

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3141 - A4

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Michael Graham
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Date: June 11, 2021**Measure Description:**

Reduces the public purpose charge for retail electricity consumers within service areas of electric companies and Oregon Community Power.

Government Unit(s) Affected:

Housing and Community Services Department (HCSD), Department of Energy (DOE), Public Utility Commission (PUC)

Summary of Fiscal Impact:

Costs related to the measure will require budgetary action - See analysis.

Summary of Expenditure Impact:**Housing and Community Services Department**

Other Funds	2021-23 Biennium	2023-25 Biennium
Personal Services	\$501,358	\$564,027
Services and Supplies	45,851	47,660
Special Payments	9,204,375	12,363,597
Total Funds	\$9,751,584	\$12,975,284
Positions	3	3
FTE	2.64	3.00

Summary of Revenue Impact:**Housing and Community Services Department**

	2021-23 Biennium	2023-25 Biennium
Other Funds	\$9,751,584	\$12,975,284
Total Funds	\$9,751,584	\$12,975,284

Analysis:

House Bill 3141, as amended by the -A4 amendments, increases the expenditure limitation of the Housing and Community Services Department (HCSD) by \$9,751,584 Other Funds in the 2021-23 biennium to expand the Energy Conservation Helping Oregonians (ECHO) weatherization program by allowing funding for manufactured housing replacement and changing energy sources from bulk fuels to electricity sources. The measure reduces the public purpose charge for electricity consumers from 3 percent to 1.5 percent. Electric companies or Oregon Community Power must collect a public purpose charge equal to 1.5 percent of total revenues collected from retail electricity consumers for electricity services for low-income electric bill payment and crisis assistance to be paid into the Low-Income Electric Bill Payment Assistance Fund until January 1, 2036. The measure changes how the public purpose charge is allocated, which is expected to result in a higher percentage of public purpose charge revenues being allocated to the ECHO program and the Housing Development Grant Program (HDGP). Revenue will be generated from the public purpose charge assessed on the revenues of utility companies. The measure requires electric companies to recover the funds necessary to plan for and pursue all cost-effective energy efficiency resources to be collected in the rates of an electric company through charges paid by all retail

electricity consumers. The measure has various operative and sunset dates and takes effect on the 91st day following adjournment *sine die*.

Housing and Community Services Department

The measure would have a fiscal impact on HCSD. It expands the ECHO program and will require the establishment of program rules for a manufactured home replacement program and a heating source replacement program. HCSD expects to deliver services through community action agencies (CAAs) using the existing network that is used for the current ECHO program, but more research is required to determine the optimal way to deliver both the ECHO and HDGP program services. The measure results in expenditures of \$9,751,584 Other Funds in the 2021-23 biennium. The measure will create ongoing expenditures in future biennia. The expected expenditures in the 2023-2025 biennium are \$12,975,284 Other Funds.

To carry out the provisions of the measure, HCSD will require three permanent full-time positions (2.64 FTE) in the 2021-23 biennium for program management, fiscal compliance, and technical assistance. Staffing includes one Program Analyst 2 position responsible for designing new program elements, managing the program, overseeing grants, and tracking and reporting; one Program Analyst 2 position to add a dedicated training, technical assistance, and capacity building coordinator to assist CAAs and contractors; and one Accountant 3 position to process payments, oversee awards and spend-down rates, perform reconciliations, manage accounting structure, compile reports, and provide technical fiscal training to CAAs.

Projected expenditures in the 2021-23 biennium include \$501,358 Other Funds in personal services, \$45,851 Other Funds in services and supplies, and \$9,204,375 Other Funds in special payments, totaling \$9,751,584 Other Funds. Projected expenditures in the 2023-25 biennium include \$564,027 Other Funds in personal services, \$47,660 Other Funds in services and supplies, and \$12,363,597 Other Funds in special payments, totaling \$12,975,284 Other Funds.

Oregon Department of Energy

The measure would have an indeterminate fiscal impact on the Oregon Department of Energy (ODOE). It makes changes to the Schools Program and Self-Direct Program administered by ODOE. These programs were created to establish the annual public purpose expenditure standard for electric companies and Oregon Community Power to fund new cost-effective energy conservation projects, new market transformation efforts, cover above-market costs of new renewable energy resources and new low-income weatherization projects. The measure does not create new programs for ODOE, but it does extend the Schools Program and the Self-Direct Program an additional 10 years (to 2036), reduces the public purpose charge from 3 percent to 1.5 percent, and slightly changes eligibility for the programs. ODOE will be responsible for adopting rules necessary for retail electricity consumers to obtain credits under the updated programs. ODOE will be able to absorb additional workload into existing resources for program work, but additional resources may be needed in future years to update information technology assets associated with the program to respond to changes made in this measure.

Public Utility Commission

The measure would have a minimal fiscal impact on the Public Utility Commission (PUC). It requires PUC to engage in administrative rulemaking, establish, and monitor rate collection amounts. The public purpose charge would be collected by electric companies serving Oregonians and administered through the Community Action Agencies. PUC can implement these changes without additional budgetary resources.