

Oregon Department of **ENERGY**

2017-19 Ways & Means
Presentation

Mike Kaplan, Director
Blake Johnson, COO
March 14-15, 2017



August 2014

- Presentation on the sunset of the Business Energy Tax Credit program to the Senate Interim Committee on Finance & Revenue and House Interim Committee on Revenue
- Department known more for failed loans and tax credit problems
- Director and other staff turnover
- Budget challenges

- Consistent work to turn our agency around
- Concentrated focus on our agency from the Joint Interim Committee on Department of Energy Oversight
- Governor's leadership
- Staff stability and engagement
- Culture of accountability and continuous improvement
- Process improvements across the agency
- Lean, real-world budget

March 2017

TODAY'S PRESENTATION

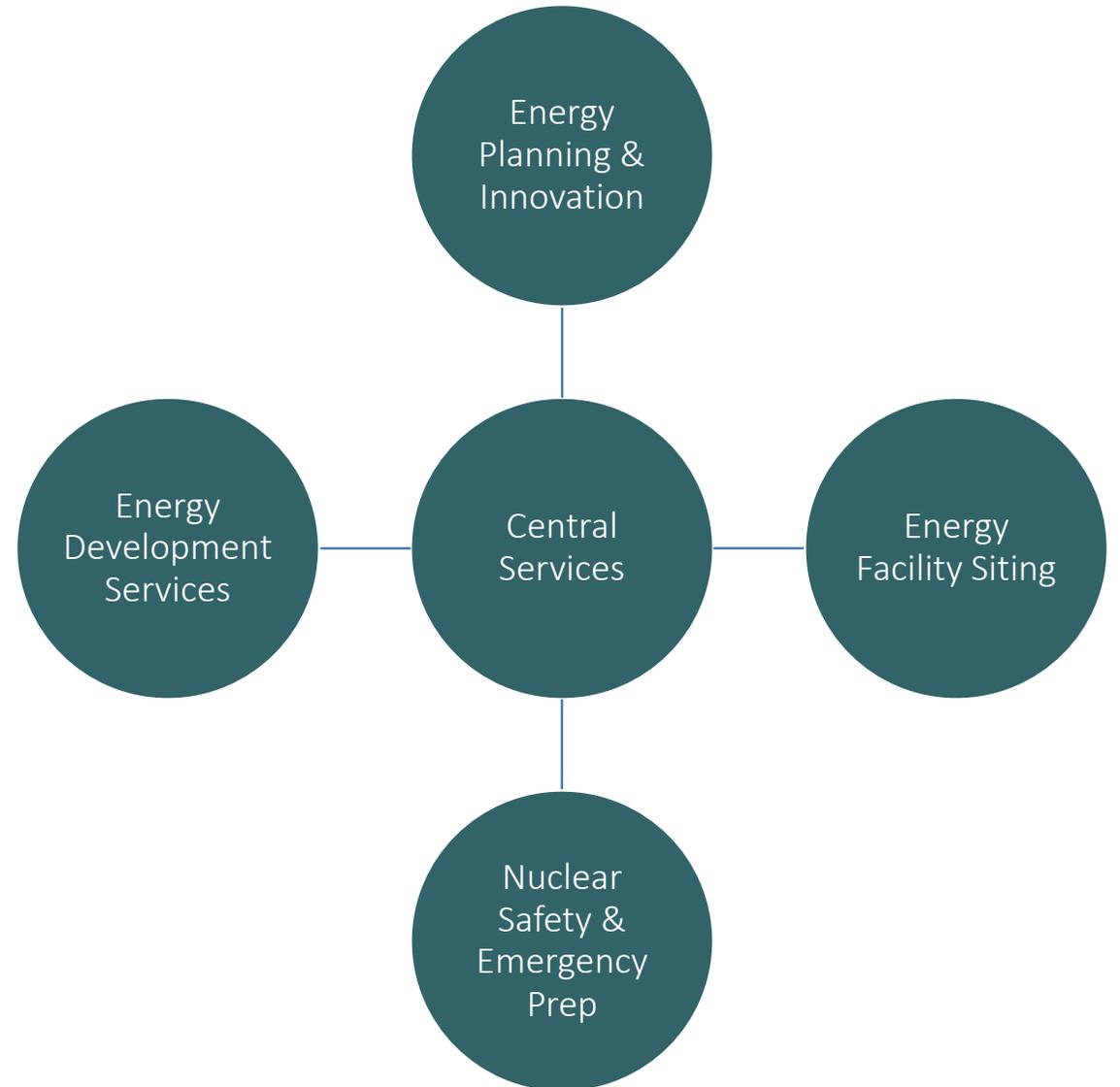
- **Part 1: Building Stability and Strength at the Oregon Department of Energy**
- Part 2: Program Overview
- Part 3: Our Agency's 2017-19 Governor's Budget
- Part 4: What's Next for ODOE

AGENCY BACKGROUND

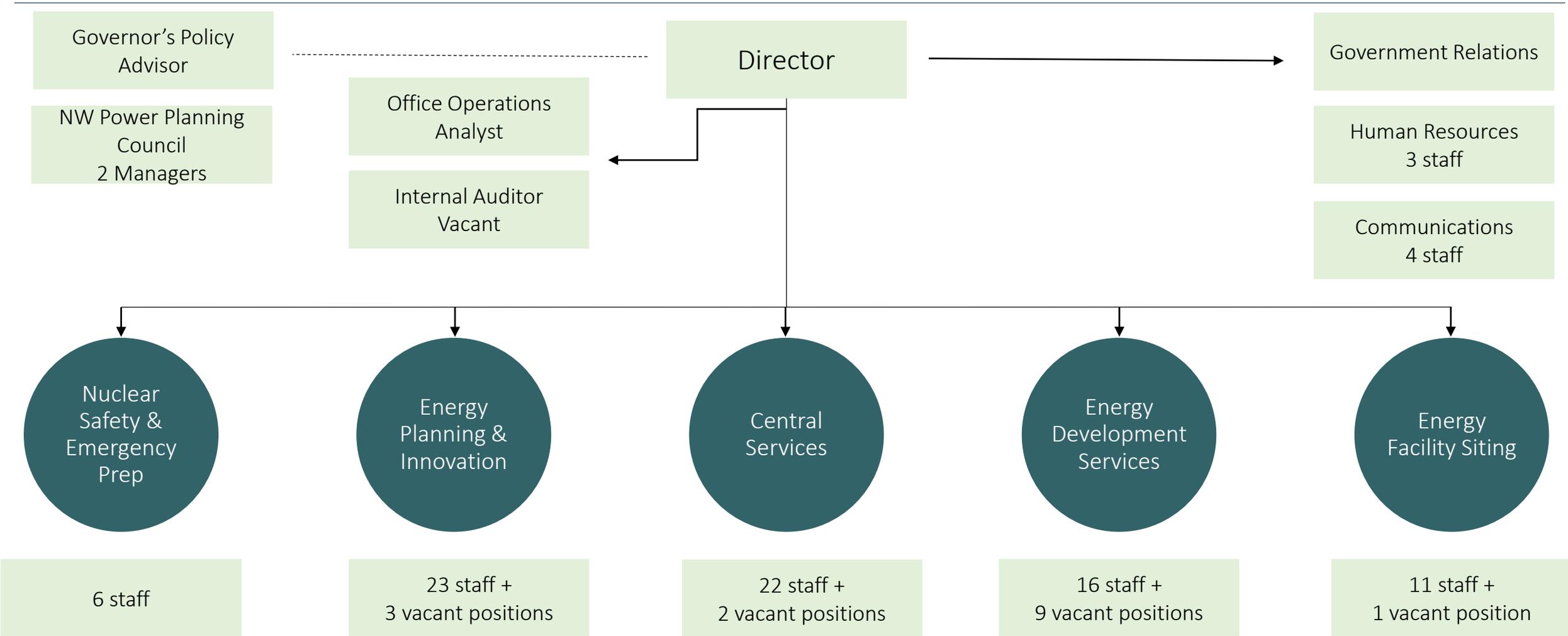
- Established in 1975
- Founding statutes prioritized **energy efficiency, sustainability, state leadership**
- First state in the nation to set **CO2 emission standards** for new energy facilities
- The Small-Scale Energy Loan Program is considered one of the nation's first **green lending programs**
- Our Residential Energy Tax Credit program has issued more than **580,000** tax credits in its nearly 40-year history
- Diverse responsibilities – from helping homeowners **save energy** to overseeing **Oregon's interests** in the world's largest environmental cleanup at Hanford
- Work takes place in a field that has seen dramatic change over the past 15 years

MISSION, EMPLOYEES, & DIVISIONS

- Our mission:
*Leading Oregon to a safe, clean,
and sustainable energy future*
- Our employees:
89 filled positions, 16 vacancies
- Our divisions:



AGENCY ORGANIZATION



ENERGY PLANNING & INNOVATION

Provide expertise on Oregon's energy resources – everything from energy resiliency and connectivity to efficiency and conservation.

Helping Government Lead by Example

- Energy Efficient Schools
- State Energy Efficient Design
- 1.5% for Green Energy Technology
- Fleet resources

Planning for Oregon's Energy Future

- Climate change, staffing Oregon Global Warming Commission
- Renewable Portfolio Standard
- Energy storage
- Regional energy plans
- Resiliency

Understanding Oregon's Current Energy Needs

- Oregon's Electric Power Resource Mix
- State Energy Efficiency Scorecard
- Commercial Codes Advice Hotline
- Home Energy Performance Scoring

Providing Technical Assistance, Resources

- Technical expertise on emerging technologies, cost-effective incentives, fleets, fuels
- Cannabis Energy Use Estimator

ENERGY FACILITY SITING

Ensure that proposed energy facilities meet specific statewide and local standards and are considered with public input and participation.

Responsible Siting of Energy Facilities

- Coordinate state energy facility review to assist decision-makers charged with approving or denying facility proposals

Staffing the Energy Facility Siting Council

- EFSC jurisdiction includes electricity generation, electrical transmission, pipelines, LNG storage, biofuel production, radioactive waste material

Overseeing Facility Compliance

- Conducts regular compliance visits
- Inspections include Trojan Nuclear Facility, decommissioned in 1996
- Anyone may ask ODOE to conduct an inspection of an EFSC-jurisdiction facility

Providing Technical Assistance, Resources

- Coordinate state agency responses
- Respond to developer inquiries
- Reach out to other ODOE subject matter experts on biomass, greenhouse gas emissions, solar, and geothermal generation

NUCLEAR SAFETY & EMERGENCY PREP

Oversee Oregon's interests in the Hanford nuclear facility cleanup and prepare for nuclear and energy-related emergencies.

Hanford Cleanup

- Technical evaluation of and comments on proposed cleanup actions
- Public involvement
- Staffing Oregon Hanford Cleanup Board

Other Oversight & Inspection

- Trojan spent fuel
- Inspections of the Lakeview uranium mill and mines
- Resources for radioactive waste disposal

Emergency Preparedness

- Nuclear emergency preparedness
- LNG emergency preparedness
- Emergency allocation of petroleum
- Radioactive waste transport safety

Emergency Response

- Extensive annual trainings for ODOE staff, other state agency partners, and regional and national agencies to practice responding to potential nuclear emergencies

ENERGY DEVELOPMENT SERVICES

Provide incentives for renewable energy and energy efficiency to Oregon residents, public agencies and schools, nonprofits, businesses, and tribes.

Grants

- Renewable Energy Development Grants – funded by tax credit auction

Loans

- Small-Scale Energy Loan Program – funded by bond sales and loan repayments
- Alternative Fuel Vehicles Revolving Fund – funded by tax credit auction

Tax Credits/Other Incentives

- Two residential programs, one with low-income component
- Energy Incentives Program – capped program developed as BETC was sunseting

Technical Assistance/Resources

- Provide information and technical expertise to applicants

CENTRAL SERVICES

Support all agency divisions and functions with high-quality services and lean operations.

