

House Bill 2567

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Tina Kotek for State Department of Energy)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Directs the use of best practices to keep personal data under the heat pump program secure and private. (Flesch Readability Score: 61.6).

Requires an eligible entity that receives a grant under the Heat Pump Deployment Program to agree to use best practices to maintain the security and confidentiality of personal information of individuals who apply for or receive financial assistance under the program from the eligible entity.

Extends the sunset of the rental home heat pump program from January 2, 2026, to January 2, 2032. Requires the State Department of Energy to provide a report each even-numbered year to the Legislative Assembly on the grants and rebates under the program.

A BILL FOR AN ACT

1
2 Relating to heat pump programs; creating new provisions; and amending ORS 469B.460 and section
3 23, chapter 86, Oregon Laws 2022.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 469B.460 is amended to read:

6 469B.460. (1) As used in this section:

7 (a) "Bulk fuel" means liquid petroleum, propane, coal, wood, wood-based products or other fuel
8 delivered and stored until used on-site by the final consumer to produce energy.

9 (b) "Climate zone" means a heating or cooling climate zone assigned to a county by the
10 Bonneville Power Administration.

11 (c) **"Disadvantaged community" means a community that has a socioeconomic burden**
12 **and an environmental, climate or other burden.**

13 [(c)] (d) "Electric resistance heat" means heat produced by passing an electric current through
14 a material that has high resistance, such as used in an electric baseboard, wall or space heater.

15 [(d)] (e) "Electric utility" has the meaning given that term in ORS 757.600.

16 [(e)] (f) "Eligible entity" means a:

17 (A) Local government as defined in ORS 174.116;

18 (B) Local housing authority;

19 (C) Nonprofit organization;

20 (D) Federally recognized Indian tribe in Oregon;

21 (E) Coordinated care organization as defined in ORS 414.025;

22 (F) Community action agency as described in ORS 458.505;

23 (G) Manufactured dwelling park nonprofit cooperative as defined in ORS 62.803; or

24 (H) An electric utility.

25 [(f)] (g) "Energy burden" means the percentage of gross household income spent on energy costs.

26 [(g)] *"Environmental justice communities" has the meaning given that term in ORS 469A.400.*

27 (h) "Heat pump" means an air-source or ground-source heat pump with an energy efficiency

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 rating set by the State Department of Energy under subsection (5) of this section or a higher effi-
 2 ciency rating.

3 (i) "Region" means an economic development district in Oregon, designated by the Economic
 4 Development Administration of the United States Department of Commerce, for which a regional
 5 solutions center has been established under ORS 284.754.

6 (2) The Heat Pump Deployment Program is established within the State Department of Energy.
 7 The purpose of the program is to award grants to one eligible entity for each region and federally
 8 recognized Indian tribe in Oregon to provide financial assistance, including loans, grants, rebates
 9 or incentives, for the purchase and installation of heat pumps and related upgrades to individuals
 10 who reside within that region or who are members of that tribe.

11 (3)(a) To be eligible to receive a grant from the Heat Pump Deployment Program, an eligible
 12 entity must establish that it:

13 (A) Serves or represents:

14 (i) [*An environmental justice*] **A disadvantaged** community or communities within a region; or

15 (ii) Members of a federally recognized Indian tribe in Oregon; and

16 (B) Has the capacity to administer grant funds received under this section.

17 (b) An eligible entity applying for a grant may partner with other eligible entities, but the entity
 18 that is awarded the grant shall take a lead role in administering grant funds and providing financial
 19 assistance.

20 (c) An eligible entity that serves or represents a community that is located within more than
 21 one region may apply for a grant only for the region within which the greatest percentage of the
 22 individuals of that community reside.

23 (d) An eligible entity that serves a specific geographical area may propose, in consultation with
 24 any electric utility that serves the area, that the department use alternative boundaries to define
 25 a region. The department may approve the use of alternative boundaries to define a region provided
 26 that a minimum percentage, as determined by the department, of the eligible entity's specific ge-
 27 ographical area is within the alternative boundaries of the region.

28 (e) If an electric utility is awarded a grant from the Heat Pump Deployment Program:

29 (A) The electric utility may provide financial assistance from grant funds only to individuals
 30 who reside within the electric utility's service area and within the region for which the electric
 31 utility is awarded a grant.

