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August 8, 2023

MEMORANDUM

TO: Council Members

FROM: Leann Bleakney, Oregon office

SUBJECT: Oregon energy legislation update

BACKGROUND:

Presenter: Christy Splitt, government relations coordinator, Oregon Dept. of Energy

Summary: For the third year in a row, Oregon's 2023 legislative session included newly adopted policies focused on the state's clean energy transition as well as the effects of climate change, including wildfire and drought. A "Climate Package" developed in the last week of session combined 20 bills into two, HB 3409 and HB 3630, with some funding in the budget reconciliation bill (SB 5506).

One area of significant interest in the 2023 session was energy efficiency. House bills 3409 and 3630 included provisions to improve both home and commercial building efficiency. The concepts included in these bills were recommendations from the Resilient Efficient Buildings Task Force and designed to leverage major investments in energy efficiency in the federal Inflation Reduction Act, passed in August 2022. These bills included adoption of a new Building Performance Standard, modeled after a similar program in Washington, and a new statewide focus on heat pump installation.

There was also momentum around planning for climate change and a clean energy future. Legislation passed to create a state energy strategy that will consider pathways to meet Oregon's energy and climate objectives (HB 3630), encourage climate solutions on natural and working lands (HB 3409), and bolster the Oregon Global Warming Commission's scope of work — complete with a name change to the Oregon Climate

Action Commission (HB 3409). The Climate Package also included provisions to help communities build their own energy projects and become more resilient in the face of natural disasters and power outages.

The question of how the state can balance its legacy of protecting farm and forestland with the demand for new clean energy development was also at the forefront in 2023. In the end, a rulemaking at the Department of Land Conservation and Development will take on low-conflict solar development (HB 3409), counties will take on review and regulation for more solar projects (HB 3179), and facility and transmission siting will certainly be central to a state energy strategy (HB 3630).

Relevance: The Council's power planning analysis includes state policy requirements. Therefore, an update on recently adopted state policies and legislation is particularly helpful.

Background: <https://www.oregon.gov/energy/Data-and-Reports/Documents/2023-ODOE-Legislative-Report.pdf>

Ms. Splitt has developed a detailed report on the 2023 legislative session, which can be found at the link above.

More Info: The Oregon Dept. of Energy's website is:
<https://www.oregon.gov/energy/Pages/index.aspx>

2023 Oregon Legislative Report

Christy Splitt
Government
Relations
Coordinator

August 16, 2023



OREGON
DEPARTMENT OF
ENERGY



OREGON DEPARTMENT OF ENERGY

Leading Oregon to a safe, equitable, clean, and sustainable energy future.

Our Mission

The Oregon Department of Energy helps Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations.

What We Do

On behalf of Oregonians across the state, the Oregon Department of Energy achieves its mission by providing:

- A Central Repository of Energy Data, Information, and Analysis
- A Venue for Problem-Solving Oregon's Energy Challenges
- Energy Education and Technical Assistance
- Regulation and Oversight
- Energy Programs and Activities

THE 2023 LEGISLATIVE SESSION

Overall Energy Themes and Issues

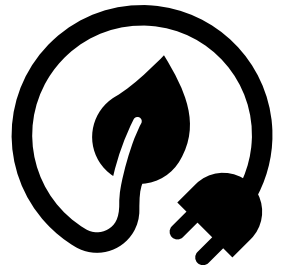
- State budget higher than expected, which meant more money for climate and energy
- Walkout-inspired *packages* of legislation, which led to two bills establishing many new programs – a \$90 million “Climate Package”
- Energy efficiency, facility siting, planning, and resilience were major topics



ENERGY IN “THE CLIMATE PACKAGE”

Climate Omnibus Bills: HB 3409 and 3630 (and SB 5506)

- Additional dollars for existing energy incentive programs
- Kickstart on federal home energy efficiency and grid resilience programs
- Building efficiency package – building performance standard, new buildings, state buildings, heat pumps
- State energy strategy
- Dollars for resilience hubs and resilience planning
- Oregon Global Warming Commission update and new scope of work
- Low-conflict solar siting rules at DLCD



ENERGY EFFICIENCY

The pre-session work of the Resilient Efficient Buildings Task Force paid off, as the highest-profile energy bills of session all passed in the Climate Package.

Building Performance

- Efficiency standard for existing large commercial buildings, and incentives for early action (HB 3409)

Home Energy Efficiency

- Kickstart for federal programs and new one-stop shop to inform consumers (HB 3630)

State Agency Direction

- Assessment of energy use and GHG emissions and sustainable building design (HB 3409)

Energy Code

- Goals for improved energy efficiency in new buildings (HB 3409)



HB 3409 creates a Building Performance Standard (BPS) program to regulate the energy consumption of many existing commercial buildings in Oregon. The bill also creates a \$2 million incentive program for early and voluntary adopters of building requirements.

A Tale of Two-Tiers

Tier 1 includes hotel, motel, and nonresidential buildings equal to or larger than 35,000 sq. ft. Tier 1 building owners are required to comply with the standard, starting with the largest buildings in 2028 and all Tier 1 buildings by 2030.

Tier 2 includes hotel, motel, and nonresidential buildings larger than 20,000 sq. ft. and less than 35,000 sq. ft. - and multifamily residential, schools, dorms, universities, and hospitals that would otherwise be Tier 1. Tier 2 building owners will only submit benchmarking reports, starting in 2028.

ENERGY PLANNING

Whether it was setting new goals, creating plans, or reporting on progress, legislators want to see a thoughtful approach to a clean energy future.

Heat Pumps

- State goal of 500,000 new heat pumps in Oregon by 2030 (HB 3409)

Emissions Forecasting

- Oregon Climate Action Commission forecasts state emissions (HB 3409)

Natural & Working Lands

- New carbon sequestration benchmarking and goal setting (HB 3409)

State Energy Strategy

- Economy- and state-wide analysis + options to achieve Oregon's policies (HB 3630)

State Energy Strategy

HB 3630 directs ODOE to develop a comprehensive state energy strategy for Oregon that identifies options and implementation gaps to achieve the state's policy objectives. The state energy strategy must be informed by stakeholder perspectives, existing climate and energy laws, resource plans, studies, and policy goals.

Factors ODOE must consider include:

- energy demands
- resource choices
- environmental justice
- resilience
- land use considerations

RESILIENT COMMUNITIES

With the 2020 Wildfires and the 2021 Heat Dome in mind, legislators were focused on making sure all communities – and utilities – had tools to be more resilient.

Resilience Hubs

- \$10 million grant program for communities to prepare for and respond to disasters (HB 3409)

Energy Resilience Plans

- \$50K for each county to create their own energy resilience plan (HB 3630)

More Incentive Dollars

- Growing the Community Renewable Energy Grant Program by \$20m, to \$45m in 2023-2025 (SB 5506)

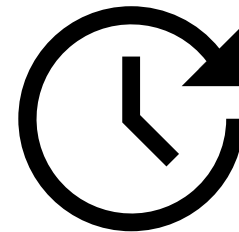
Grid Resilience

- Providing the 15% state match, including staffing, for the IJA Grid Resilience Program (HB 5016)

ISSUES TO EXPECT NEXT TIME

Major legislation did not pass on these topics, which are sure to come up again

- Energy facility siting
- Nuclear energy
- Sourcing and recycling for renewable energy components
- Renewable hydrogen
- Offshore wind
- Fossil fuel restrictions/protections





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Questions?

LINK: [2023 Legislative Report](#)

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