

SB 868 A STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

Action Date: 04/04/23

Action: Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)

Vote: 3-2-0-0

Yeas: 3 - Golden, Lieber, Sollman

Nays: 2 - Findley, Hayden

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/14, 3/16, 3/28, 4/4

WHAT THE MEASURE DOES:

Makes legislative findings. Declares **goals for state:** for owners, operators, or residents to install and use at least 500,000 new heat pumps by 2030; provide programs and support to accelerate purchase and use of heat pump technologies to help meet state’s greenhouse gas (GHG) emissions reduction goals; prioritize environmental justice communities and individuals who reside in structures without functioning, adequate, or affordable heating or cooling system; evaluate adoption and use of heat pump technologies to determine if adoption rate will enable Oregon to meet GHG emissions reduction goals; and executive branch agencies to lead by example by acquiring, installing, and using heat pump technologies. Requires, in carrying out “designated state agency programs” (Designated Programs) that relate to promotion, implementation, incentivization, or regulation of energy efficiency in buildings Oregon Department of Energy (ODOE), Housing and Community Services Department, Public Utility Commission, Department of Environmental Quality, Oregon Health Authority, and Department of Consumer and Business Services (**Designated Agencies**), to consider actions to aid in achieving GHG emissions reduction goals that include:

- considering GHG emissions reduction goals in regulatory decisions;
- aligning the creation or operation of Designated Programs with GHG emissions reduction goals;
- working in consultation and aligning efforts with other agencies to simplify and improve program access that relates to energy efficiency and resilience, and, where appropriate, to reduce or eliminate barriers to accessing energy efficiency measures or appliances that will result in the greatest GHG emissions reductions;
- prioritize actions that help environmental justice communities adapt to impacts from climate change and overcome cost burdens consistent with applicable federal and state laws and program requirements; and
- consult with Oregon Global Warming Commission and the Environmental Justice Council, and when appropriate, use environmental justice mapping tool.

Requires ODOE to submit **heat pump market report** that evaluates rate of adoption and progress towards meeting GHG emissions reduction goals to Governor and legislative committee related to the environment no later than September 15 of each odd-numbered year beginning in 2025. Provides minimum requirements for heat pump technologies report.

Requires ODOE to collaborate with Designated Agencies to reduce financial and nonfinancial barriers to home energy efficiency and resilience by providing initial and continuing **technical assistance and training** to build capacity in developers, builders, community-based organizations, homeowners, and tenants to conduct renovations and installations of energy efficient technologies and provide education and training to contractors, subcontractors, technicians, community-based organizations, and other installers and workers in industries related to construction and energy appliance installation.

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Establishes the **Energy Efficient Technologies Information and Training Fund** (Fund) to be appropriated to ODOE to fund program to provide information, technical assistance, and training directed by Act. Prohibits ODOE from expending more than 10 percent of average quarterly balance of Fund to pay program administration costs. Appropriates ____ to the Fund for the biennium beginning July 1, 2023 from the General Fund. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Efficiency of heat pumps
- Federal funding opportunities
- Resilient Efficient Buildings Task Force process

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

According to the 2022 Biennial Energy Report (Report), energy efficiency remains the second-largest energy resource in the state after hydropower. The Northwest Power & Conservation Council reports that since 1978, the Pacific Northwest has produced about 7,200 average megawatts of savings through efficiency programs and improvements. According to the Report, upgrading an electric furnace to a heat pump can cut heating electricity use in half. In 2017, about 15 percent of single-family households in the Northwest used a heat pump as the primary heating system (11.3 percent air source heat pump; 3.4 percent mini-split heat pump; and 0.7 percent geothermal, or ground source, heat pump).

In 2022, the Legislative Assembly enacted Senate Bill 1536 which established the Community Heat Pump Deployment Program, authorizing the Oregon Department of Energy (ODOE) to provide rebates to owners of residential dwelling units and rented spaces in manufactured dwelling and recreational vehicle parks for purchase or installation of air-source or ground-source heat pumps. The measure appropriated \$10,000,000 to the Oregon Department of Energy (ODOE) for the Heat Pump Deployment Fund. The Residential Heat Pump Rebate Fund is scheduled to sunset on January 2, 2025.

Senate Bill 868 A would establish goals for the state related to heat pumps that include installing and using at least 500,000 new heat pumps by 2030. In addition, the Act would require designated agencies, when carrying out certain programs that relate to the promotion, implementation, incentivization, or regulation of energy efficiency in buildings, to consider certain actions to aid in achieving greenhouse gas emissions reduction goals. Senate Bill 868 A would require ODOE to collaborate with certain agencies to reduce financial and nonfinancial barriers to home energy efficiency and resilience and would establish the Energy Efficient Technologies Information and Training Fund to be used to provide information, technical assistance, and training.