

HB 5016 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Dembrow

Joint Committee On Ways and Means

Action Date: 05/12/23

Action: Do pass the A-Eng bill.

Senate Vote

Yeas: 7 - Anderson, Dembrow, Frederick, Gelser Blouin, Hansell, Sollman, Steiner

Nays: 1 - Girod

Exc: 3 - Campos, Findley, Knopp

House Vote

Yeas: 8 - Evans, Gomberg, Holvey, McLain, Pham K, Sanchez, Smith G, Valderrama

Nays: 4 - Breese-Iverson, Cate, Lewis, Reschke

Prepared By: Sione Filimoehala, Department of Administrative Services

Reviewed By: April McDonald, Legislative Fiscal Office

Department of Energy

2023-25

Budget Summary*

	2021-23 Legislatively Approved Budget ⁽¹⁾	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 107,145,789	\$ 1,582,333	\$ 10,218,011	\$ (96,927,778)	(90.5%)
Lottery Funds Debt Service	\$ 3,022,570	\$ 1,439,160	\$ 1,439,160	\$ (1,583,410)	(52.4%)
Other Funds Limited	\$ 89,319,041	\$ 54,192,131	\$ 75,998,614	\$ (13,320,427)	(14.9%)
Other Funds Nonlimited	\$ 1,128,074	\$ 1,126,131	\$ 1,126,131	\$ (1,943)	(0.2%)
Other Funds Debt Service Nonlimited	\$ 30,531,300	\$ 28,230,578	\$ 28,230,578	\$ (2,300,722)	(7.5%)
Federal Funds Limited	\$ 3,562,705	\$ 3,588,286	\$ 4,191,188	\$ 628,483	17.6%
Total	\$ 234,709,479	\$ 90,158,619	\$ 121,203,682	\$ (113,505,797)	(48.4%)

Position Summary

Authorized Positions	100	83	101	1
Full-time Equivalent (FTE) positions	94.82	81.50	95.04	0.22

⁽¹⁾ Includes adjustments through January 2023

Summary of Revenue Changes

The Oregon Department of Energy (ODOE) is historically supported with Other Funds, Federal Funds, and non-Measure 76 Lottery Funds. ODOE has several sources of Other Funds revenues including Other Funds Nonlimited revenues related to Small-Scale Energy Loan Program (SELP) loan repayments and interest income; various fees and charges for services, including the Energy Supplier Assessment; radioactive waste transport fees, and energy facility siting fees. In the 2023-25 biennium, ODOE will receive General Fund support for its Nuclear Safety and Emergency Preparedness program, matching funds for Grid Resilience grants, as well as reallocation of General Fund provided in the 2021-23 biennium for Wildfire Rebuilding grants.

Lottery Funds are allocated to ODOE for debt service payments. Federal Funds are received from the United States Department of Energy (USDOE) for the USDOE State Energy Program formula, Hanford grants and other federal grants.

Summary of Natural Resources Subcommittee Action

The Oregon Legislature created ODOE in 1975. ODOE’s mission is to lead Oregon to a safe, equitable, and sustainable energy future. The department accomplishes this mission by providing a central repository of energy data, information, and analysis; a venue for problem-solving Oregon’s energy challenges; energy education and technical assistance; regulation and oversight; and energy programs and activities. The

subcommittee recommended a budget for the 2023-25 biennium of \$121,203,682 total funds and 101 positions (95.04 FTE). The recommended budget is a 48.4 percent decrease from the 2021-23 Legislatively Approved Budget, which is largely attributable to one-time expenditures provided for multiple grant programs in the 2021-23 biennium.

Energy Planning and Innovation Division

The Energy Planning and Innovation Division develops state policy and goals relating to energy efficiency and renewable energy. The division includes three sections; Energy Efficiency and Conservation supports the advancement of energy efficiency standards and codes, and also provides analysis and technical assistance to improve energy efficiency in the public, residential, commercial, industrial, and agricultural sectors; Energy Technology and Policy focuses on renewable energy resources, utility planning, sustainable transportation, and climate change; and Northwest Power Conservation Council contains Oregon's two council members for the Northwest Power Conservation Council. The subcommittee recommended budget includes \$9,483,506 total funds and 26 positions (25.88 FTE) and includes the following packages:

Package 101, GIS Research Analyst. This package establishes one permanent full-time Research Analyst 3 position (0.88 FTE) to provide GIS expertise, develop visualizations, and manage GIS databases. The position is supported by a split of 34 percent Other Funds provided by the Energy Supplier Assessment and 66 percent Federal Funds from State Energy Program funds. The package provides \$64,109 Other Funds expenditure limitation and \$124,445 Federal Funds expenditure limitation.

