Oregon
Tina Kotek, Governor

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February 12, 2025

Senator Lew Frederick, Co-Chair
Representative Emerson Levy, Co-Chair
Joint Committee on Ways and Means Subcommittee on Natural Resources
State Capitol
900 Court Street NE
Salem, OR 97301-4048

RE: Follow-Up Responses from February 10, 2025 Budget Presentation

Dear Co-Chair Frederick and Co-Chair Levy,

We appreciated the opportunity to provide an overview of our agency budget. We promised to follow up on the following items:

Question from Co-Chair Levy: What are the exact numbers on SELP?

As of January 31, 2025, there are 48 remaining loans totaling $63,339,492.21 left to be paid back to the state. The program is no longer in deficit, and we anticipate remaining in a positive cashflow situation over the next several biennia as the loans are paid back.

Question from Senator Anderson: Explain how the agency reduced their footprint by 30 percent and what that looks like with percentage of people in person vs hybrid work.

ODOE reduced our office space footprint to consolidate our workspace to align with how our staff use the office space. We worked with the Department of Administrative Services (DAS) to reduce our space thoughtfully and ensure the remaining unused space could be suitable for other potential state agencies. DAS was indeed able to make the vacant office space available to another agency, optimizing the use of state facilities. We appreciate the opportunity to correct our testimony; the final reduction in workspace totaled 21.5 percent of our previous footprint.

This reduction was possible because 96.3 percent of our employees follow a hybrid remote work schedule, with varying levels of in-office presence based on their roles and responsibilities. While many of our staff members perform focused, independent work remotely, they regularly come into the office for meetings, team collaboration, and other in-person engagements. This model allows us to operate efficiently, with staff strategically using in-person time to enhance teamwork, problem-solving, and service delivery.

Question from Senator Anderson: What is the number of home energy scores as it relates to number of homes sold and what does this metric demonstrate?

It is difficult to accurately calculate the number of home energy scores compared to all homes sold, given the data that we have access to. It is also dependent on the scope of individual city programs (which differ), whether their programs are mandatory or voluntary, and the level of enforcement used by cities. Preliminary estimates show the range from 5 percent where scores are voluntary, to 84 percent where scores are required. Comparing the number of home energy scores with homes sold would create a metric for compliance to city code, rather than what this metric aims to convey: an indicator of how many Oregonians have access to detailed information about their home energy use.

A home energy sore provides homeowners, buyers, and renters directly comparable and credible information about a home's energy use. The score is like a miles-per-gallon rating for a vehicle. Using a 1 to 10 scale (least to most efficient), the score estimates a home's energy use and recommends ways to reduce the amount of energy needed to save energy, cut costs, and improve comfort. As a consumer protection strategy, home energy scoring helps people understand that their home could be upgraded to be more efficient. Installed energy efficiency measures allow for cost savings for the homeowner and leave more power on the grid for other uses.

For more information, please see this Energy 101 on Home Energy Scores in Oregon in the most recent edition of ODOE's Biennial Energy Report.

Question from Representative Breese-Iverson: What is the origin of the 7,500 home energy scores target on KPM 7?

The KPM was initially established when the first city (Portland) adopted a mandatory scoring policy that produced scoring activity. The KPM was adjusted up to align with increased expected scoring activity as additional cities enacted mandatory scoring policies. Factors such as real estate activity, economic conditions, and pandemic lockdowns have an effect on scoring activity, leading to over/under production compared to the KPM goal.

To date, four cities have adopted mandatory home energy scoring policies: Portland, Bend, Milwaukie, and Hillsboro.

There are two distinct areas where voluntary HES scoring is promoted in the state, the service areas of Eugene Water and Electric Board and City of Ashland.

1. EWEB's program is entirely focused on rental properties and uses University of Oregon students as Assessors. This is the oldest program in the state to use the USDOE Home Energy Score system and produces an estimated 100 scores per year.

2. The City of Ashland has had a voluntary effort in their city since 2023 and works with realtors to promote scoring. The activity is limited, at 10-12 scores per year.

Additional scores are conducted throughout the state, outside any recognized program and without promotion, and produce an estimated 150 scores annually. Multiple cities send representatives to the state's Home Energy Score User Group and express their desire to learn more to guide city decision-making toward a mandatory scoring policy. These cities include Eugene, Salem, Gresham, Tigard, and Hood River. Most of those cities express their interest in the state creating a statewide mandatory scoring program to reduce resource burden at the local level and promote energy education, energy savings, and GHG reductions.

Question from Representative Owens – What is the breakdown on ending fund balance amounts and what are they for?

Ending fund balances are as follows:

Other Fund Ending Balances

- Energy incentive dedicated funds: $61.5 million. Balance of one-time general fund appropriations deposited into dedicated funds for state-funded incentive programs. Most of the balance is in the Community Renewable Energy Grant Program, but there will be residual amounts for projects approved in the solar and heat pump programs that will not be paid out until AY27.
- Energy Supplier Assessment: $6.3 million. Ending balance is the primary reserves for the agency. Target balance is 4-6 months of operating expenses, balance in excess may be applied as a credit to the next assessment.
- Siting Fees: $2.7 million. Primary revenue source for the Siting division.
- Renewable Energy Development Fund: $1.3 million. Inactive program with dwindling activity in AY25. ODOE is reviewing options on use of remaining balance, which has a dedicated purpose per statute.
- Public Purpose Charge: $720,000. Administrative fee, in which ODOE has been accruing a positive cash balance to fund a needed database replacement project for the program.
- Radioactive Material Transport Fee: $52,000. Reserves held to cover potential agency response to issues in transporting radioactive material in Oregon.
- Other: $14,000. Miscellaneous accounts, including some fee for service with little activity.

Other Fund Non-Limited/Debt Services

- Small Scale Energy Loan Program (SELP): $8.2 million. This is restricted to debt service repayments and administration only and cannot be used for any other purpose.