Customer Service, Communications, IT

- Front Desk
- Information Technology services
- Communications

Budget & Finance

- Agency operations
- Procurement
- Purchasing
- Contracting
- Budget development & analysis

Director's Office

- Government Relations
- Governor's Energy Policy Advisor
- Northwest Power & Conservation Council – two members from Oregon

Other Agency Services

- Human Resources
- Internal audit

CULTURE OF ACCOUNTABILITY

- It's our job to take responsibility
- We can't ignore big problems
- There's no problem too small to fix
- Sought and took feedback from every corner of the state
- Pushed back on narrative – internally and externally – that our best days were behind us

CULTURE OF ACCOUNTABILITY: TAX CREDITS

- As described in August 2014 testimony, we knew programs were flawed, but alleged fraud identified in 2015 drastically changed our perspective
- Developed a plan for a comprehensive review of BETC
- Asked for and took all the help we could get
- Eager participant in multiple audits conducted by Secretary of State
- Implemented countless program improvements: updated applications, improved filing systems, corrected errors

CRITICAL LOOK AT TAX CREDIT PROGRAMS

- Increased fees to address deficits
- Worked on legislation that authorized performance agreements, tying state investment to energy production
- Began implementing Governor's direction for current tax credit programs to meet their legislative sunsets

EVALUATION OF OUR LENDING PROGRAMS

BEFORE

- As reported in the 2015 State Debt Policy Advisory Commission report, SELP deficit of \$13 million, and subsequent analysis increased to an estimated \$16 million
- Much of that deficit due to three large defaulted loans made between 2007 and 2010
- Concerns about the deficit and lack of program liquidity meant no new loans have been pursued since fall 2015

EVALUATION OF OUR LENDING PROGRAMS

- Comprehensive internal review of Small-Scale Energy Loan Program
- Third-party external review of SELP underwriting, including interviews with volunteer advisory committee members
- Staff charged with identifying potential paths forward and improvements to program operations
- Staff continued extensive engagement with borrowers, especially those experiencing challenges, including in-person visit to Nyssa to meet with Owyhee Irrigation District

EVALUATION OF OUR LENDING PROGRAMS

AFTER

- Established new cash-flow model
- Aggressive cash management has kept administrative costs 50 percent lower than forecasted
- Alternative Fuel Vehicle Loan Fund identified as a resource to reduce deficit by \$3 million
- Completed bond refunding in February 2017, reducing SELP deficit by more than \$2.5 million and saving at least an equivalent amount for Oregon universities and other public entities

CULTURE OF CONTINUOUS IMPROVEMENT

- Soup-to-nuts approach
- No penalty for identifying problems
- No excuse for not identifying solutions
- Prioritize inexpensive solutions

CONTINUOUS IMPROVEMENT: FACILITY SITING

BEFORE

- Agency saw its peak of projects in 2012
- 10 years ago, projects were a mix of wind, natural gas, and transmission facilities
- No staff dedicated to rulemaking or process improvement

CONTINUOUS IMPROVEMENT: FACILITY SITING

- Improved procedures for applicant cost estimates and fee recovery
- Upgraded audio/visual tools used at meetings to improve participant experience
- Established rulemaking prioritization process for Council members
- Established practice where all rulemakings include a hearing before Council
- Submitted legislation to help ensure tribal cost recovery for application reviews

CONTINUOUS IMPROVEMENT: FACILITY SITING

AFTER

- Facility amendments now make up about 50 percent of our work
- Staff has consistent approach to every project
- Staff dedicated to rulemaking and process improvement
- Reviewing agencies are engaged in a much more proactive way
- Taking on rulemaking to update CO2 emission standards, how amendments are processed
- Projects are diverse, with much less wind power, and increasing interest in utility-scale solar

CULTURE OF CONTINUOUS IMPROVEMENT: IT

BEFORE

- Aging computers couldn't meet business needs
- Antiquated applications no longer supported by the manufacturer
- No IT project management or governance
- Few documented data standards or procedures
- Decentralized or nonexistent data management

CULTURE OF CONTINUOUS IMPROVEMENT: IT

AFTER

- Improved infrastructure, replaced old computers
- Moved outdated systems to more modern reporting and analysis applications
- Completed a comprehensive third-party review of our data systems
- Began implementing no- or low-cost recommendations from the review
- Established data and security governance and IT Governance Plan
- Improved transparency by publishing energy data directly on our website
- Did all of the above while planning for and executing move of voice, network, and all IT systems to new building

CONTINUOUS IMPROVEMENT: FUTURE OF IT

- Customer Relationship Management System to improve citizen and stakeholder customer service
- Comprehensive Data Warehouse
- Complete retirement of outdated software/applications
- Migrate to Office 365/cloud, improving our ability to serve Oregonians on the road
- Continued support and growth of new website

STAKEHOLDER ENGAGEMENT

BEFORE

- Inconsistent
- Utilities expressed concerns about poor process
- Department was perceived as defensive, combative – a “black box”

STAKEHOLDER ENGAGEMENT

- Agency director “tour” – visits to COUs around the state
- Set up recurring meetings with COU managers
- Increased outreach to tribes
- One-on-one meetings with people concerned about our processes or decisions
- Subject matter experts offer assistance and resources to communities, businesses, tribes across the state on energy issues and opportunities

STAKEHOLDER ENGAGEMENT

AFTER

- Implemented direction in which we give utilities ample heads-up on docket comments
- Worked with stakeholders on vision for new biennial energy report well in advance of developing legislative concept
- Working closely with tribal, county, and utility stakeholders on petroleum contingency planning efforts

STAKEHOLDER COLLABORATION

- Worked with state agencies to meet goal – two years ahead of schedule – for agencies to reduce energy use by 20 percent
- Provided technical expertise and staff to Oregon Global Warming Commission and helped write 2017 report to Legislature
- Supported DEQ on 2017 Considerations for Designing a Cap-and-Trade Program in Oregon
- Developed cannabis calculator to help producers estimate and report energy use
- Compiled Oregon's application for the annual energy efficiency scorecard (ten years in the Top 10)

STRATEGIC POLICY DIRECTION

- Policy team mapped out five-year strategic framework and will implement in partnership with utilities, NGOs, and other state agencies
- Developed and held a comprehensive training for policy staff leading stakeholder processes
- Engaged with stakeholders to address challenging policy issues
 - Developed scenario analysis tool, with stakeholder input, for evaluating small-scale community-based renewables
 - Initiated and completed rulemaking to incorporate new thermal energy option into the Renewable Portfolio Standard
 - Participating in discussions related to the formation of a regional energy system operator

ENERGY LEADERSHIP

- Applied for and secured a slot in the National Governors Association policy academy for Governor's Office, ODOE, and Central Lincoln PUD on energy resiliency
- Secured funding through USDOE for energy storage pilot project, and subsequently awarded joint USDOE-ODOE grant to Eugene Water & Electric Board
- Worked extensively on the potential implementation of the Clean Power Plan
- Worked with stakeholders to establish a statewide standard for home energy performance scoring

BUILDING A STRONG FOUNDATION

- Performed a management self-assessment
- Improved internal communications to share information and celebrate staff's successes
- Staff-driven development of a new mission statement
- Staff-designed new logo
- Employee-led committees focused on safety, morale, and sustainability
- First state agency to adopt a sustainability policy
- Dramatic increase in employee charitable giving: in 2015 and 2016, ODOE raised the most money in the small agency category

SAFE, MODERN WORKPLACE

BEFORE

- 25 years in same location, with few tenant improvements or upgrades
- Old building with numerous workplace safety issues
- Limited meeting and collaboration space



SAFE, MODERN WORKPLACE

AFTER

- New-to-us state-owned building
- Now meeting DAS standards for cubicle, office, and lunchroom space
- Dramatically improved energy efficiency
- Clean, modern space with natural light and room for collaboration
- Electric vehicles in fleet, with charging infrastructure



RECRUITING & HR IMPROVEMENTS

BEFORE

- 43 percent of all ODOE job postings failed in 2015
- Perfunctory and uninviting job postings that did not persuade job seekers to apply
- Lengthy recruitment schedule led to manager and candidate frustration

RECRUITING & HR IMPROVEMENTS

- Rebranded recruiting materials to showcase the work we do and our agency culture
- Developed professional, informative, and inviting job postings
- Expanded outreach to leverage social media, tap into online job listings, and reach out to stakeholders and diversity partners
- Established a reliable recruitment timeline for managers and candidates
- Implemented feedback from managers, applicants, and new employees to improve processes

RECRUITING & HR IMPROVEMENTS

AFTER

- Reduced recruitment failure rate to zero in 2016
- Increased number of applicants who viewed job postings on state's employment website
- Applicants per posting increased by more than 110 percent in 2016
- Enthusiastic commitment to continuous process assessment and improving talent acquisition methods

COMMUNICATING OUR WORK

BEFORE

- Most communications work reactive to tax credit stories
- Inconsistent or nonexistent internal communications
- Minimal social media presence
- Archaic, bloated website that didn't adequately communicate our work
- Feedback from stakeholders that they had no idea what we do

COMMUNICATING OUR WORK

BEFORE

The screenshot shows the Oregon Department of Energy website. At the top left is the Oregon.gov logo. The main header features the Oregon Department of Energy logo and a search bar. A navigation menu on the left lists various services like 'Department', 'Search', 'About Us', 'Contact Us', 'Staff Directory', 'A-Z Index', 'For Businesses', 'For Residents', 'For Schools', 'Publications & Reports', 'Meetings Calendar', 'Public Involvement', 'News Releases', 'Success Stories', 'Sign up for Email Notices', 'Jobs and Contracts', and 'ODOE HOME'. The main content area includes a 'Check Out Our Energy Blog!' section with a link to energyinfo.oregon.gov, a featured article titled 'Landscaping Energy Savings' with a 'Read More' button, and a 'Popular Links' section with two columns of links under 'GENERAL TOPICS' and 'SPECIFIC TOPICS'. A 'Resources' section on the right lists 'INCENTIVES', 'ENERGY LOANS', and 'ENERGY SAVING IDEAS'. A 'Social Media' sidebar on the far right shows tweets from @ODOEnergy and @CentralElectric.



COMMUNICATING OUR WORK

AFTER

OREGON.GOV

Home Programs Incentives Save Energy Data and Reports Get Involved About Us

Oregon Department of Energy

Our mission: Leading Oregon to a safe, clean, and sustainable energy future.

Learn about our agency

At Home

- Residential Energy Tax Credits
- Ductless Heat Pumps
- Furnaces
- Residential Solar

At Work

- Renewable Energy Development Grants
- Conservation Tax Credits
- Transportation Tax Credits
- Schools & Public Buildings

Energy Facilities & Safety

- Energy Facility Siting Council
- Energy Facilities in Oregon
- Hanford and Nuclear Safety
- Emergency Preparedness

Energy in Oregon

- Oregon's Electricity Mix
- Find Your Utility
- Renewable Portfolio Standard
- Electric Vehicles & Alternative Fuels



COMMUNICATING OUR WORK

AFTER

- COU-focused newsletter launched November 2015
- Blog launched January 2016
- New website launched January 2017
- Podcast launching March 2017
- Increased participation in community events
- Updated and improved materials to connect Oregonians with our programs and services
- Increased use of social media



JOINT OVERSIGHT COMMITTEE

- Unprecedented opportunity for our agency
- Forum to talk about the diversity of our work beyond incentives, highlight the good and the bad
- Thoughtful conversations about our role and the kind of energy agency Oregon needs in the future
- Committee members' recommendations identified the critical need for a Department of Energy in Oregon

TODAY'S PRESENTATION

- Part 1: Building Stability and Strength at the Oregon Department of Energy
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- Part 3: Our Agency's 2017-19 Governor's Budget
- Part 4: What's Next for ODOE

ENERGY PLANNING & INNOVATION

Help state and local governments lead by example.

State Energy Efficient Design Program
1.5% for Green Energy Technology Program



ENERGY PLANNING & INNOVATION

Provide technical assistance to stakeholders.