Package 102, Energy Research Fund. This package provides \$250,000 Federal Funds expenditure limitation for the purpose of contracted work with external vendors, including research and analysis to complement and enhance agency capacity. Federal Funds to support the package are provided by the State Energy Program.

Energy Development Services Division

The Energy Development Services Division administers financing and incentives for businesses, households, and the public sector to reduce the cost of energy for Oregonians through energy efficiency, renewable energy, and the use of alternative transportation. At the end of the 2017 tax year, much of the department's energy tax credit and incentive programs had sunset or moved to other agencies. In the 2021-23 biennium, the Legislature added back new incentives and rebates into the Energy Development Services. Additionally, SELP continues to administer existing loans but is not currently issuing new loans. The subcommittee recommended budget includes \$88,735,393 total funds and 23 positions (18.40 FTE) and the following packages:

Package 202, Oregon Solar + Storage Rebate Program Limitation. The Oregon Solar + Storage Rebate Program and the Rooftop Solar Fund intended to support it, were established by House Bill 2618 (2019). The measure directed the department to provide rebates for the purchase, construction, or installation of solar electric systems, as well as paired solar and storage systems. Since establishment, the Legislature has appropriated a total of \$17 million General Fund to this program as deposits into the Rooftop Solar Fund. The program has a sunset date of

January 2, 2024, which provides the agency with six months in the 2023-25 biennium to continue delivering the remaining funds in the Rooftop Solar Fund. The positions currently supporting the program are limited duration and will expire at the end of the 2021-23 biennium.

This package provides \$2,448,354 in one-time Other Funds expenditure limitation and three limited duration positions (0.63 FTE) to administer the program. The limited duration establishments include a Business Operations Manager 2 and two Public Service Representative 4 positions. The agency's indirect costs associated with this package are included as a transfer to Administrative Services.

Package 204, Wildfire Rebuilding Program Extension. House Bill 5006 (2021) provided \$10.8 million General Fund to establish a new grant program incentivizing energy efficiency for 2020 wildfire survivors who are rebuilding and repairing structures destroyed or damaged in the 2020 wildfires. This package provides continuation of the three limited duration full-time positions (3.00 FTE) and one-time reappropriation of the unspent General Fund of \$5,849,582 to continue the delivery of this program in the 2023-25 biennium.

Package 205, Residential Heat Pump Program Limitation. Senate Bill 1536 (2022) established the Residential Heat Pump Program and the corresponding Residential Heat Pump Fund aimed at providing heat relief for Oregonians. The measure provided \$15 million in one-time General Fund for deposit into the Fund, as well as limited duration positions for program administration and expenditure limitation to provide grants and rebates for installation of heat pumps by landlords in rental homes. This package extends four limited duration positions (1.89 FTE) for administration of the Residential Heat Pump Program and provides one-time Other Funds expenditure limitation of \$11,378,025 to continue delivery of the grants and rebates. The agency's indirect costs associated with this package are included as a transfer to Administrative Services.

Package 206, Heat Pump Deployment Program Limitation. Senate Bill 1536 (2022) established the Heat Pump Deployment Program and the corresponding Heat Pump Deployment Fund aimed at providing heat relief for Oregonians. The measure provided \$10 million in one-time General Fund for deposit into the Fund, as well as limited duration positions for program administration and expenditure limitation to award grants to an eligible entity in each region of the state and each federally recognized Indian tribe in Oregon to facilitate heat pump installation and upgrades. This package extends the necessary limited duration positions (2.50 FTE) for administration of the Heat Pump Deployment Program in the 2023-25 biennium and provides one-time Other Funds expenditure limitation of \$7,326,149 to continue delivery of the grants. The agency's indirect costs associated with this package are included as a transfer to Administrative Services.

Package 801, LFO Analyst Adjustments. Oregon has the opportunity to benefit from a five-year, \$50 million formula grant allocation to prevent outages and enhance the resilience of the electric grid. The grant is made possible by the Infrastructure Investment and Jobs Act and is administered by the U.S. Department of Energy. The first two years of the Grid Resilience grant allocate approximately \$20 million for Oregon and this package provides \$2,786,096 General Fund on a one-time basis to meet the state match requirement. Additionally, the package establishes two permanent full-time positions (1.88 FTE), including a Fiscal Analyst 2 and a Program Analyst 3, for grant administration. 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.

Nuclear Safety and Emergency Response Division

The Nuclear Safety and Energy Emergency Preparedness Division works to provide safe energy through oversight of nuclear waste cleanup activities at the Hanford nuclear site to ensure decisions regarding cleanup protect the Columbia River. The division also provides emergency preparedness for potential hazards including a nuclear reactor accident, the transport of radioactive materials through Oregon, the potential operation of Liquefied Natural Gas import terminals, and potential petroleum shortages. Any of these events could impact emergency and essential services. The division has also worked to develop the Oregon Fuel Action Plan, which will help ensure fuel is considered emergency and essential services and ensure access to fuel during a fuel shortage. The subcommittee recommended budget includes \$3,143,145 total funds and six positions (6.00 FTE).

