

March 30, 2025

Sent via OLIS.

TO: Chair Lively, Vice Chairs Gamba and Levy, and Members of the House Committee on Climate, Energy and Environment

RE: **Support for HB 3653 – Modernizing Oregon’s Energy Savings Performance Contracting to Accelerate Projects, Emissions Reductions, and Community Infrastructure**

FR: Oregon Business for Climate

Dear Chair Lively, Vice Chairs Gamba and Levy, and Members of the Committee:

Oregon Business for Climate is a league of businesses, large and small, across the state in a range of industries from manufacturing to agriculture to transportation to healthcare. We believe climate leadership is critical to the health of Oregon’s industries and communities, and will help our state re-emerge as a leader thriving in the growing clean economy. To that end, our mission is to advance urgent, ambitious, equitable climate policies and programs designed to help spur innovation and economic opportunity while effectively and responsibly reducing emissions.

In short, we are a statewide group of businesses that see both the **imperative** and the **opportunity** of taking bold action to address climate change. We believe Oregon can and must do more to address climate change, that business plays a critical role in this progress, and that aggressive action is good for Oregon.

Oregon Business for Climate strongly supports HB 3653. This bill will streamline Oregon’s Energy Savings Performance Contracting, accelerating critical projects, driving savings for public entities, and creating lasting benefits for communities.

CAPITALIZING ON BEST PRACTICES

Since their introduction in 2008 (HB 3612), Energy Savings Performance Contracts (ESPCs) have provided a vital financing tool for public entities in Oregon, enabling them to leverage energy savings to fund projects that enhance energy efficiency, reduce project costs, and improve safety and indoor air quality. These contracts offer a pathway for public entities to address critical upgrades while achieving significant, long-term benefits.

Despite the potential, the **current ESPC process remains overly complex, burdensome, and capital-intensive, creating a significant barrier for public entities - especially smaller ones - looking to invest in energy efficiency projects.** To unlock the full potential of ESPCs it is essential to simplify and streamline the process. By reducing administrative hurdles and expanding the scope of eligible projects, Oregon can make energy efficiency projects more accessible and scalable.

HB 3653 is a meaningful first step in **modernizing Oregon’s ESPC method to align with neighboring states such as Washington and Colorado and the Federal Department of Energy**, to ensure there is opportunity to maximize energy efficiency projects, meet our state’s decarbonization goals, and work towards the significant backlog of deferred maintenance in the state.

PROPOSED SOLUTIONS

1. **Remove Redundancy in ESCO Selection Process:** Allowing public building owners direct-select access to the ODOE qualified ESCO roster, which already requires an RFP to qualify.
2. **Broadening Beyond Energy Scope:** Expand the permitted scope of work beyond only Energy Conservation Measures that pay for themselves over their useful life to include GHG reduction, electrification, resource conservation, renewable energy generation, energy storage, demand response, electric vehicle charging infrastructure, grid-interactive efficient buildings.
3. **Expand Current Cost-Effectiveness Framework:** Including a broader cost-effectiveness analysis including energy- and non-energy benefits, avoided costs, capital renewal costs for end-of-life equipment, and total cost of ownership, in determining whether or not a project is financed.

DRIVING BENEFITS FOR COMMUNITIES, AND JOBS IN OREGON

The ESPC method is an essential and voluntary pathway for helping public entities – especially smaller public entities – finance energy efficiency upgrades. Providing essential supportive expertise for these public entities, a single contractor (e.g. an ESCO) handles all aspects of an upgrade from planning and installing to savings verification, using guaranteed energy savings to offset costs. These qualified contractors are responsible for designing, financing, installing and maintaining energy projects. The model can allow for the implementation of energy-saving measures without upfront capital investment which makes a broader suite of projects financially accessible.

While making additional energy-, cost-, and climate-saving projects possible throughout the state, the model also creates opportunities for sub-contractors and workers in communities across Oregon to work with these ESCOs in implementing the projects – driving economic activity, job creation, and community resilience.

This simple, modernizing fix unlocks a range of benefits for Oregon communities and our economy. Oregon Business for Climate strongly urges your support for HB 3653.

Sincerely,



Tim Miller, Director, Oregon Business for Climate