

Department of Energy

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's
Lottery Funds	2,164,181	2,166,050	3,282,990	3,833,330
Other Funds	84,439,571	50,489,645	38,256,836	47,888,133
Non-limited Other Funds	52,438,426	176,018,807	140,840,333	140,840,333
Federal Funds	31,841,586	2,977,118	3,129,106	3,091,351
Non-limited Federal Funds	-	40,000	104,000	104,000
Total Funds	170,883,764	231,691,620	185,613,265	195,757,147
Positions	130	114	110	108
FTE	118.60	112.81	108.92	106.50

*includes Emergency Board and administrative actions through December 2014

Program Description

The mission of the Oregon Department of Energy (DOE) is to reduce the long-term costs of energy for Oregonians. The Department works to ensure Oregon has an adequate supply of reliable and affordable energy and is safe from nuclear contamination by helping Oregonians save energy, develop clean energy resources, promote renewable energy, and clean up nuclear waste. ODOE encourages energy conservation through public information and incentive programs that provide loans or tax credits for implementing energy efficient technologies in residences, public sector buildings, and private sector businesses.

CSL Summary and Issues

The Department of Energy's primary revenue sources for operations are fees and charges for services; the agency does not receive General Fund. New programs, significant changes to its energy tax credit programs, and evolving energy facility siting activities have reduced the department's anticipated ongoing revenues. ODOE has addressed its revenue shortfalls with budget reduction packages totaling \$4.36 million and 7.42 FTE, and by increasing the Energy Supplier Assessment, a uniquely variable fee charged to energy suppliers in Oregon, from 0.08 to 0.11 percent for 2015-17. The 2015-17 budget is 15.5% less than the 2013-15 budget, with 6.6% fewer positions. Reductions have been taken in most divisions.

Policy Issues

The Department of Energy operates a wide variety of programs that seek to advance energy production, use, technology, and conservation in Oregon. Programs encourage the development of clean and/or renewable energy sources through grants, loans, rebates, and tax incentives. The agency provides technical expertise, regulatory guidance, and financing to individuals, businesses, industry, non-profits, and governments throughout the state, and participates in regional planning efforts in the western United States.

ODOE's agency requested budget contains a policy option package for \$21 million in Lottery bond funds to create an energy conservation grant program for schools that are located outside of areas covered by the public purpose charge paid by investor-owned utilities, thus building on the "Cool Schools" initiative. The Governor's Budget includes this policy option package, albeit at a lesser amount (\$13.7 million in lottery bond proceeds). Additional proposed legislative concepts would extend sunset dates on the Residential Energy Tax Credit and Energy Incentives Programs from 2018 to 2022; and would re-direct the Biomass Producer or Collector program into a pilot to test and demonstrate the effectiveness of an energy production-based tax credit, capped at \$15 million per biennium.

Other Significant Issues and Background

The Department of Energy has experienced a great deal of change and attention in recent years. In addition to adjusting business processes to its current mix of programs, services, and anticipated revenues, the agency has a new director and business manager and is seeking a new facility, as its current lease will expire before the end of the current biennium.

The Energy Supplier Assessment (ESA) has come under scrutiny by its subject utilities in recent years, and that attention is likely to continue due to the proposed rate increase. The agency has involved this group of stakeholders in its budget planning for the upcoming biennium, a requirement of HB 2807 (2013).

DOE's Small Scale Energy Loan Program (SELP) Fund reported a net deficit position of \$8.5 million at June 30, 2013, and is expected to have fully spent its cash reserves sometime toward the end of the 2017-2019 biennium. Absent other mitigating strategies, this situation will require a General Fund appropriation in order to cover debt service on outstanding bond issues. The other (Constitutional) remedy would be to levy a statewide property tax. ODOE currently estimates a potential shortfall of about \$13 million beginning in the 2019-2021 biennium.

Legislation affecting DOE (2013):

- HB 2105, Energy Facility Siting Council Review. The required report from this bill can be found here: <http://www.oregon.gov/energy/docs/HB2105%20Report%20-%20Submitted%20Report%20-%202013-10-31.pdf>
- HB 2106, Energy Facility Siting Council siting criteria

- HB 2203, transmission line notification, approval for construction
- HB 2435, fuel tax exemption for biodiesels and adds geothermal energy to eligible forms of energy for net metering
- HB 2436, EEAST loan program modifications
- HB 2694, mapping Oregon's territorial sea
- HB 2704, transmission lines on EFU lands
- HB 2801, home energy assessors to be trained and licensed by the Construction Contractors Board
- HB 2807, energy supplier assessment provisions
- HB 2820, clarifies Energy Facility Siting Council jurisdiction
- HB 2893, solar feed-in tariff rates and study of programs that encourage solar photovoltaic energy systems. The required report from this bill can be found here: http://www.puc.state.or.us/electric_gas/Solar%20Report%202014.pdf
- HB 2981, rural renewable energy development tax abatement program
- SB 230, siting of transmission lines

Secretary of State audits 2013-15:

- Department of Energy: Small Scale Energy Loan Program for the Fiscal Years Ended June 30, 2013 and June 30, 2012
Found here: [Report No. 2014-15](#) (pdf file size: 1,007 kb) Date: August 2014

Emergency Board Actions 2013-15:

- Department of Energy, September E-Board
Approved, retroactively, the submission of two federal grant applications by the Department of Energy to the U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, in the amounts of \$207,445 and \$215,203 for the 2014 State Energy Program competitive awards. *These grants were not awarded to the Department.*

2013-15 Budget Notes: None.

Co-Chairs' Budget Framework Discussion

No specific budget details or issues were identified in the Co-Chairs' budget framework for this agency.