

SB 1525 A STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

Prepared By: Erin Pischke, LPRO Analyst

Meeting Dates: 2/26, 2/28

WHAT THE MEASURE DOES:

The measure modifies certain reporting timelines for the Oregon Department of Energy (ODOE): (1) natural and working lands net biological carbon sequestration and storage inventory report, (2) study on workforce and training needs to support natural climate solutions on natural and working lands, (3) nonbinding biological carbon sequestration and storage goal for Oregon's natural and working lands; and (4) energy security plan. The measure transfers money in the Heat Pump Deployment Fund to the Residential Heat Pump Fund and requires that moneys be used in regions and for members of federally recognized Indian tribes for which no eligible entity has been issued a grant under the Heat Pump Deployment Fund. The Act authorizes ODOE to release up to 30 percent of additional money from the Community Renewable Energy Grant Program provided for in a performance agreement if the applicant demonstrates certain requirements have been met. Senate Bill 1525 A expands the exemption from obtaining a site certificate from the Energy Facility Siting Council to allow a standby generation facility that is electrically capable of being interconnected to the grid but is dispatched by local transmission and distribution grid operator or balancing authority to support grid reliability.

- *FISCAL: Minimal fiscal impact*
- *REVENUE: No revenue impact*

Senate vote: Ayes, 28; Nays, 2

Detailed Summary:

Natural and Working Lands

Requires Oregon Department of Energy (ODOE) to report to the Oregon Climate Action Commission (OCAC) on updates to the natural and working lands net biological carbon sequestration and storage inventory no later than December 1 of each odd-numbered year rather than in each even-numbered year. Requires the results of the ODOE study on workforce and training needs to support natural climate solutions on natural and working lands by September 15, 2025, rather than September 15, 2024, and extends the sunset to January 2, 2026, instead of January 2, 2025. Requires that ODOE and OCAC establish nonbinding biological carbon sequestration and storage goal for Oregon's natural and working lands by January 1, 2026, rather than January 1, 2025.

Energy Security Plan

Requires ODOE to submit their first energy security plan by September 30, 2024, rather than June 1, 2024.

Community Renewable Investment Program

Expands the definitions of "planning costs" and "project cost" in the in the Community Renewable Energy Grant Program to include costs paid or incurred by an applicant's partner, rather than exclusively by an applicant. Clarifies that "electric cooperative" includes cooperative that is operating in Oregon and formed to generate, purchase, or obtain electric power, energy, transmission services, or ancillary services or to represent one or more consumer-owned utilities in meeting rural, environmental, or renewable energy requirements and mandates. Authorizes ODOE to release up to 30 percent of additional grant money provided for in a performance agreement from the Community Renewable Energy Grant Program, if the applicant demonstrates certain requirements have been met. Stipulates the amount of grant moneys released prior to completion may not exceed 30 percent of

qualifying project costs and 15 percent of costs that do not qualify as community energy resilience projects.

Standby Generation Facilities

Expands exemption from obtaining a site certificate from the Energy Facility Siting Council for a standby generation facility that is electrically capable of being interconnected to the grid but is dispatched by local transmission and distribution grid operator or balancing authority to support grid reliability. Requires standby generation facility to be operating consistent with federal requirements and to exclusively use renewable fuels, including renewable diesel, renewable natural gas, or renewable hydrogen, if they are available and it does not violate the generator's warranty or certification. Requires a public utility that operates dispatchable standby generation program, to report to the Director of ODOE on the number of generators, the average hours of operation, aggregated amounts of fuel by type, availability of renewable fuels, and statutory compliance. Requires ODOE Director to make information available on a publicly available website.

Heat Pump Grants and Rebates

Requires moneys in the Heat Pump Deployment Fund on July 1, 2024, to be transferred to the Residential Heat Pump Fund. Requires the transferred moneys to be used to provide grants, rebates, and administrative costs in regions and for members of federally recognized Indian tribes for which no eligible entity has been issued a grant under the Heat Pump Deployment Fund. Requires transferred funds to be used to provide rebates for the purchase and installation of air-source or ground-source heat pumps to owners of a dwelling unit used as a residential tenancy and to the owners of a manufactured dwelling or recreational vehicle who rent a space in a manufactured dwelling or recreational vehicle park. Stipulates the transferred funds can also be used to provide grants for upgrades to facilitate heat pump installation for owners of a dwelling or manufactured dwelling that received funds for installing a heat pump.

Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Justification for Oregon Department of Energy deadline extensions
- Updated definition needed to allow an applicant's partner to receive pass through funds from the Community Renewable Energy Grant Program
- Lack of administrators for Heat Pump Deployment Fund has led to unserved regions
- Interest shown by owners of a dwelling or manufactured dwelling in using funds for installing a heat pump

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Community Renewable Investment Program

The Community Renewable Investment Fund (House Bill 2021, 2021) received \$50 million to be used to provide grants for planning and developing community renewable energy and energy resilience projects (known as the Community Renewable Energy Grant Program). The Oregon Department of Energy (ODOE) is authorized to release up to 30 percent of the grant moneys upon entering into a performance agreement.

Heat Pump Grants and Rebates

In 2022, the Legislative Assembly enacted Senate Bill 1536, creating the Heat Pump Deployment Fund which provides financial assistance for the purchase and installation of heat pumps and related upgrades for owner-occupied homes. The Act requires ODOE to contract with one eligible entity for each region and federally recognized Tribe in Oregon to administer the funds. As of January 2023, some regions and tribes are still without a

program administrator.

Energy Security Plan

In 2022, the Legislative Assembly enacted Senate Bill 1567, which required ODOE to develop an energy security plan that meets federal requirements (42 U.S.C. 6326) by June 1, 2024.

Natural and Working Lands

In 2023, the Legislative Assembly enacted House Bill 3409, which included direction to ODOE and the Oregon Climate Action Commission to:

- develop and update a natural and working lands net biological carbon sequestration and storage inventory report no later than December 1 of each even-numbered year;
- study the workforce and training needs to support natural climate solutions on natural and working lands no later than September 15, 2024; and
- establish nonbinding biological carbon sequestration and storage goals for Oregon’s natural and working lands no later than January 1, 2025.