

## ANALYSIS

### Item 47: Department of Energy Grid Resilience

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**Analyst:** Wendy Gibson

**Request:** Increase Federal Funds expenditure limitation by \$4,727,985 and authorize the establishment of two limited duration positions (1.00 FTE) for the federal Grid Resilience State and Tribal Formula Grant program.

**Analysis:** The Oregon Department of Energy (ODOE) is requesting expenditure limitation and position authority to support the Grid Resilience State and Tribal Formula Grants program. The grant is a five-year, \$50 million formula grant administered by the U.S. Department of Energy (USDOE) to prevent power outages and enhance the resilience of the electric grid. The Department received legislative approval to apply for the first year of the Grid Resilience grant in September 2022 and approval to apply for the second year of the grant in February 2023. On June 30, 2023, USDOE awarded \$19.9 million to ODOE for the program's first two years. The third year of the Grid Resilience State and Tribal Formula Grants application and allocation request period begins in January 2024.

Under the terms of the grant, ODOE must award at least 95% of the federal funds to eligible entities, such as electric utility providers, based on USDOE criteria. Each subrecipient will have an additional match requirement of 100% or 33% based on the subrecipient's electricity sales. At least 40% of the benefits will serve qualifying disadvantaged communities as defined in USDOE Justice40 guidance.

ODOE anticipates starting the sub-granting process in the spring of 2024. Each sub-grant will have five years to complete the approved grid resilience project. Although ODOE anticipates obligating nearly \$19 million in sub-grants, only a few projects will seek reimbursement in the first year. ODOE estimates needing \$4.7 Federal Funds expenditure limitation in the 2023-25 biennium to administer the grant.

HB 5016 (2023) appropriated \$2.8 million General Fund to ODOE to satisfy the grant's requirement for a 15% state match commitment at the time of application. Approximately \$2 million remains available to support additional grant administration needs. ODOE is requesting the establishment of a Compliance Specialist 3 (0.50 FTE) and Program Analyst 2 (0.50 FTE) supported by the available revenue. The positions will directly support the subrecipient application process and monitor compliance with grant requirements. Establishing the positions will have a net zero impact on ODOE's current budget; however, \$215,077 General Fund currently budgeted in services and supplies will need to be shifted into the personal services budget category.

POSITION COSTS	2023-25	2025-27
Compliance Specialist 3	111,677	223,357
Program Analyst 2	103,400	206,802
<b>TOTAL</b>	<b>215,077</b>	<b>430,159</b>

ODOE initially requested limited duration position authority in its request letter. Given the nearly 10-year duration of this grant, permanent position authority is more appropriate. Permanent position authority would also align with the position authority established in HB 5016 to support the grant program.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$4,727,985 in Federal Funds expenditure limitation and authorizing the establishment of two permanent positions (1.00 FTE) for the Department of Energy in a budget reconciliation bill during the 2024 legislative session to administer the Grid Resilience State and Tribal Formula grant.

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Department of Energy  
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**Request:** Increase Federal Funds expenditure limitation by \$4,727,985 and establish two limited-duration, full-time positions (1.00 FTE) for Energy Grid Resilience projects.

**Recommendation:** Approve the request in the 2024 Legislative Session.

**Discussion:** The Oregon Department of Energy previously received matching funds from the 2023 Legislature and the 2022 Emergency Board to apply for the Formula Grants to State and Tribes for preventing Outages and Enhancing the Resilience of the Electric Grid grant provided by the U.S. Department of Energy. The Department is now requesting a Federal Funds expenditure limitation increase of \$4.7 million, which corresponds to the amount the Department expects to utilize in the 2023-25 biennium. In total, the grant will provide approximately \$50 million over the course of five allocations.

To date, the Department has begun working with stakeholders and potential applicants to inform and solicit feedback. At least 95 percent of the funds will be sub-granted to energy suppliers, who are required to provide further matching funds based on the amount of energy provided. Subgrantees can use grant funds for activities supporting existing hardening efforts, reduce the risk of power lines causing a wildfire, or reduce the likelihood and consequences of extreme weather events, wildfires, and natural disasters on the grid's ability to operate. To support the anticipated workload, the Department is requesting the establishment of two limited duration positions, a Compliance Specialist 3 and a Program Analyst 2. The expenditure limitation to support the positions will utilize previous provisions of matching funds provided by the Legislature.