Energy Efficient Schools Program

Combined Heat and Power/Industrial Efficiency

Residential Home Energy Performance Scoring

Residential and Commercial Technical Assistance

Renewable Energy Project Support

Renewable Portfolio Standard Administration

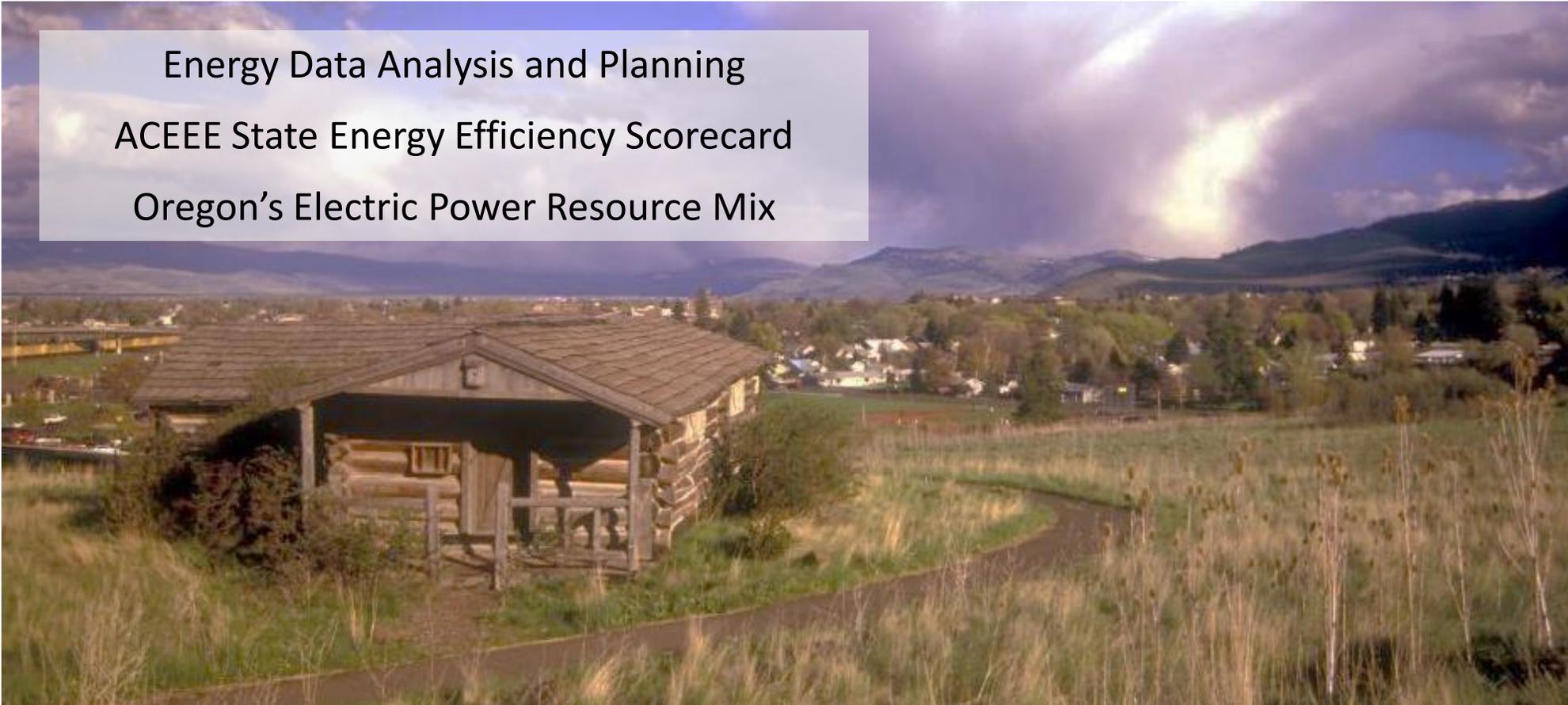
Oregon Global Warming Commission



ENERGY PLANNING & INNOVATION

Provide information and measure energy data.

Energy Data Analysis and Planning
ACEEE State Energy Efficiency Scorecard
Oregon's Electric Power Resource Mix



ENERGY PLANNING & INNOVATION

Support energy planning and policy option development.

State and Regional Energy Planning

Energy Codes

Appliance and Equipment Standards

Greenhouse Gas Mitigation Strategies

Resilience of Oregon's Energy System



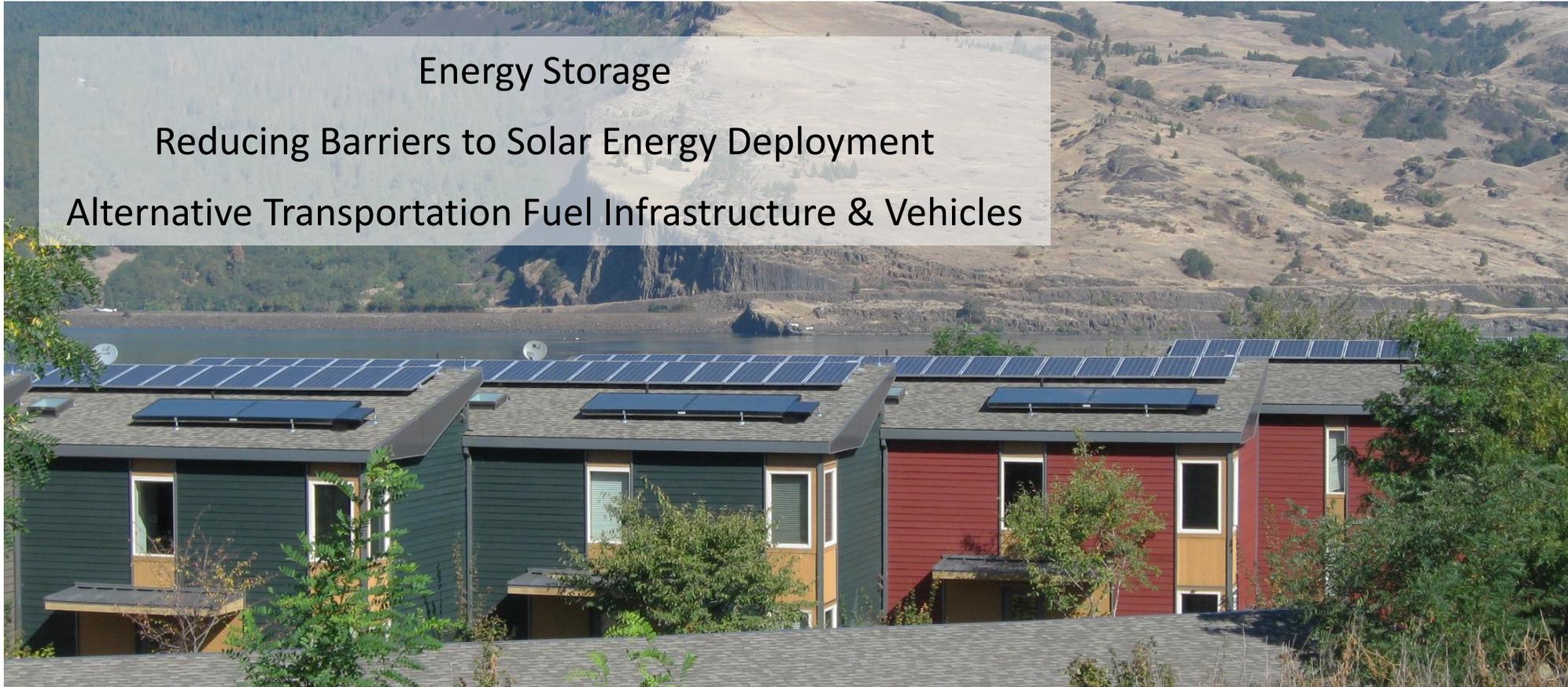
ENERGY PLANNING & INNOVATION

Evaluate emerging technologies and resources.

Energy Storage

Reducing Barriers to Solar Energy Deployment

Alternative Transportation Fuel Infrastructure & Vehicles



ENERGY FACILITY SITING

Oversee review of most large-scale energy facilities in Oregon.

Consolidated Review of Energy Facilities

Staff Support to Energy Facility Siting Council

Recent Projects: Thermal and Combustion Power Plants,
Transmission Lines, Wind, Natural Gas Storage

Current Projects: Wind, Utility-Scale Solar, Combustion
Power Plant



ENERGY FACILITY SITING

Ensure compliance through the lifespan of approved facilities.

Ensure Approved Facilities Are Designed, Constructed,
Operated, and Retired Consistent With Their Site
Certificate and All Conditions

29 Facilities in Oregon With EFSC Site Certificates



ENERGY FACILITY SITING

Staff rulemaking process for Council decision-making.

Recent Rulemaking: Adopting Sage-Grouse Habitat Rules,
Statutory Changes Under HB 2106

Current and Upcoming Rulemakings: Amendment
Process, Structural Standard, Carbon Dioxide Standard



ENERGY FACILITY SITING

Coordinate state agency response on federal projects.

Track Energy Projects Under Federal Jurisdiction
Coordinate State Agency Review of and Comments on
Federal Projects



NUCLEAR SAFETY & EMERGENCY PREP

Oversee Oregon's interests in the Hanford cleanup.

Hanford Cleanup Oversight

Hanford Natural Resources Trustee

Hanford Public Awareness and Outreach



NUCLEAR SAFETY & EMERGENCY PREP

Oversee nuclear and non-nuclear emergency preparedness.

Nuclear Emergency Preparedness

LNG Emergency Preparedness

Petroleum Contingency Planning



NUCLEAR SAFETY & EMERGENCY PREP

Oversee statewide nuclear safety programs.

Radioactive Material Transport

Former Trojan Nuclear Plant

Uranium Mining and Mill Cleanup

Radioactive Waste Disposal



ENERGY DEVELOPMENT SERVICES

Encourage energy efficiency in Oregon homes.



Residential Energy Tax Credit Program
State Home Oil Weatherization Program

ENERGY DEVELOPMENT SERVICES

Support investment in renewable energy, energy efficiency.