Energy Facility Siting Division

The Energy Facility Siting Division (Facility Siting) works with energy facility developers and operating energy facilities to meet the state's energy needs by ensuring large power plants, transmission lines, and natural gas pipelines are built to meet Oregon siting requirements. Facility Siting provides staff to the seven-member Energy Facility Siting Council (EFSC), coordinates the energy facility siting process, oversees compliance with existing site certificates, and coordinates federal energy siting projects for the state. The Division coordinates input from other state agencies, tribes, local governments, contractors, and the public. Facility Siting activities fall into the following categories: Large-Scale Energy Facility Siting; Monitoring; Federal Siting Coordination; and Energy Facility Siting Council. The subcommittee recommended budget includes \$6,226,254 total funds, 13 positions (12.88 FTE), and the following package:

Package 401, Facility Siting Positions. This package provides \$472,156 Other Funds expenditure limitation and establishes two full-time permanent positions (1.88 FTE), making permanent of a limited duration Utility and Energy Analyst 2 (1.00 FTE) and establishing a new Utility and Energy Analyst 3 (0.88 FTE) position. Positions provided by this package will support growth in state-jurisdictional energy projects; including support of compliance activities and providing capacity for facility application and amendment processing. Revenue to support the positions is supplied by siting fees and the Energy Supplier Assessment.

Administrative Services Division

The Administrative Services program area consists of the Director's Office and the Central Services Division. The Director provides operational and policy leadership and direction for the department. The Director's Office functions include internal audits, communications and outreach, human resources management, and government relations. The subcommittee recommended budget includes \$13,615,384 total funds, 33 positions (31.88 FTE), and the following packages:

Package 202, Oregon Solar + Storage Rebate Program Limitation. This package includes a revenue transfer to the Administrative Services division to cover the agency's indirect costs associated with the package in other divisions.

Package 205, Residential Heat Pump Program Limitation. This package includes a revenue transfer to the Administrative Services division to cover the agency's indirect costs associated with the package in other divisions.

Package 206, Heat Pump Deployment Program Limitation. This package includes a revenue transfer to the Administrative Services division to cover the agency's indirect costs associated with the package in other divisions.

Package 451, Equity & External Engagement. This package provides \$117,690 Other Funds expenditure limitation, \$228,457 Federal Funds expenditure limitation, and establishes one permanent full-time Operations and Policy Analyst 3 (0.88 FTE) to support Environmental Justice requirements established in House Bill 4077 (2022); work associated with the federal Justice40 initiative to direct 40 percent of federal climate action grant funding to disadvantaged communities; and the efforts of the Department to effectively engage with environmental justice communities. The revenue sources supporting the position include 34 percent Other Funds from the Energy Supplier Assessment and 66 percent Federal Funds from the State Energy Program grant made possible by the Infrastructure Investment and Jobs Act. The agency's indirect costs associated with this package are included as an administrative transfer.

Summary of Performance Measure Action

See attached Legislatively Adopted 2023-25 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of Energy
Sione Filimoehala – 971-707-8779

