

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2534 - A

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Requires State Department of Energy to develop a comprehensive state energy strategy.

Government Unit(s) Affected:

Department of Energy

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Energy		
General Fund		
Personal Services	\$394,542	\$304,117
Services and Supplies	\$1,211,608	\$158,849
Total General Fund	\$1,606,150	\$462,966
Total Fiscal Impact	\$1,606,150	\$462,966
<i>Total Positions</i>	2	2
<i>Total FTE</i>	1.75	1.42

Analysis:

HB 2534 - A directs the Oregon Department of Energy (ODOE) to develop and periodically update a comprehensive state energy strategy that identifies optimized pathways to achieving the state’s energy policy objectives. The strategy is to be informed by:

- Stakeholder perspectives
- State laws, policies, and targets regarding energy and greenhouse gas emissions
- Existing energy and integrated resource plans
- Energy-related studies and data analysis
- State energy policy objectives

The strategy must take into account:

- State energy demand and trends
- Energy resources and technology choices in consideration of costs, energy efficiency, feasibility, and availability
- Economic and employment impacts
- Energy burden and affordability
- Energy resilience and energy reliability
- Environmental justice
- Land use considerations
- Natural resource impacts
- Emerging technologies and investment opportunities

- Energy generation, transmission and distribution infrastructure needed
- Existing and potential incentives to support energy efficiency development and deployment
- Energy security and impacts of broader markets
- Community benefits and community energy resilience

ODOE is directed to engage with stakeholders and to convene an advisory work group to inform this engagement work. ODOE is to submit a report on the state energy strategy to the Governor and the appropriate interim committees of the Legislative Assembly no later than November 1, 2025. The measure takes effect on the 91st day after the Legislature adjourns sine die.

ODOE anticipates a fiscal impact totaling \$1.6 million General Fund in the 2023-25 biennium, and \$0.5 million General Fund in the 2025-27 biennium. This estimate assumes that the state energy strategy will be updated on an ongoing basis. However, the measure states that the strategy is to be updated “periodically” without defining the time period for updates. Costs in future biennia could be reduced if the intention is to have the state energy strategy updated on a less frequent basis.

In addition to existing staff who would transfer some of their time to this project, ODOE anticipates hiring two new full-time positions to work on the energy strategy:

- One limited-duration Project Manager 3 (0.88 FTE in 2023-25 and 0.43 FTE in 2025-27) to manage the project, and following reporting to the Legislature in November 2025, to close out the report, including work on metrics to track progress, assessment of the report, and work on a continuing outreach plan.
- One permanent Research Analyst 3 (0.88 FTE in 2023-25 and 1.00 FTE in 2025-27) to collect and manage data, and to make continuing updates to the strategy.

The 2023-25 cost estimates include \$1 million for contracting; ODOE notes that Washington State undertook a similar study and had \$1.2 million in contracting costs, though ODOE anticipates being able to do some of the contract work in-house. ODOE would contract for modeling and economic analysis to inform report findings, including energy generation, transmission, and distribution systems, energy consumption forecasts, greenhouse gas emissions, energy efficiency adoption forecasts, and transportation mode and transportation fuel forecasts, at an estimated cost of \$750,000. The agency also would contract for stakeholder engagement work and reporting on stakeholder feedback, at an estimated cost of \$250,000.

A majority of the other Services and Supplies costs are indirect costs which are equivalent to 49.73% of personal services costs. This rate is negotiated biennially with federal partner agencies and costs included here reflect the indirect rate for the 2021-23 biennium, not the rate for the 2023-25 biennium. Costs of this measure could change based on the agency’s actual indirect rate for next biennium.

ODOE notes that it may be possible to pay for some costs under this measure using federal funds, pending guidance on federal funding received under the Inflation Reduction Act and Infrastructure Investment and Jobs Act.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact on the state’s General Fund.