency increases
Home Energy Performance-Based, Whole-House Rebates (HOMES)
High-Efficiency Electric Home Rebate Program (HEEHRA)
State-based Home Energy Efficiency Contractor Training Grants
Building Energy Codes (Assistance for Latest and Zero Building Energy Code Adoption)
EPA Greenhouse Gas Reduction Fund
Extension, Increase, and Modification of Nonbusiness Energy Property Credit (25C)
Residential Clean Energy Credit (25D)
Energy Efficient Commercial Buildings Deduction (179D)
Extension, Increase, and Modifications of New Energy Efficient Home Credit (45L)

3. Decarbonize institutional/public buildings
EPA Greenhouse Gas Reduction Fund

4. Promote, incentivize, and/or subsidize heat pumps
Home Energy Performance-Based, Whole-House Rebates (HOMES)
High-Efficiency Electric Home Rebate Program (HEEHRA)
State-based Home Energy Efficiency Contractor Training Grants
Building Energy Codes (Assistance for Latest and Zero Building Energy Code Adoption)
EPA Greenhouse Gas Reduction Fund
Extension, Increase, and Modification of Nonbusiness Energy Property Credit (25C)
Residential Clean Energy Credit (25D)
Energy Efficient Commercial Buildings Deduction (179D)
Extension, Increase, and Modifications of New Energy Efficient Home Credit (45L)

5. Assess and disclose material-related emissions
Building Energy Codes (Assistance for Latest and Zero Building Energy Code Adoption)
EPA Greenhouse Gas Reduction Fund

6. Enact energy-efficient building codes
Building Energy Codes (Assistance for Latest and Zero Building Energy Code Adoption)
EPA Greenhouse Gas Reduction Fund

Best Positioning the State: Federal Funds for Building Decarbonization

Most of the federal funds that are relevant to building decarbonization are formula funds – funds allocated state by state based on set criteria and who applies. Between the two federal laws, ODOE anticipates roughly \$170 million in federal formula funding over the next decade – and the agency will have to put together complete and thorough plans and applications in order to apply and secure the funding for the state. The best way to ensure that the state can respond to the opportunities presented to help Oregonians access clean, affordable, reliable and resilient energy systems is to increase capacity so that that state can prepare applications for as many sources of funding as we can.

There are also numerous competitive opportunities that the state and other entities such as utilities, universities, local and tribal governments, and community-based organizations, etc. may be able to apply for funds to support energy and climate projects within Oregon. ODOE would like to be well-positioned to not only submit applications on behalf of the state, but to assist others with the highly technical processes expected to be laid out by the federal government.

Stakeholders involved in Oregon’s energy and climate goals are looking to our agency for leadership to coordinate and advise on the best use of these resources. This includes taking time to analyze opportunities, interpret federal guidance, coordinate across stakeholder groups, connect communities to opportunities and offer training and technical assistance across a broad scope of federal funding opportunities over the next decade. This work has been happening so far – to the extent possible - with the same staffing levels in place as we had prior to the passage of either the Inflation Reduction Act or the Infrastructure Investments and Jobs Act.

The agency has a legislative concept and policy option package to establish a new position to assist environmental justice communities in applying for federal and state funding for energy projects. This is particularly important to ensure that these federal funds benefit communities that have historically been excluded or underrepresented in public processes and federal investments in the past. State funding may be necessary to support this work to engage with stakeholders and the public before federal funds are available, to ensure that the Department has the technical staff to assist with grant writing and other processes.

There is one specific policy issue that could be addressed in advance. ODOE may need additional authority to collect and share consumer-level utility data not currently available to ODOE. This may be required to comply with future guidance from US DOE under the IRA Section 50121(c)(5) pertaining to data sharing. There are few details at this time from the federal government about what requirements may apply, but it is anticipated that to administer a compliant and successful program there may be a need for ODOE to collect data on home energy usage.