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2021-23 Legislatively Approved Budget at Jan 2023 *	\$ 107,145,789	\$ 3,022,570	\$ 89,319,041	\$ 31,659,374	\$ 3,562,705	\$ -	\$ 234,709,479	100	94.82
2023-25 Current Service Level (CSL)*	\$ 1,582,333	\$ 1,439,160	\$ 54,192,131	\$ 29,356,709	\$ 3,588,286	\$ -	\$ 90,158,619	83	81.50
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 100 - Energy Planning and Innovation									
Package 101: GIS Research Analyst									
Personal Services	\$ -	\$ -	\$ 59,546	\$ -	\$ 115,588	\$ -	\$ 175,134	1	0.88
Services and Supplies	\$ -	\$ -	\$ 4,563	\$ -	\$ 8,857	\$ -	\$ 13,420		
Package 102: Energy Research Fund									
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ 250,000		
SCR 200 - Energy Development Services									
Package 202: Oregon Solar + Storage Rebate Program									
Personal Services	\$ -	\$ -	\$ 113,961	\$ -	\$ -	\$ -	\$ 113,961	3	0.63
Services and Supplies	\$ -	\$ -	\$ 7,533	\$ -	\$ -	\$ -	\$ 7,533		
Special Payments	\$ -	\$ -	\$ 2,326,860	\$ -	\$ -	\$ -	\$ 2,326,860		
Package 204: Wildfire Rebuilding Program Extension									
Personal Services	\$ 584,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 584,803	3	3.00
Services and Supplies	\$ 286,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,798		
Special Payments	\$ 4,977,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,977,981		
Package 205: Residential Heat Pump Program Limitation									
Personal Services	\$ -	\$ -	\$ 384,015	\$ -	\$ -	\$ -	\$ 384,015	4	1.89
Services and Supplies	\$ -	\$ -	\$ 24,903	\$ -	\$ -	\$ -	\$ 24,903		
Special Payments	\$ -	\$ -	\$ 10,969,107	\$ -	\$ -	\$ -	\$ 10,969,107		
Package 206: Heat Pump Deployment Program Limitation									
Personal Services	\$ -	\$ -	\$ 523,702	\$ -	\$ -	\$ -	\$ 523,702	2	2.50
Services and Supplies	\$ -	\$ -	\$ 29,412	\$ -	\$ -	\$ -	\$ 29,412		
Special Payments	\$ -	\$ -	\$ 6,773,035	\$ -	\$ -	\$ -	\$ 6,773,035		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ 402,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,239	2	1.88
Services and Supplies	\$ 2,383,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,383,857		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 400 - Energy Facility Siting									
Package 401: Facility Siting Positions									
Personal Services	\$ -	\$ -	\$ 435,096	\$ -	\$ -	\$ -	\$ 435,096	2	1.88
Services and Supplies	\$ -	\$ -	\$ 37,060	\$ -	\$ -	\$ -	\$ 37,060		
SCR 500 - Administrative Services									
Package 451: Equity and External Engagement									
Personal Services	\$ -	\$ -	\$ 69,546	\$ -	\$ 134,733	\$ -	\$ 204,279	1	0.88
Services and Supplies	\$ -	\$ -	\$ 48,144	\$ -	\$ 93,724	\$ -	\$ 141,868		
TOTAL ADJUSTMENTS	\$ 8,635,678	\$ -	\$ 21,806,483	\$ -	\$ 602,902	\$ -	\$ 31,045,063	18	13.54
SUBCOMMITTEE RECOMMENDATION *	\$ 10,218,011	\$ 1,439,160	\$ 75,998,614	\$ 29,356,709	\$ 4,191,188	\$ -	\$ 121,203,682	101	95.04
% Change from 2021-23 Leg Approved Budget	(90.5%)	(52.4%)	(14.9%)	(7.3%)	17.6%	0.0%	(48.4%)	1.0%	0.2%
% Change from 2023-25 Current Service Level	545.8%	0.0%	40.2%	0.0%	16.8%	0.0%	34.4%	21.7%	16.6%

*Excludes Capital Construction Expenditures

Legislatively Approved 2023 - 2025 Key Performance Measures

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Agency: Department of Energy

Mission Statement:

The Oregon Department of Energy is leading Oregon to a safe, clean, and sustainable energy future.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
1. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	a) Timeliness	Approved	68.10%	90%	90%
	b) Accuracy		66.30%	90%	90%
	c) Helpfulness		74.70%	90%	90%
	d) Expertise		77%	90%	90%
	e) Availability of Information		61.30%	90%	90%
	f) Overall		67.80%	90%	90%
2. ZERO EMISSION VEHICLE ADOPTION IN OREGON - Total ZEV registrations in the light-duty vehicle sector		Approved	46,664	250,000	250,000
3. APPLICATION PROCESSING - Percent of Energy Facility Siting applications reviewed and approved within administrative or statutory deadlines.		Approved	100%	100%	100%
4. ENERGY USE BY STATE BUILDINGS - Electrical and fossil fuel energy use in state owned buildings by use type and building area.		Approved	34.500	51	51
5. GREENHOUSE GAS CONTENT OF OREGON'S ELECTRICITY AND STATIONARY FUEL - Carbon intensity of emissions in Oregon's electricity and stationary fuels.	a) Greenhouse gas emissions per unit of electricity used in Oregon.	Approved	0.325	0.151	0.151
	b) Greenhouse gas emissions per unit of electricity generated in Oregon.		0.147	0.151	0.151
	c) Greenhouse gas emissions per unit of the mix of other stationary fuels used in Oregon.		58.360	35.700	35.700
6. TRANSPORTATION FUELS USED IN OREGON - Percentage of petroleum vs non-petroleum fuels used for on road transportation in Oregon		Approved	9.50%	45%	45%
7. HOME ENERGY SCORING - Percent of Oregon population receiving a state authorized home energy score.		Approved	8,271	8,500	8,500

LFO Recommendation:

The Legislative Fiscal Office recommends the proposed Key Performance Measures and targets.

SubCommittee Action:

The Natural Resources Subcommittee approved the Key Performance Measures and targets, as presented.