32 (B) The electric utility shall partner with one or more other eligible entities to provide financial
 33 assistance from grant funds to individuals who reside outside the electric utility's service area and
 34 within the region for which the electric utility is awarded a grant.

35 (4) An eligible entity that is awarded a grant from the Heat Pump Deployment Program shall:

36 (a) Use the grant funds to cover up to:

37 (A) One hundred percent of the purchase and installation costs of a heat pump.

38 (B) A percentage, as determined by the department, of the costs for related upgrades that sup-
 39 port or enable the use of a heat pump, including:

40 (i) A new electrical panel or other upgrades to the electrical system of a home or building.

41 (ii) Weatherization or other structural repairs to reduce home or building heat and cooling loss.

42 (iii) Upgrades to improve the airflow of a home or building.

43 (b) Prioritize the provision of financial assistance to:

44 (A) [*Environmental justice*] **Disadvantaged** communities.

45 (B) Individuals who rely on bulk fuels or electric resistance heating.

1 (C) Individuals who reside in a home or structure that does not have a functioning heating or
2 cooling system.

3 (c) Enter into a performance agreement with the department as described in subsection (8) of
4 this section.

5 (5) The department shall:

6 (a) Award grants using available funds in the Heat Pump Deployment Fund established under
7 ORS 469B.466.

8 (b) In awarding grants, give preference to eligible entities with:

9 (A) Experience in administering state grant programs or programs similar to the Heat Pump
10 Deployment Program.

11 (B) Experience with community program development within a region or with members of a
12 tribe.

13 (C) Connections to communities within a region or with members of a tribe.

14 (c) Develop criteria for allocating the amount of each grant based on the energy burden of res-
15 idences within the region or of members of the tribe and the climate zones that make up the coun-
16 ties of that region or of tribal lands.

17 (d) Permit a review of awarded grant funds by members of communities who may benefit from
18 the Heat Pump Deployment Program.

19 (e) In consultation with electric utilities, the Bonneville Power Administration and the nongov-
20 ernmental entity that administers public purpose charge moneys collected under ORS 757.612 (3)(d),
21 set the minimum energy efficiency rating that a heat pump must have to be eligible for grant funds.
22 The minimum energy efficiency rating for a heat pump set by the department must be equal to or
23 greater than federal energy efficiency rating standards for heat pumps.

24 (6) The department may not use moneys collected through the energy resource supplier assess-
25 ment required under ORS 469.421 (8) to fund grants awarded under the Heat Pump Deployment
26 Program.

27 (7) The department may:

28 (a) Establish a maximum amount of grant funds payable toward the purchase and installation
29 of a heat pump and related upgrades.

30 (b) Permit the use of loans, grants, rebates or incentives offered by an electric utility or other
31 programs toward any costs of the purchase and installation of a heat pump and related upgrades
32 not covered by the Heat Pump Deployment Program.

33 (c) Provide information to individuals receiving financial assistance from the Heat Pump De-
34 ployment Program about other loans, grants, rebates or incentives that may be offered by an electric
35 utility or other programs.

36 (d) Develop criteria for how specific loans, grants, rebates or incentives offered by an electric
37 utility or other programs may be used toward the costs of the purchase or installation of a heat
38 pump and related upgrades.

39 (e) Establish incentives to encourage the purchase and installation of heat pumps and related
40 upgrades that have higher efficiency ratings.

41 (f) Establish incentives for the purchase and installation of a heating or cooling device that has
42 an efficiency rating similar to or higher than that of a heat pump and that provides additional
43 benefits such as improving indoor air quality or lowering an individual's energy burden.

44 (g) Develop program procedures and practices that align with the reporting and other require-
45 ments of loans, grants, rebates or incentives offered by an electric utility or other programs.

1 (h) Require, by rule, that eligible entities notify electric utilities of a heat pump installation and
 2 whether grant funds may be used for necessary electric distribution system upgrades associated with
 3 the installation of the heat pump.

