MEASURE NUMBER:HB 3612STATUS: B-EngrossedSUBJECT:Energy use reporting and reduction for state agencies building or renovating state buildingsGOVERNMENT UNIT AFFECTED:Oregon Department of Energy, Department of HigherEducation, Department of Administrative ServicesPREPARED BY:Dawn FarrREVIEWED BY:Michelle Deister, Dallas Weyand, Steve BenderDATE:February 20, 2008

2007-2009

2009-2011

EXPENDITURES:

See Analysis Section.

EFFECTIVE DATE: On passage with an operative date of 90 days after passage.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill requires authorized state agencies to reduce the amount of energy used in their owned facilities by at least 20 percent by June 30, 2015, from a baseline amount the State Department of Energy (DOE) determines by rule based on usage in calendar year 2000. Authorized state agencies are required to report annually regarding energy use in authorized state agency facilities. DOE shall specify by rule the form and content of and deadlines for the report. DOE shall adopt rules, in consultation with authorized state agencies, to carry out bill requirements which include establishing guidelines for implementation of reduction of energy used by at least 20 percent by June 30, 2015, and guidelines for incorporating energy efficiency requirements into lease agreements of 10 years or more. DOE may by rule require mandatory prequalification as a condition for a person to submit a bid or proposal to direct energy consumption analysis for authorized state agencies, enter into an energy saving performance management contract, or perform energy management services. DOE may recover from authorized state agencies the costs associated with administering the provisions of this bill including costs associated with adopting rules, maintaining a state energy use database and prequalifying individuals.

The bill requires state agencies to reduce energy consumption by 20% by 2015; however, guidelines for accomplishing this goal are to be defined in rule by the DOE. While some energy reduction actions have minimal initial up-front investment, others may require significant investments that may require up to a 10 year pay-back period. Further, coordination of efforts to get to the goal may require that agencies have additional expertise and staff resources, particularly for those agencies with multiple owned and leased facilities. At this time, the potential expenditures and savings associated with this bill are indeterminate as information is not readily available regarding guidelines (agency expectations), reductions already achieved, number of buildings impacted, investments costs required to achieve targeted savings, actual savings achieved, and potential savings over time for the 22 current authorized state agencies. Once this information is available, some agencies may need to return to the Legislative Emergency Board or a subsequent legislative session to review funding needs and options.

The DOE indicates that the bill will require rule making activities, which is work that can be assumed with existing resources. They do not anticipate that the requirement that they consult with authorized state agencies will increase the complexity or cost associated with rule making as they have historically included agencies beyond the Department of Administrative Services (DAS) and the Department of Higher Education in their rule making process. DOE also confirmed that no changes to format, content or deadlines are expected to the current report process, so this will require no increased expenditures on their side. Finally, while the bill authorizes DOE to recover costs associated with administering the provisions of this bill, DOE does not plan to charge a fee, or anticipate additional revenues to be generated from this bill.

The bill directs authorized state agencies to annually report energy use in their authorized state agency facilities to DOE. Agencies are already expected to report energy use on owned facilities, and DOE has developed an electronic reporting process where agencies report information directly into an online database. The Legislative Fiscal Office consulted with several state agencies who confirmed that they are already reporting this information, and, that this work is covered by existing resources. However, if reporting were to be extended to leased facilities, several agencies have indicated that they may need additional resources to accommodate this expanded scope. According to DOE of the 22 authorized state agencies, only 16 agencies are currently compliant. Authorized state agencies who have not been reporting on energy use may need to reprioritize resources to become compliant. No new authorized state agencies are expected to be added to the list as a result of the proposed legislation.