

ANALYSIS

Item 48: Department of Energy Climate Action Plan

Analyst: Wendy Gibson

Request: Increase Other Funds expenditure limitation by \$500,000 for the development of Oregon's Comprehensive Climate Action Plan.

Analysis: On July 27, 2023, the Department of Environmental Quality (DEQ) received a \$3 million formula grant from the U.S. Environmental Protection Agency's Climate Pollution Reduction Grant Program. The grant award funds the planning activities related to developing Oregon's Priority Climate Action Plan and a Comprehensive Climate Action Plan.

Grant Amount	Grant Requirement	Lead Agency	EPA Submittal Deadline
\$ 2,500,000	Priority Climate Action Plan	DEQ	March 1, 2024
\$ 500,000	Comprehensive Climate Action Plan	ODOE	July 27, 2025

The Oregon Department of Energy (ODOE) is partnering with DEQ on the project by leading the effort to develop the Comprehensive Climate Action Plan. The plan will include:

- Statewide energy strategy
- Emission reduction policy gap analysis
- Carbon sequestration inventory for natural and working lands
- Prioritized list of community climate investments

DEQ will distribute \$500,000 of the federal grant award as Other Funds to ODOE to complete the Comprehensive Climate Action Plan.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$500,000 in the Other Funds expenditure limitation for the Department of Energy in a budget reconciliation bill during the 2024 legislative session to support the development of Oregon's Comprehensive Climate Action Plan.

Request: Increase Other Funds expenditure limitation by \$500,000 for the receipt of funding through the Department of Environmental Quality for the development of the Comprehensive Climate Action Plan.

Recommendation: Approve the request during the 2024 Legislative Session.

Discussion: In April of 2023, the Department of Environmental Quality (DEQ) submitted an application to the U.S Environmental Protection Agency for a grant for the Climate Pollution Reduction grants program. Under the application, the grant would cover three deliverables: a Priority Climate Action Plan, a Comprehensive Climate Action Plan, and a status report at the close of the grant.

As a part of the work under the original grant, DEQ will rely on support from the Oregon Department of Energy (ODOE) to lead the development of the Comprehensive Climate Action Plan. ODOE will utilize the funds to support the State Energy Strategy by contracting with a technical consultation for the development of the State Energy Strategy. The State Energy Strategy will satisfy requirements under the Comprehensive Climate Action Plan and as directed by the Legislature under House Bill 3036 (2023) and House Bill 3049 (2023).

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 451, section 2, Oregon Laws 2023, for the Department of Energy, by \$500,000 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 an Other Fund limitation increase of \$500,000 to receive a subgrant from the Oregon Department of Environmental Quality.

Agency Action

In April 2023, the Oregon Department of Environmental Quality, in partnership with ODOE and other agencies, applied to the U.S. Environmental Protection Agency for a planning grant under the Climate Pollution Reduction Fund. Through this grant, the state of Oregon will create a Priority Climate Action Plan (due to EPA March 1, 2024) and a Comprehensive Climate Action Plan (due to EPA fall of 2025) to highlight opportunities to reduce climate pollution.

The Priority Climate Action Plan will be guided by the extensive work that Oregon, local jurisdictions, and Tribes have done to date on planning for and implementing climate pollution reduction actions. DEQ is leading the planning and collaboration with state agencies, local jurisdictions, Tribes, and the public to identify actions that reduce climate pollution in Oregon in ways that most benefit local communities.

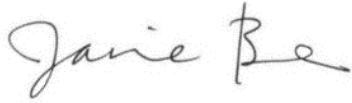
ODOE will be supporting DEQ's efforts by leading the development of the Comprehensive Climate Action Plan, which will incorporate a statewide energy strategy, an emission reduction policy gap analysis, and a natural and working lands carbon sequestration inventory. ODOE is undertaking these activities to comply with direction from the 2023 legislative session (HB 3630 and HB 3409) and funding from the U.S. EPA is critical to support the work and integrate it into the state's Comprehensive Climate Action Plan.

Action Requested

The Oregon Department of Energy requests an Other Fund limitation increase of \$500,000.

Legislation Affected

SB 5016, HB 3630, HB 3409

A handwritten signature in black ink that reads "Janine Benner". The signature is written in a cursive, flowing style.

Janine Benner
Director

cc: Sione Filimoehala, CFO
Wendy Gibson, LFO