Biomass Producer or Collector Tax Credit

Conservation and Transportation Tax Credits

Renewable Energy Development Grants

Small-Scale Energy Loan Program

Alternative Fuel Vehicle Loan Program



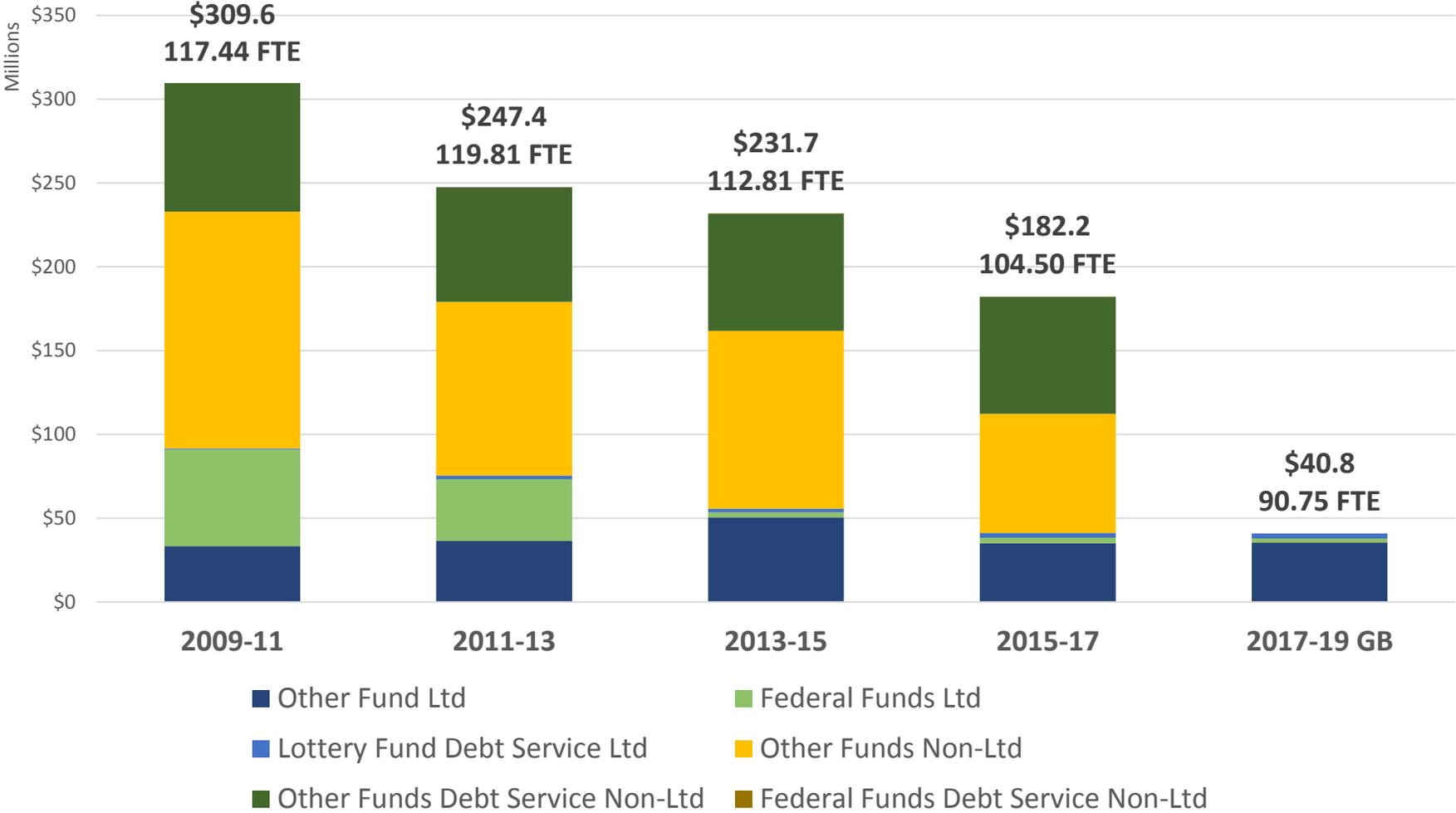
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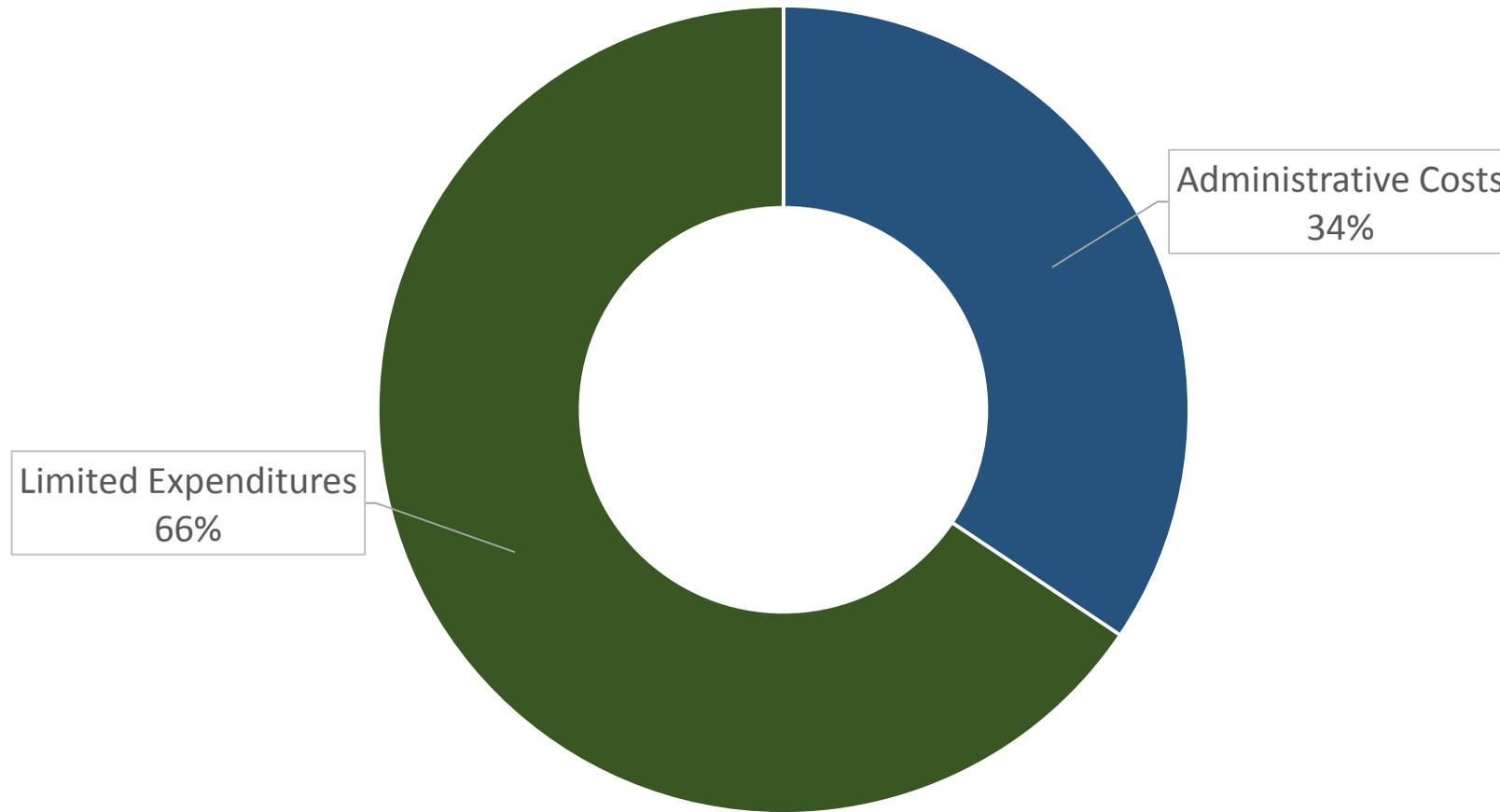
GOVERNOR'S BUDGET

DIVISION	2015-17 Leg Approved	2017-19 Governor's Budget	CHANGE
Energy Planning & Innovation	\$6,974,114	\$6,154,097	-11.8%
Energy Development Services	\$15,054,367	\$13,484,575	-10.4%
NL	\$140,957,963	\$0	-100%
Nuclear Safety & Emergency Prep	\$2,310,479	\$2,230,553	-3.5%
Energy Facility Siting	\$4,576,120	\$4,898,930	7.1%
Administrative Services	\$12,329,701	\$14,049,261	13.9%
TOTAL	\$182,202,744	\$40,817,416	-77.6%