**Legal Reference:** Increase the Federal Funds expenditure limitation established by chapter 451, section 4, Oregon Laws 2023, for the Department of Energy, by \$4,727,985 for the 2023-25 biennium.



# Oregon

Tina Kotek, Governor



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December 4, 2023

The Honorable Senator Elizabeth Steiner, Co-Chair  
The Honorable Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairs:

## **Nature of the Request**

The Oregon Department of Energy requests a Federal Fund limitation increase of \$4,727,985 to expend funds received from the U.S. Department of Energy for the “Formula Grants to State and Tribes for Preventing Outages and Enhancing the Resilience of the Electric Grid” grant. ODOE also requests the establishment of a limited duration Compliance Specialist 3 and a limited duration Program Analyst 2 position to support program administration. Funding for these positions will come from match funds previously provided by the legislature.

The Compliance Specialist position will conduct site visits, inspections, and other activities to ensure subrecipient compliance with grant requirements. The Program Analyst position will support program administration by processing subgrant applications, providing support to subgrantees, and reviewing progress reporting.

The grant program will provide funds to improve the resilience and reliability of the electric grid in Oregon by supporting physical infrastructure improvements determined to generate the greatest community benefits for Oregonians. The purpose of the grant is to prevent outages and enhance the resilience of the electric grid, which will be done primarily through subawards to eligible entities to improve physical infrastructure.

ODOE anticipates sub granting at least 95% of the federal formula funds to eligible entities based on the criteria contained in the state application to U.S. DOE. We also anticipate at least 40% of the benefits of the federal funds will serve qualifying disadvantaged communities as defined in U.S. DOE Justice40 guidance.

The grant requires a 15% state match. Subrecipients of these funds will also be required to provide a match, at a rate of either 100% or 33.33% based on the volume of their electricity sales. We anticipate that any investor-owned utilities awarded under this grant will be required to match at the 100% rate while most consumer-owned utilities will be required to match at the lower rate.

## Agency Action

The Grid Resilience grants will be awarded by U.S. DOE in 5 allocations (allocations 1 and 2 have been awarded together) and will total approximately \$50 million. The Oregon Department of Energy received approval to apply for the first two allocations of the grant from previous Joint Committees on Way and Means. ODOE submitted the application to the U.S. DOE in April 2023 and was awarded \$19.9 million on June 30, 2023. This allocation of the grant has a 5-year performance period; ODOE forecasts spending \$4,727,985 of the funding in this biennium. The legislature included \$2.99 million of General Fund in ODOE's biennial budget to meet the match requirement. ODOE's budget also included a Program Analyst 3 position, which was recently hired, to help develop and administer the subgrantee process.

Since applying for the award, ODOE has been conducting outreach to stakeholders and potential applicants to inform the subaward criteria. A public hearing was held on March 15, 2023 to solicit stakeholder feedback on the final program design, as proposed to the U.S. DOE in our application. Additionally, ODOE hosted two open houses in May 2023 for stakeholders to provide further input on draft subgrantee project selection criteria and how best to ensure that the proposed program goals are reached. These criteria were also reviewed by a convening of our Environmental Justice Leadership Workgroup in October 2023. Since receiving the award, ODOE has worked on integrating feedback into the criteria and preparing for an initial opportunity announcement. The first subgrantee opportunity announcement is expected to open in Spring of 2024.

ODOE anticipates U.S. DOE will begin accepting applications for the third allocation of funding in early 2024.

## Action Requested

The Oregon Department of Energy requests a Federal Fund limitation increase of \$4,727,985. ODOE also requests the establishment of a new full-time (0.5 FTE in AY25) limited duration Compliance Specialist 3 and a new full-time (0.5 FTE in AY25) limited duration Program Analyst 2 position.

## Legislation Affected

SB 5016



Janine Benner  
Director

cc: Sione Filimoehala, CFO  
Wendy Gibson, LFO