

Features of Oregon Low-Income Efficiency Programs

Funding Sources

Oregon's Public Purpose Fund (PPF). Since 1999, the Oregon Public Utility Commission has collected 3% of the gross revenues of the two investor-owned utilities it regulates, Portland General Electric Company (PGE) and PacifiCorp. The result, Oregon's Public Purpose Fund (PPF), is therein funded by and for 80% of the state's electric customers. Funding that is used for Weatherization is named ECHO (Energy Conservation Helping Oregonians).

A Unique Statewide Management Mechanism

Energy Trust of Oregon, a non-profit, private organization of the Oregon Public Utility Commission, receives 53% of the PPF funding pool. About 12% of those funds or just under \$8 million is for low-income weatherization assistance run by the WAP network for both weatherization and new construction. There is also a 4% allotment for the Housing Trust Fund, which works on energy efficiency projects of its own.

The State Legislature and Public Utility Commission monitor the savings and other reports.

Renewable and other investments leveraged:

17% of energy Trust funding is dedicated to the Energy Trust's renewables projects, which can include low-income. In fact, Oregon has leveraged funding into almost 100 solar thermal hot water tanks in low-income homes. \$150,000 from the Duke/El Paso Settlement was set aside to support more solar thermal hot water tanks and 6% is reserved for large customers.

A Unique Leveraging Resource: the WAP Program Advisory Committee

The State Dept of Housing and Community Development leaders have recruited PAC Members from industry and other sectors who understand the ways to mobilize and coordinate multiple resources for a focused purpose. They not only advise the Department, but also take direct responsibility for building partnerships and advocating for leveraged resources. Program director Dan Elliott credits their combined efforts for much of the success of Oregon WAP leveraging. Contact him for suggestions about an effective, inclusive PAC dan.elliott@state.or.us.

More leverage: Settlement Funds

As a result of legislative settlements regarding marketing violations, Oregon state weatherization will receive \$652,000 from the Williams Oil Settlement for 18

agencies' programs for FY2006, with priority to furnace repair and replacement. The state's housing programs will use \$1.8 million for low-/moderate income multifamily units.

WAP won \$4.5 million over 4 years from the Duke/El Paso Settlement. In the first year, FY 2006, about 1.5 million went to energy bill assistance and about half a million to nine CAAs' Reach case management programs.

<http://www.ohcs.oregon.gov/OHCS/CRD/SOS/docs/DEPEAAnnualReportCurrent.pdf>

A Case Study of Leveraging Failed Northwest Natural Gas

In 2002, Northwest Natural Gas began collecting a 1.25% ratepayer Public Purpose Charge (PPC) similar to the 3% charge for electric customers. However, the funding from the charge did not become a part of the state Public Purpose Fund.

Northwest Natural Gas attempted to set up its own Energy Trust and design a Low-income efficiency program it believed would save money. It offered a contract for weatherization services to community action agencies. The offer was based on an "incentives" package that was unappealing for several reasons. For example, the program required a "90% condensing" furnace model to qualify for a \$200 reimbursement. The model:

- (a) was inappropriate for mobile homes (which constitute a large percentage of the clientele)
- (b) was not cost effective in comparison to a less efficient furnace that weatherization would choose, and
- (c) added cost in excess of the \$200 reimbursement offered for purchase of the \$3000 furnace.
- (d) By contrast to this 'incentive' funding from the Energy Trust covers 50% of the cost of a furnace. The proposed program emphasized caulking and weather stripping, and, while it covered 80% of the cost of attic insulation, it offered only 20% coverage of insulation for walls and floors.

Private Market Rejection: When it failed to contract with the CAAs, Northwest Natural Gas put out a Request for Bid to independent contractors offering the same incentive program. It received no bids; the weatherization costs that Northwest Natural Gas had expected the CAAs to pay from other their budgets made the offer even less of an incentive to independent contractors.

As of FY2006, Northwest Natural Gas was sitting on \$4.5 million unused Public Purpose Dollars. Meanwhile, at just one agency, 450 Northwest Natural Gas customers who are on waiting lists did not receive full weatherization.

Appliances

Goals/Metrics for Leveraged Funds

All grants are made in accordance with the Department of Energy state plan. This plan requires that the savings investment ratio is \$1 to 1 kWh saved in the first year. While the DOE allocates funds using a formula on the basis of population, Public Purpose Funds are disbursed on the basis of meters, along with a new performance incentive. Two-quarter allocations are made at a time, with incentives to do more.

Results

“Our research found that home weatherization significantly benefits local economies; sometimes doubling the initial economic and employment impacts from program expenditures and household energy savings.” Read the full report:

[The Economic Impacts of Oregon’s Low Income Weatherization Program: An Input-Output Analysis](#) (203 Kb.pdf)