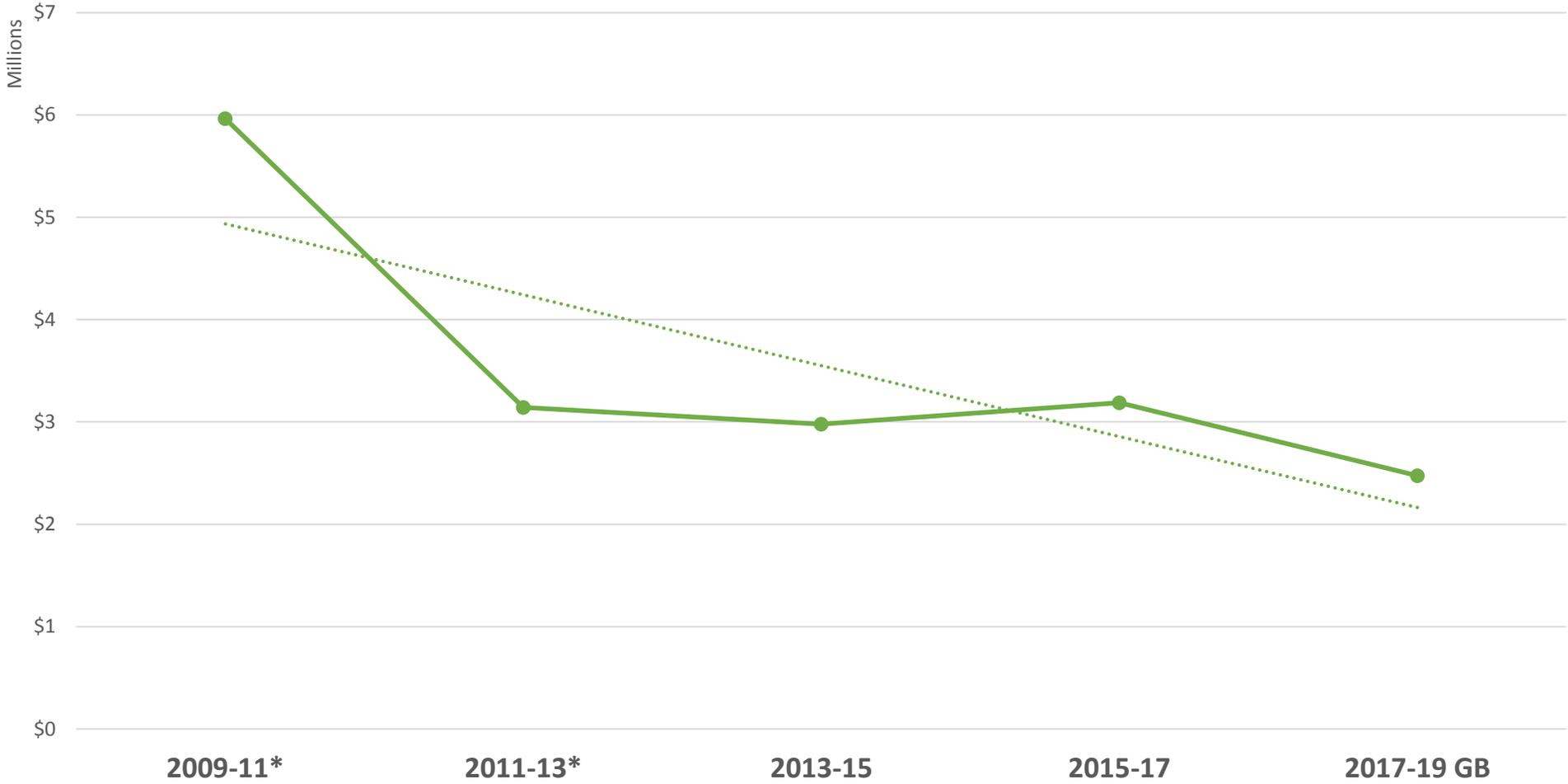
BUDGET HISTORY



2017-19 ADMINISTRATIVE COSTS

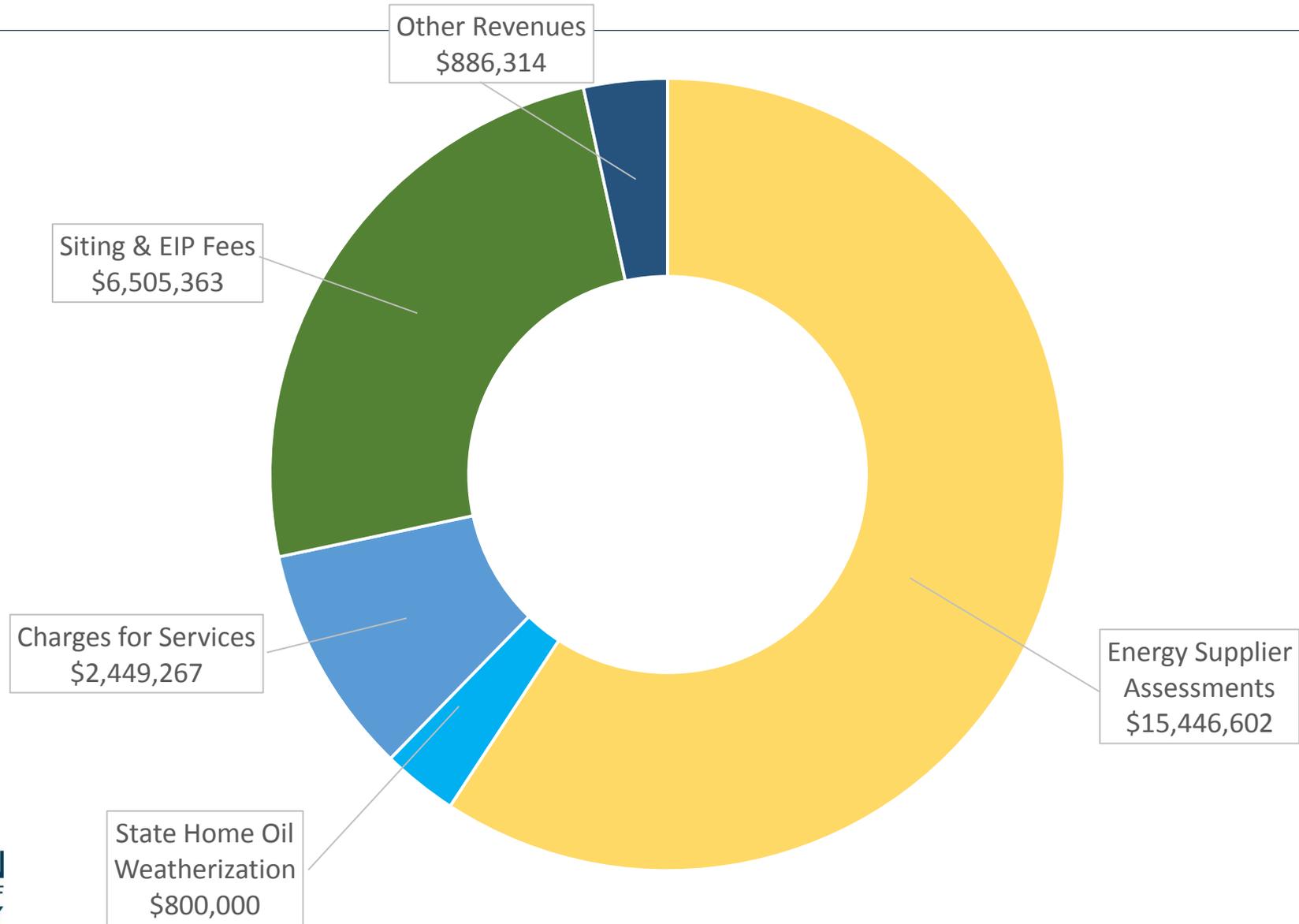


REVENUE SOURCES: FEDERAL FUNDS

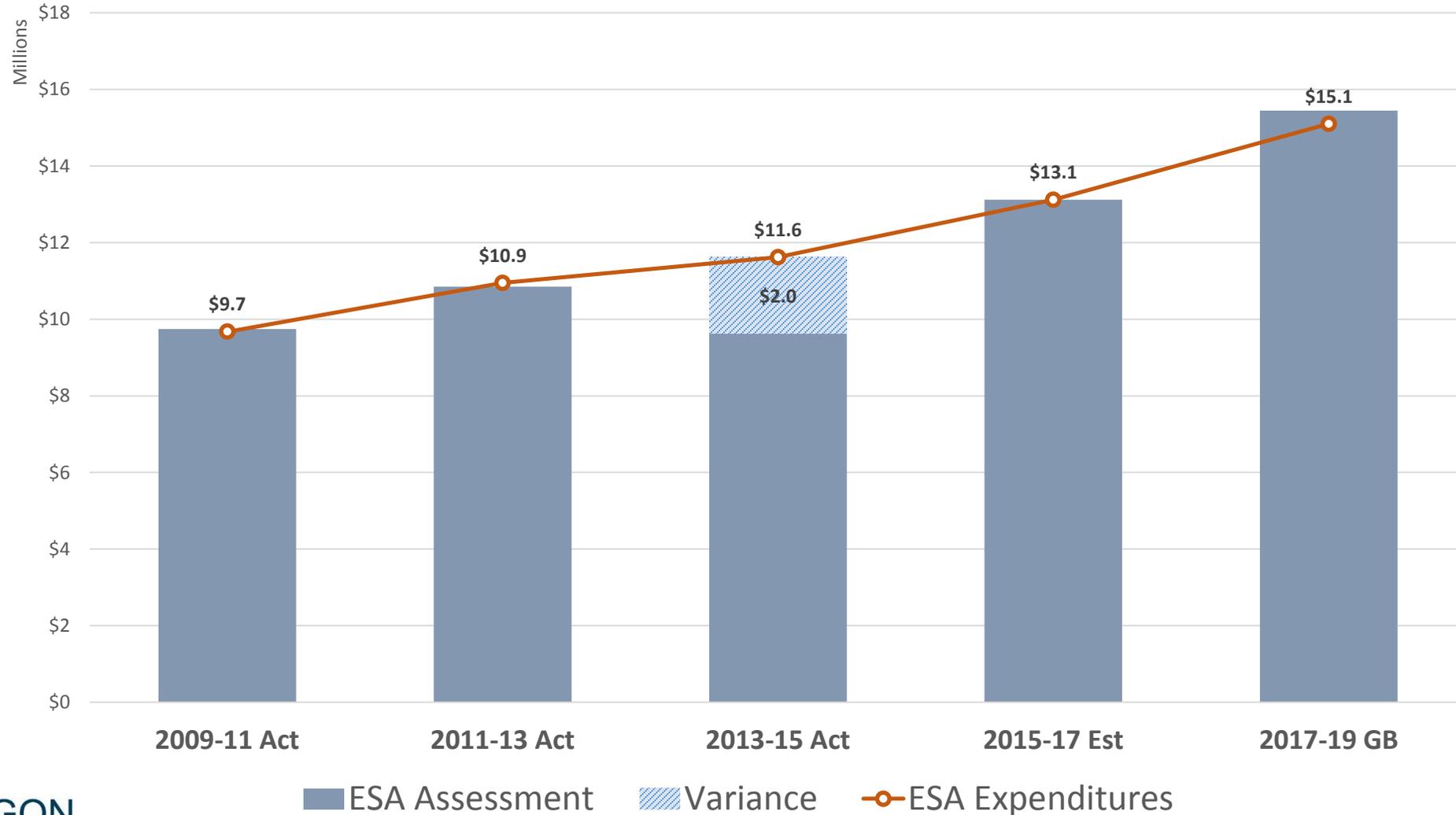


—●— Expenditure Limitation ····· Linear (Expenditure Limitation)

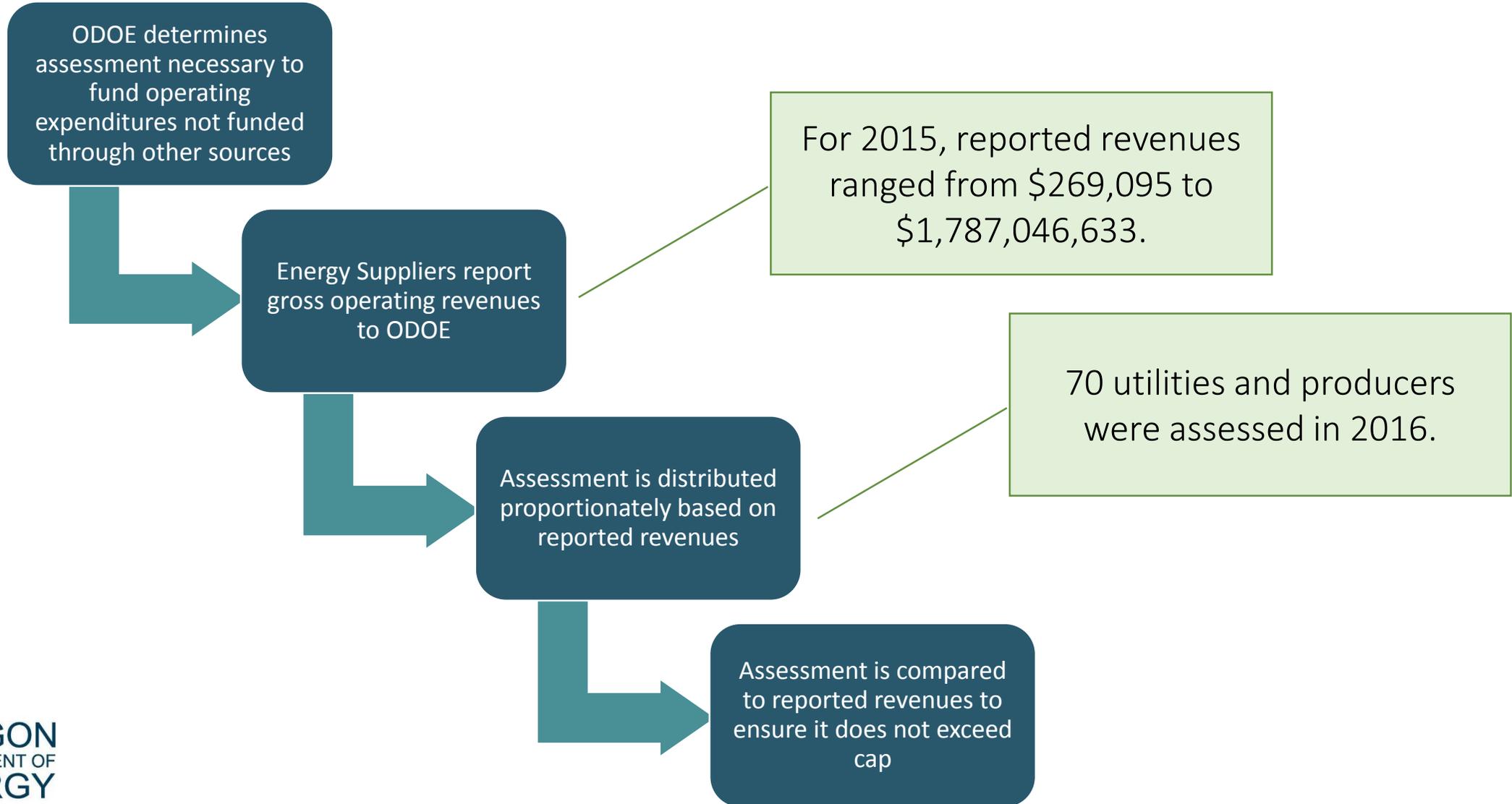
OTHER REVENUE SOURCES 2017-19



ENERGY SUPPLIER ASSESSMENT



ENERGY SUPPLIER ASSESSMENT



SAMPLE ESA CALCULATION

Energy Supplier X	Part A – Gross Operating Revenue:	\$20,000,000
	Part B – Allowable Deduction:	\$ (3,000,000)
	Part C – Net Gross Operating Revenue:	\$17,000,000

Supplier X Ratio: Supplier X Net GOR / Total All Suppliers Net GOR
 $\$17,000,000 / \$5,668,000,000 = 0.00300$

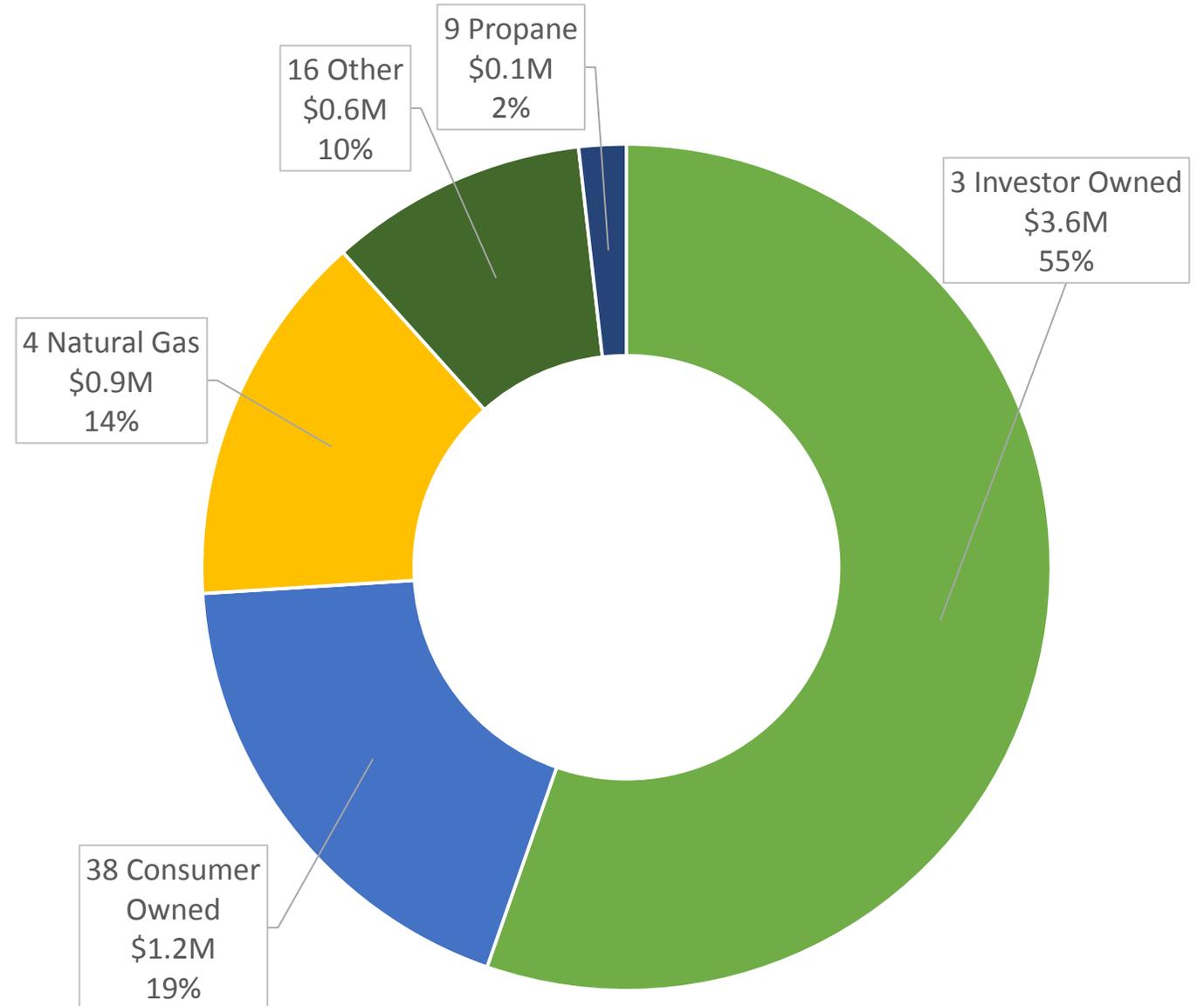
Supplier X Assessment: $0.00300 \times \$6,559,770^* = \$19,674^{**}$

*\$6,559,770 is one-half of the 2015-17 biennium portion of ESA making up ODOE's operating budget.