4 (8) Before receiving a grant under this section, an eligible entity shall enter into a performance
 5 agreement with the department that:

6 (a) Indicates the purposes for which the grant funds may be used;

7 (b) Prohibits the eligible entity from using more than [15 percent] **the percentage** of awarded
 8 grant funds **allowed by the department by rule** for administrative expenses and marketing costs;

9 (c) Includes the repayment provisions set forth in subsection (9) of this section;

10 (d) Permits the department to conduct audits and investigations of the eligible entity regarding
 11 the use of grant funds; [and]

12 **(e) Requires the eligible entity to use best practices to maintain, as required by state or**
 13 **federal laws, rules or regulations, the security and confidentiality of personal information**
 14 **of individuals who apply for or receive financial assistance from the eligible entity under the**
 15 **program; and**

16 [(e)] (f) Requires the eligible entity to provide reports as required by subsection (10) of this
 17 section.

18 (9) An eligible entity must repay to the department, in whole or in part, grant funds received
 19 under this section to the extent that:

20 (a) The eligible entity does not use the grant funds in accordance with the provisions of the
 21 performance agreement executed between the department and the eligible entity under subsection
 22 (8) of this section; or

23 (b) The Director of the State Department of Energy determines that the eligible entity must
 24 repay all or part of the grant funds on grounds of misappropriation, fraud or similar reasons after
 25 auditing or investigating the eligible entity's operations and conducting a contested case hearing
 26 under ORS 183.413 to 183.470.

27 (10) Each eligible entity that receives a grant under this section shall report to the department
 28 each year concerning the status and use of grant funds for the period of July 1 to June 30. The
 29 report must be submitted on a schedule determined by the department. [The report may not disclose
 30 the personal information of the recipients of financial assistance under the program.] The report must
 31 include:

32 (a) A detailed description of the eligible entity's use of grant funds;

33 (b) A list of each loan, grant or other financial assistance that the eligible entity has provided
 34 and, where applicable, a full accounting of the repayment status of the loans;

35 (c) The nature and amounts of the administrative expenses and marketing costs the eligible en-
 36 tity has incurred in providing loans, grants and other financial assistance under the program; and

37 (d) Any other information required by the department.

38 (11) The department shall adopt rules to carry out the provisions of this section. The rules shall
 39 be developed in consultation with:

40 (a) The Bureau of Labor and Industries on issues related to the workforce.

41 (b) The Building Codes Division of the Department of Consumer and Business Services on issues
 42 related to building codes and commissioning.

43 (c) The Housing and Community Services Department to ensure the Heat Pump Deployment
 44 Program complements any existing programs or services.

45 (d) The Department of Environmental Quality on issues of air quality related to bulk fuels and

1 to ensure the Heat Pump Deployment Program complements any existing programs or services.

2 (e) The Oregon Health Authority on any health impacts and health impact data related to the
3 Heat Pump Deployment Program and to ensure the program complements any existing programs or
4 services.

5 (f) Electric utilities and utility program administrators on any impacts the Heat Pump Deploy-
6 ment Program may have on utility systems or services and to ensure the program complements any
7 existing programs, incentives or services.

8 (g) Nonprofit organizations, housing providers, heat pump technicians and other stakeholders
9 as appropriate.

10 **SECTION 2.** Section 23, chapter 86, Oregon Laws 2022, as amended by section 76, chapter 442,
11 Oregon Laws 2023, is amended to read:

12 **Sec. 23.** (1) Sections 19 to 21, chapter 86, Oregon Laws 2022, are repealed on January 2, [2026]
13 **2032.**

14 **(2) Section 3 of this 2025 Act is repealed on January 2, 2032.**

15 [(2)] **(3)** On the date of the repeal of sections 19 to 21, chapter 86, Oregon Laws 2022, under
16 subsection (1) of this section, any moneys in the Residential Heat Pump Fund that are unexpended,
17 unobligated and not subject to any conditions or reservations under section 19 (3)(a), chapter 86,
18 Oregon Laws 2022, are transferred to the General Fund.

19 **SECTION 3. Not later than November 30 of each even-numbered year, the State Depart-**
20 **ment of Energy shall provide a report to the Legislative Assembly, in the manner provided**
21 **in ORS 192.245, on the heat pump grants and rebates under sections 19 and 20, chapter 86,**
22 **Oregon Laws 2022.**

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