**Per ORS 469.421 (8)(e), if the calculated assessment is less than \$250, the supplier is exempt from payment.

ENERGY SUPPLIER ASSESSMENT

- FY17 assessment: \$6.56 million assessed on \$5.67 billion
- \$13.1 million ESA for the biennium assessed on \$11.51 billion of revenue



ENERGY PLANNING & INNOVATION

DIVISION	2017-19 Governor's Budget
Energy Planning & Innovation	\$6,154,097

Budget Drivers

- ESA funds about 75 percent of division's activities
- USDOE State Energy Plan \$440k
- Grant awards of \$400k

Environment

- Demand for energy efficiency and energy conservation
- Demand for renewable energy generation
- Concerted, frequently successful efforts to acquire grants

Budget (millions)

CSL

Other Funds Ltd	\$6.5
Federal Funds Ltd	1.2

Packages

070 Reduction	-1.3
090 Analyst Adj	-0.2
091, 092 Statewide	-0.0
110 SEP Fund Shift	0.0

TOTAL **\$6.2**

ENERGY PLANNING & INNOVATION

DIVISION	2017-19 Governor's Budget
Energy Planning & Innovation	\$6,154,097

Revenue Sources

- Cost recovery fees for SB 1149 and SEED
- Energy Supplier Assessment
- Federal funds and other funds

Budget (millions)

CSL

Other Funds Ltd	\$6.5
Federal Funds Ltd	1.2

Packages

070 Reduction	-1.3
090 Analyst Adj	-0.2
091, 092 Statewide	-0.0
110 SEP Fund Shift	0.0

TOTAL	\$6.2
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ENERGY PLANNING & INNOVATION

- **Package 070 Reductions**
 - ESA expenditures reduced by \$164k
 - Eliminates 1 position/1.00 FTE | (\$739,294) OF | (\$573,076) FF
- **Package 090 Analyst Adjustments**
 - Eliminates one half-time Operations Policy Analyst 4 (0.50 FTE) and the remaining 0.13 FTE of a vacant OPA 2
 - Eliminates 2 positions/0.63 FTE | (\$173,265) OF
- **Package 110 US DOE State Energy Program Fund Shift**
 - Shifts federal SEP funds from EDS to P&I to offset OF due to sunset of RETC program
 - (\$77,393) OF | \$77,393 FF

ENERGY DEVELOPMENT SERVICES

DIVISION	2017-19 Governor's Budget
Energy Development Services	\$13,484,575
NL	\$0

Budget Drivers

- Sunset of tax credit programs
- Removal of SELP program

Environment

- EIP and biomass fees are not covering the costs of the programs; wind-down of the program will exacerbate the problem

Budget (millions)

CSL

Lottery Funds DS	\$3.0
Non-Ltd	119.4
Other Funds Ltd	9.9
Federal Funds Ltd	0.3

Packages

070 Reduction	-0.2
090 Analyst Adj	-120.8
091, 092 Statewide	-0.1
120 RED Grants	2.0

TOTAL **\$13.5**

ENERGY DEVELOPMENT SERVICES

DIVISION	2017-19 Governor's Budget
Energy Development Services	\$13,484,575
NL	\$0

Revenue Sources

- Fee recovery
- Loan revenue
- Energy Supplier Assessment

Budget (millions)

CSL

Lottery Funds DS	\$3.0
Non-Ltd	119.4
Other Funds Ltd	9.9
Federal Funds Ltd	0.3

Packages

070 Reduction	-0.2
090 Analyst Adj	-120.8
091, 092 Statewide	-0.1
120 RED Grants	2.0

TOTAL **\$13.5**

ENERGY DEVELOPMENT SERVICES

- **Package 070 Reductions**
 - ESA expenditures reduced by \$135k
 - Eliminates vacant CFO position/1.00 FTE | (\$236,440) OF
- **Package 090 Analyst Adjustments**
 - Removes the Small Scale Energy Loan Program (SELP)
 - Eliminates 8 positions/7.66 FTE | (\$1,495,483) OF | (\$119,247,886) OFNL | (\$104,000) FFNL
- **Package 120 Renewable Energy Development Grant Program**
 - Increases OF limitation for the distribution of Renewable Energy Development grant program funds
 - Limitation is needed because grants are not awarded until projects are completed | \$2,000,000 OF

NUCLEAR SAFETY & EMERGENCY PREP

DIVISION	2017-19 Governor's Budget
Nuclear Safety & Emergency Prep	\$2,230,553

- **Budget Drivers**
 - Hanford funding is flat
 - Emergency Preparedness funding is stable
- **Environment**
 - USDOE Hanford funding under significant pressure

Budget (millions)

CSL

Other Funds Ltd	\$0.8
Federal Funds Ltd	1.6

Packages

070 Reduction	-0.1
091, 092 Statewide	-0.1

TOTAL **\$2.2**

NUCLEAR SAFETY & EMERGENCY PREP

DIVISION	2017-19 Governor's Budget
Nuclear Safety & Emergency Prep	\$2,230,553

- Revenue Sources
 - Federal funding
 - Facility owner funding
 - Fees
 - Energy Supplier Assessment

Budget (millions)

CSL

Other Funds Ltd	\$0.8
Federal Funds Ltd	1.6

Packages

070 Reduction	-0.1
091, 092 Statewide	-0.1

TOTAL **\$2.2**

NUCLEAR SAFETY & EMERGENCY PREP

- **Package 070 Reductions**
 - Removes empty FF limitation

ENERGY FACILITY SITING

DIVISION	2017-19 Governor's Budget
Energy Facility Siting	\$4,898,930

Budget Drivers

- Activities of facility siting applicants and certificate holders
- Energy market conditions and resulting developer activities

Environment

- Energy demand driven by Renewable Portfolio Standard, need for resiliency in the western electric grid, federal and state tax credits
- Project complexity
- Difficulty recruiting and maintaining qualified staff to meet changing needs
- Increased public participation

Budget (millions)	
CSL	
Other Funds Ltd	\$4.8
Packages	
091, 092 Statewide	-0.1
140 Fiscal Support	0.2
TOTAL	\$4.9

ENERGY FACILITY SITING

DIVISION	2017-19 Governor's Budget
Energy Facility Siting	\$4,898,930

Revenue Sources

- Cost recovery fees
- Energy Supplier Assessment

Budget (millions)

CSL

Other Funds Ltd \$4.8

Packages

091, 092 Statewide -0.1

140 Fiscal Support 0.2

TOTAL \$4.9

ENERGY FACILITY SITING

- **Package 140 Energy Siting Fiscal Support**
 - Makes limited duration Fiscal Analyst 2 position permanent/1.00 FTE | \$202,097 OF

ADMINISTRATIVE SERVICES

DIVISION	2017-19 Governor's Budget
Administrative Services	\$14,049,261

Budget Drivers

- New, more appropriate building
- Services necessary to support programs
- Litigation expenses

Environment

- Public and policymaker interest
- Multiple stakeholders with diverse interests
- Improvements to internal controls and accountability

Budget (millions)

CSL

Other Funds Ltd	\$13.5
Federal Funds Ltd	0.1

Packages

070 Reductions	-0.7
090 Analyst Adj	0.0
091, 092 Statewide	-0.1
150 Gov's Advisor	0.3
151 Data Package	0.6
152 Litigation Exp.	0.3

TOTAL **\$14.0**

ADMINISTRATIVE SERVICES

DIVISION	2017-19 Governor's Budget
Administrative Services	\$14,049,261

Revenue Sources

- Indirect funding model
- Energy Supplier Assessment

Budget (millions)

CSL

Other Funds Ltd	\$13.5
Federal Funds Ltd	0.1

Packages

070 Reductions	-0.7
090 Analyst Adj	0.0
091, 092 Statewide	-0.1
150 Gov's Advisor	0.3
151 Data Package	0.6
152 Litigation Exp.	0.3

TOTAL **\$14.0**

ADMINISTRATIVE SERVICES

- **Package 070 Reductions**
 - Approximate 15% reduction in Services & Supplies budget
- **Package 090 Analyst Adjustments**
 - Revenue adjustment to reflect loss of indirect from SELP program
 - No change to expenditures, increases ESA approximately \$700,000
- **Package 150 Governor's Energy Policy Advisor**
 - Continues Governor's Energy Policy Advisor and makes the position permanent/1.00 FTE | \$343,395 OF

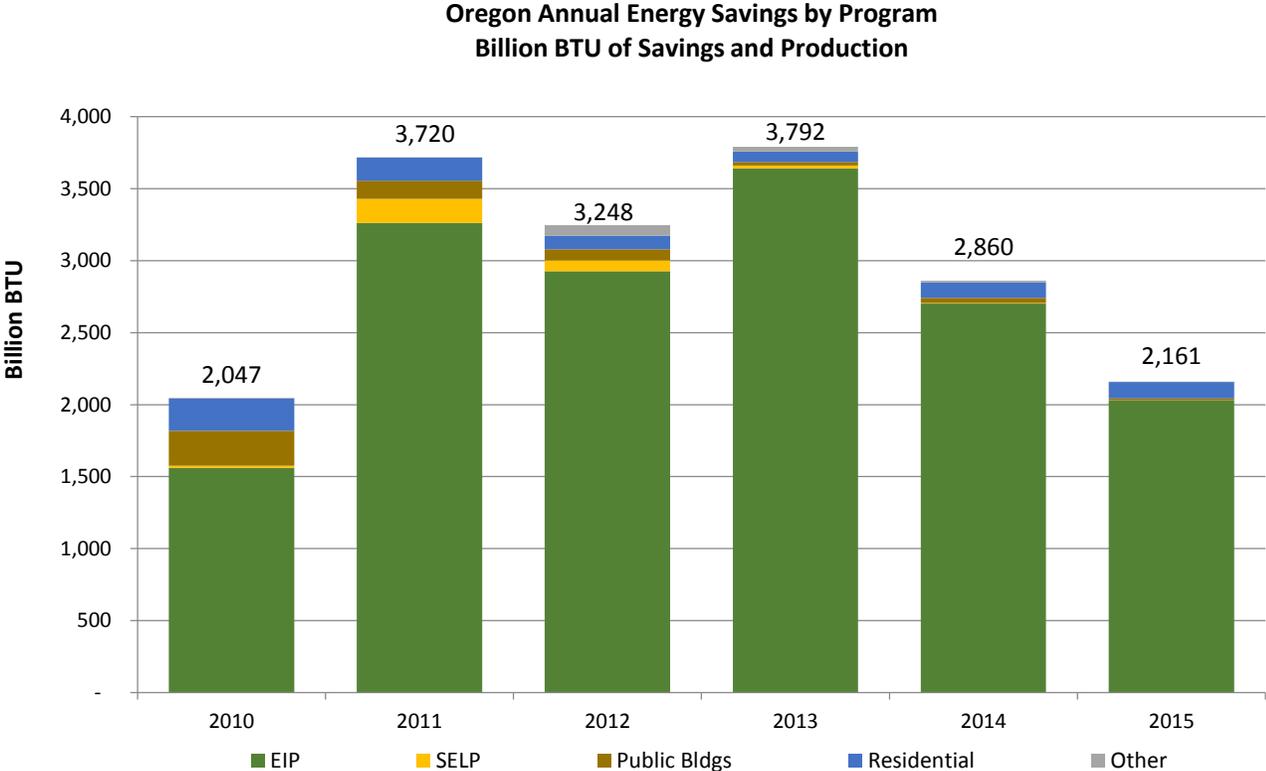
ADMINISTRATIVE SERVICES

- **Package 151 Energy Data Consolidation & Enhancement**
 - Implements industry standard Customer Relationship Management system
 - Adds 2 positions/2.00 FTE | \$619,145 OF
- **Package 152 Litigation Expenses**
 - Additional funds for increased litigation expenses | \$250,000 OF

KEY PERFORMANCE MEASURES

KPM 1 – Energy Savings and Production

Goal: Increase energy savings through department energy conservation and renewable energy programs.



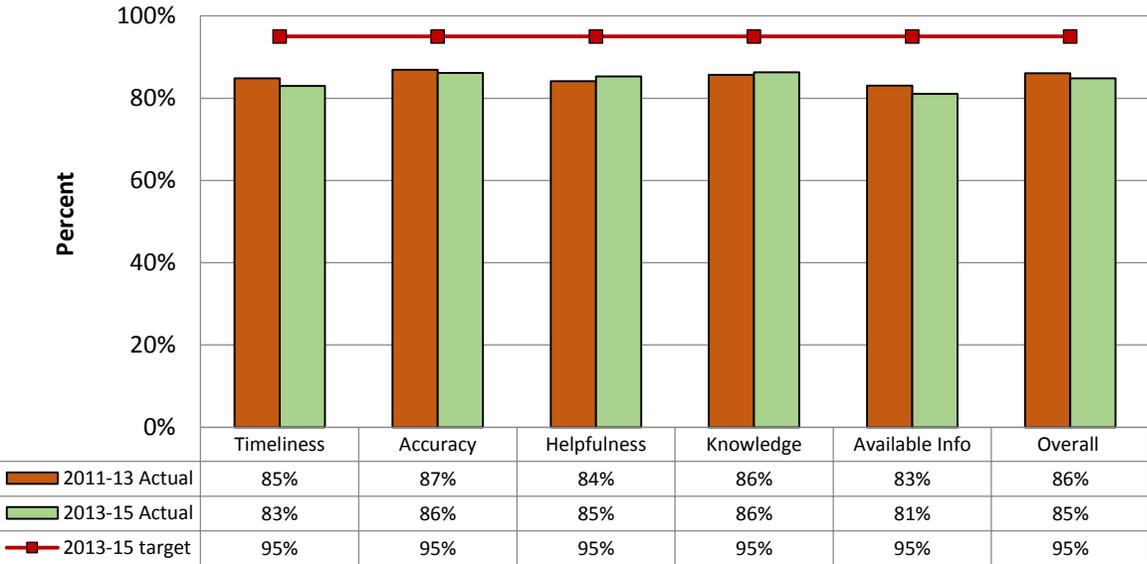
Energy savings and production are for the year projects were completed. Energy savings and generation continues over the project’s lifespan. Programs include conservation, transportation, and biomass tax credit programs, Renewable Energy Development grants, the Small-scale Energy Loan Program, State Energy Efficient Design, and Residential Energy Tax Credits. All of the tax credit programs, except for one part of Biomass, are scheduled to sunset at the end of 2017.

KEY PERFORMANCE MEASURES

KPM 2 – Customer Service

Goal: Provide customers with a high degree of satisfaction with ODOE conservation and renewable resource programs.

Customer Service: ODOE Service Areas
Good or Excellent Service Rating



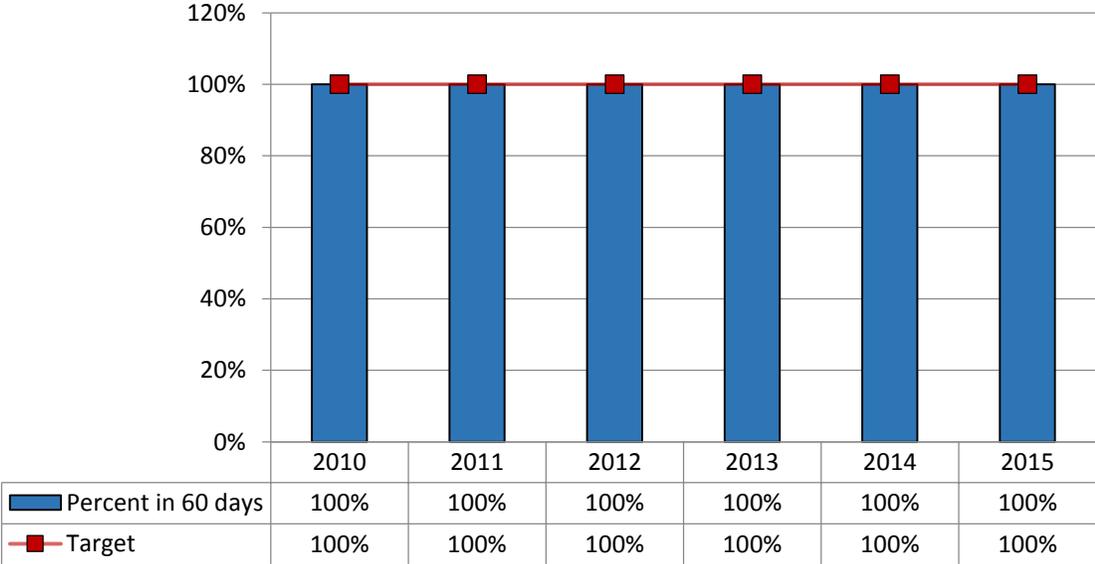
ODOE conducted online surveys in 2012 and 2015. Results represent the sum of all customer feedback without any weighting of the data. The department continues to make improvements to meet target of 95 percent. Actions taken include a revamped website, increased communications through social media, and continued customer service training for staff. ODOE plans to move to a more immediate and continuous customer survey model as opposed to occasional one-off surveys.

KEY PERFORMANCE MEASURES

KPM 3 – Application Processing

Goal: Provide timely processing of site certificates and tax credits.

Energy Facility Siting - % of applicants notified within 60 days of receipt of application whether it is complete

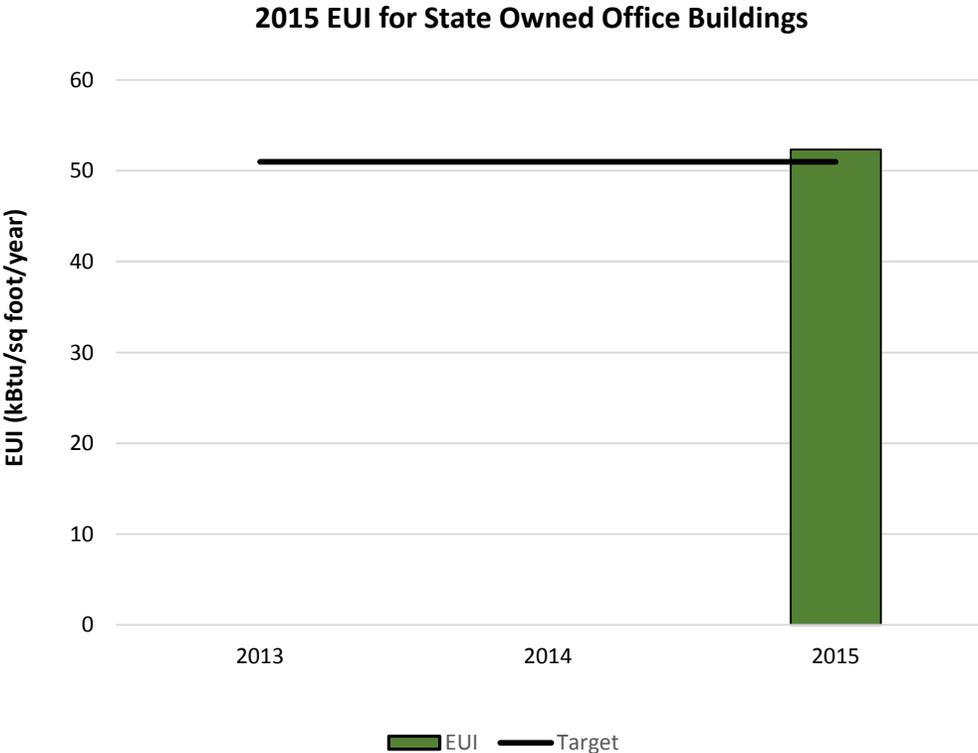


ODOE tracks application processing time for three programs: Energy Facility Siting, Energy Incentive Programs (EIP), and the Residential Energy Tax Credit (RETC) program. Siting has consistently hit the target of 100 percent of applicants being notified within 60 days. In EIP, the results improved in 2014 but then slipped again in 2015 to 54 percent. RETC, with more than 16,000 applications in 2015, continues to process over 90 percent within 60 days. The EIP and RETC programs are scheduled to sunset at the end of 2017.

KEY PERFORMANCE MEASURES

KPM 4 – Energy Use by State Buildings

Goal: Establish a robust data set of building level energy use for state-owned buildings more than 5,000 square feet to facilitate energy reduction.



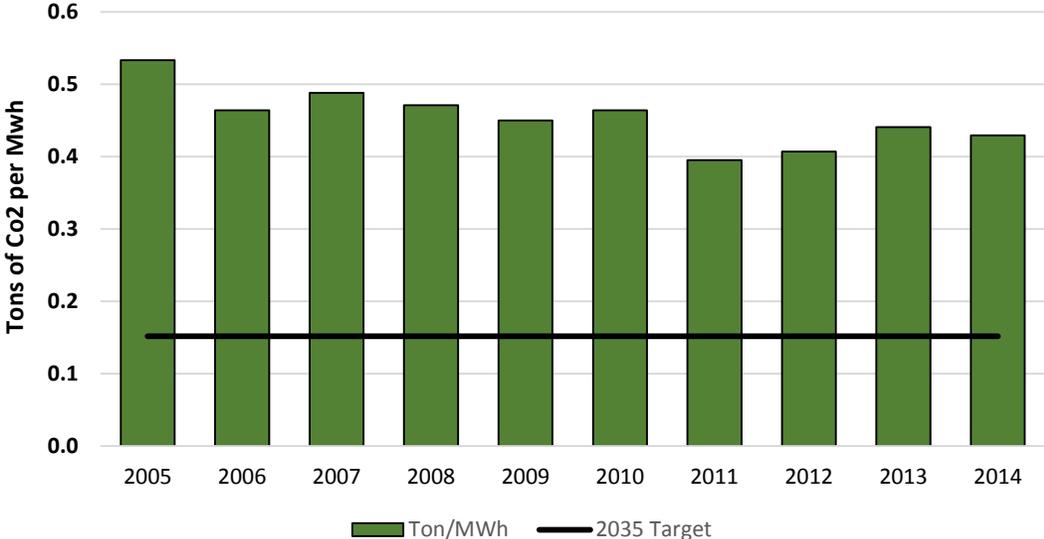
ODOE proposed this KPM last biennium to measure the progress in meeting the state’s goal to reduce energy consumption in state-owned buildings. For 2015, 20 state agencies with just over 16 million square feet of climate controlled space entered energy use data into the EPA Energy Star Portfolio Manager platform. The results for 88 office buildings representing 10 agencies is an Energy Use Index (EUI) of 52.3 kBtu/ft²/year. The American Society of Heating, Refrigeration, and Air-conditioning Engineers (ASHRAE) target for office buildings is 51 EUI. The department will continue to work with agencies to collect and analyze building level energy usage and provide expert technical assistance to those agencies identify energy improvements.

KEY PERFORMANCE MEASURES

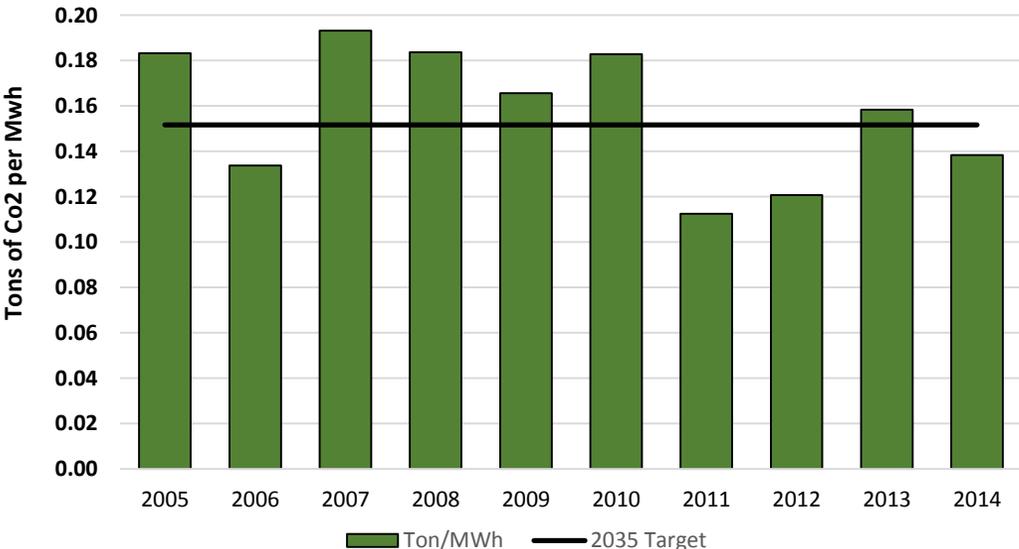
KPM 5a-b – Greenhouse Gas Content of Oregon’s Electricity and Stationary Fuel

Goal: Assist in meeting Oregon’s greenhouse gas emission reduction goals in the state’s electricity sector.

**Greenhouse Gas Intensity
of Electricity Consumption in Oregon**



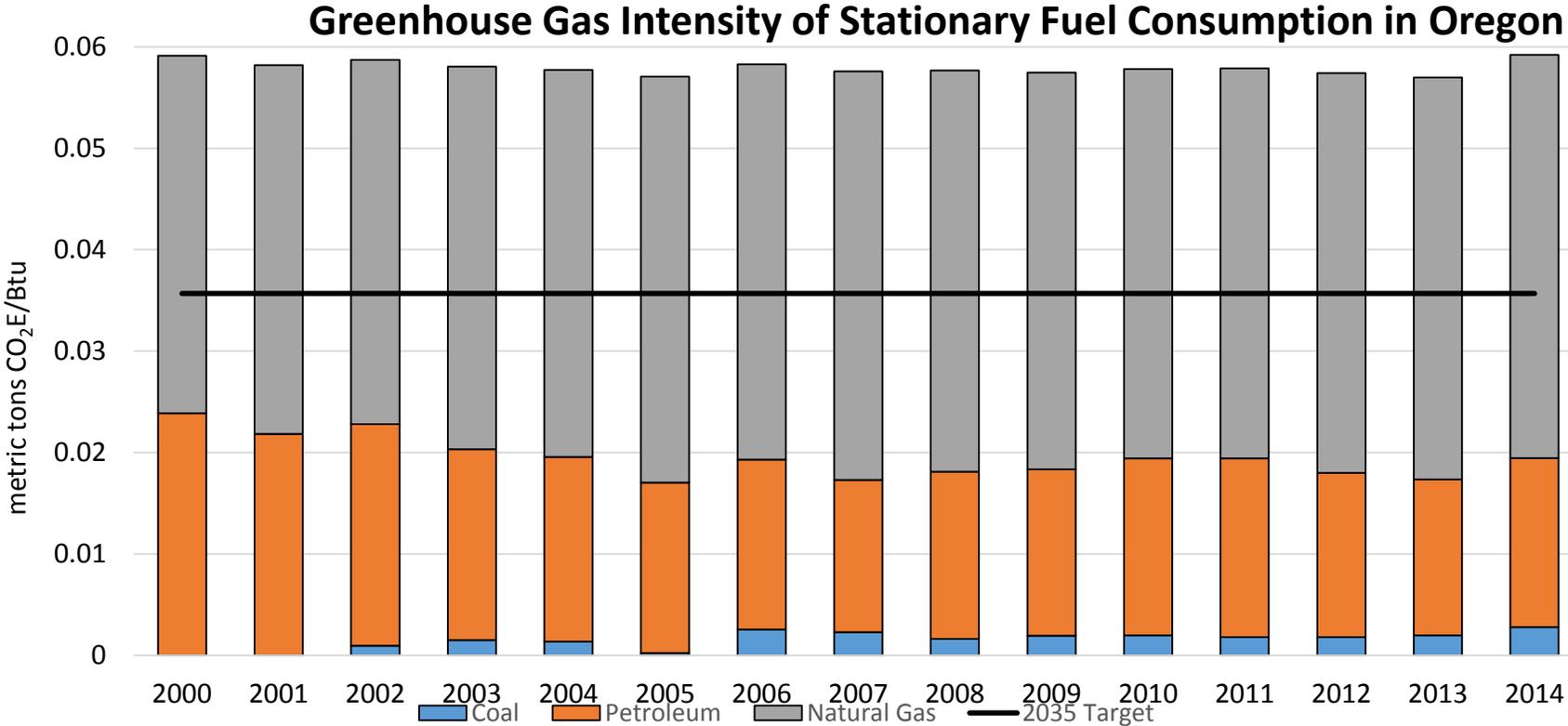
**Greenhouse Gas Intensity
of Electricity Production in Oregon**



KEY PERFORMANCE MEASURES

KPM 5c-d – Greenhouse Gas Content of Oregon’s Electricity and Stationary Fuel

Goal: Assist in meeting Oregon’s greenhouse gas emission reduction goals in the state’s stationary fuels sector.

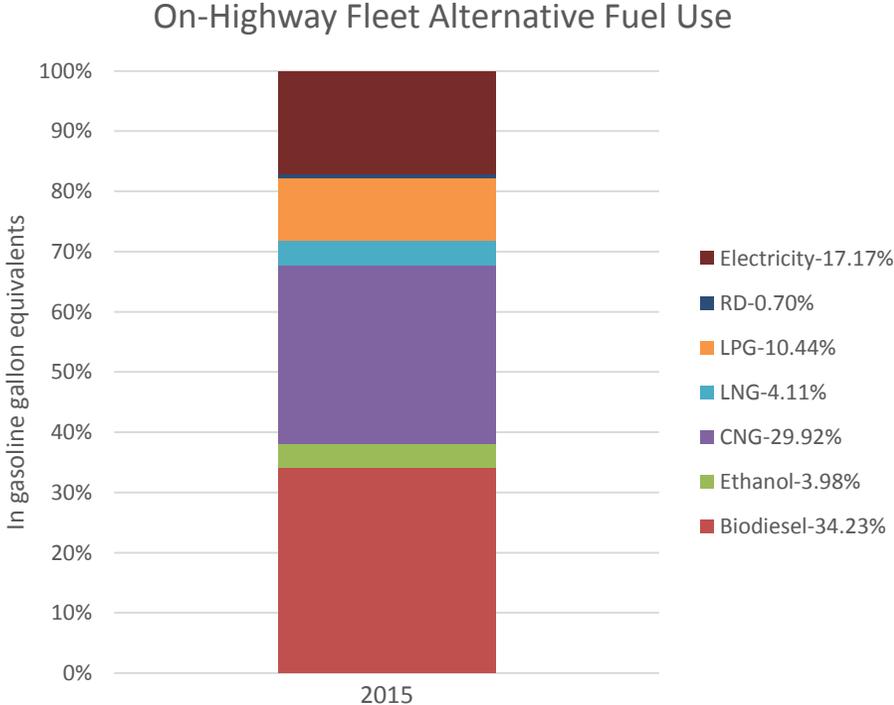


Includes fuels used for residential and commercial buildings and manufacturing. Target is based on 2035 greenhouse gas reduction goal developed by the Oregon Global Warming Commission.

KEY PERFORMANCE MEASURES

KPM 6 – Percentage of Alternative Fuels Used in Oregon Large Fleets

Goal: Diversify fuel used in Oregon in the transportation sector to include alternative and renewable fuels for the economic, health, and environmental benefit of all Oregonians.



ODOE proposed this KPM last biennium with the intent of assessing the adoption rate of alternative fuels in large fleets. Almost immediately, the department had challenges collecting the required data. The chart on the left is based on US DOE data. ODOE proposes to replace this KPM going forward.

KEY PERFORMANCE MEASURES

KPM 6 Proposed Replacement – Transportation Fuels Used in Oregon:

Percentages of petroleum and non-petroleum fuels used for transportation in Oregon: a) On-road fuel and b) Non-road fuel.

- Measuring all transportation fuel provides a more comprehensive picture and the data is much more readily available and reliable. Non-road fuel would include construction equipment.

REDUCTION OPTIONS

Activity or Program	Describe Reduction	Amount and Fund Type	Rank	Justification
Energy Planning & Innovation	Reduce a position	\$156,512 OF	1	Eliminates a part-time Operations & Policy Analyst 4, reduces senior energy expertise available for specialized energy fields.
Administrative Services	Reduce non-fixed Services & Supplies and Special Payments by 10%	\$210,514 OF	2	The Division eliminated non fixed Services and Supplies by \$183K in package 070. Taking further reductions may impact the ability of the Department to ensure sufficient resources are available to support shared services and Director's Office activities.
Energy Development Services	Reduce Services & Supplies by 10%	\$115,948 OF	3	Reductions may impact the ability of the Department to ensure sufficient resources are available to the Small Scale Energy Loan Program and Energy Incentive Program operations.
Energy Facility Siting	Reduce Professional Services by 25%	\$225,065 OF	4	Reduction would limit the use of consultant services to keep up with fluctuating demand for services, which could impact application review timeliness.
Energy Planning & Innovation	Reduction on Services & Supplies	\$42,136 OF \$49,087 FF	5	The Division eliminated non fixed Services and Suppliers by \$448k in package 070. When pursuing competitive federal grants, the Department will often align with service partners to enhance the Department's chances of success. Taking this reduction would limit the Department's ability to deploy this strategy. May also impact ability of the department to ensure sufficient resources are available to the division.
Nuclear Safety	Reduction in Special Payments	\$8,418 FF	6	Reduces county participation in nuclear emergency preparedness and response and access to nuclear engineering and health physics expertise at Oregon State University
Energy Development Services	Eliminate one position in the Energy Incentive Program	\$89,780 OF 1 Position 0.50 FTE	7	Reduces support for pass-through activities in the Energy Incentive Program.
Energy Development Services	Eliminate three positions in SELP	\$563,701 OF 3 Position 3.00 FTE	8	Eliminates a Principle/Executive Manager E, Program Analyst 3, and a Loan Specialist 2. This will reduce the ability to acquire and process new lending activities and would likely create application delays.
Administrative Services	Eliminate two Central Services positions	\$303,299 OF 2 Position 2.00 FTE	9	Reduces one Information Systems Specialist 2 and a Fiscal Analyst 1. Eliminated these two positions reduces support for data system administration and reporting. Reductions limit information and transparency resources that the public and agency utilize.

REDUCTION OPTIONS

Activity or Program	Describe Reduction	Amount and Fund Type	Rank	Justification
Energy Development Services	Reduce Special Payments associated with the Renewable Grants Program	\$36,838 OF	10	This action would limit the amount of obligated funds that could be distributed. Timeliness of releasing funds would be affected.
5% Reduction	Total Other Funds	\$1,743,793		6 positions 5.50 FTE
	Total Federal Funds	\$57,505		0 positions 0.00 FTE
	Total All Funds	\$1,801,298		6 positions 5.50 FTE
Energy Development Services	Reduce Special Payments associated with the Renewable Grants Program	\$749,167 OF	11	This action would limit the amount of obligated funds that could be distributed. Timeliness of releasing funds would be affected.
Energy Facility Siting	Eliminate one position	\$172,772 OF 1 Position 1.00 FTE	12	Eliminates a Utility and Energy Analyst 2. Reduces support for processing facility siting applications, which will impact application processing timeliness.
Administrative Services	Eliminate a Director's Office position	\$217,667 OF 1 Position 1.00 FTE	13	Eliminates a special projects analyst available directly to the Director's Office.
Energy Planning & Innovation	Eliminate two positions and reduce another position	\$478,470 OF \$113,898 FF 2 Positions 2.50 FTE	14	Eliminates an Operations and Policy Analyst 4 and a Program Analyst 3, and reduces a Program Analyst 3 by 0.50 FTE. Reduces program support available to schools and buildings programs. Also reduces senior energy expertise available for specialized energy fields.
Energy Development Services	Reduce months for a position in Energy Incentive Program	\$69,323 FF 0 Position 0.50 FTE	15	Ends an Office Specialist 2 on June 30, 2018. Reduces support for processing Residential Energy Tax Credit certificates, which will likely affect timeliness.
10% Reduction	Total Other Funds	\$3,361,869		10 positions 9.50 FTE
	Total Federal Funds	\$240,726		0 positions 1.00 FTE
	Total All Funds	\$3,602,595		10 positions 10.50 FTE

TODAY'S PRESENTATION

- Part 1: Building Stability and Strength at the Oregon Department of Energy
- Part 2: Our Agency's 2017-19 Governor's Budget
- Part 3: Program Overview
- **Part 4: What's Next for ODOE**

ODOE LEGISLATION

- **HB 2343** **Biennial Energy Report**
Creates a new framework and guidance for a state of Oregon biennial energy report.
- **SB 99** **Senate confirmation for director of ODOE**
Makes the Governor's appointment of the director for the Department of Energy subject to Senate confirmation, consistent with confirmation of other state agency directors.
- **SB 100** **State Home Oil Weatherization Program**
Updates and clarifies SHOW program statutes to help ODOE more effectively and efficiently serve the customers of fuel oil dealers.

CHARTING A COURSE FOR FUTURE

- Numerous bills in front of the Legislature this session related to our agency:
 - Bills that move our lending programs and one of our tax credit programs to other agencies
 - Bills that extend certain tax credit programs, reimagine the agency structure and statutory mission, and establish an agency commission
 - Bills that affect the sectors in which we work
- Some legacy challenges still with us
- Our agency is ready for increased and focused responsibilities