

The Oregon Department of Energy is proposing administrative rule amendments that reflect changes to the Community Heat Pump Deployment Program made during the 2023 legislative session. The Department has also taken the opportunity to review the program and is considering additional amendments aimed at improving the program. Further, the Department is seeking feedback on the level of financial assistance available to be provided to households.

Rule Amendment Proposals

- A. In 2023, Section 73 of HB 3409 adjusted the annual reporting requirements for entities awarded a grant under the program. ODOE will amend the administrative rule language to reflect the change.

Draft amended language for 330-270-0060(7) that corresponds to the legislative amendment:

(7) Each grantee must provide a report to the Department [*prior*] **for the period July 1** to June 30 [*of*] **for each year** [*with data through*] **by** a date specified in the performance agreement.

- B. ODOE is proposing an amendment to adjust the grant allocation criteria to account for situations where an alternative boundary has been proposed that combines more than one region. This would not decrease the funding allocated to each region or tribe but would ensure that all available grant funds are allocated.

330-270-0020

(5) The department shall allocate grant funds to grantees based upon the following criteria:

(a) [*Up to one and a half percent of the available grant funding shall be allocated to each eligible entity selected. If an eligible entity does not wish to receive the full one and a half percent they may choose a lower percentage and the remaining funds may be distributed according to subsections (b), (c), and (d) of this section of the rule;*]

30 percent of the available grant funding shall be divided equally between, and then allocated to, each region and federally recognized Indian tribe in Oregon;

- C. ODOE are proposing adjusting the alternative boundary rules to simplify them and clarify that alternative boundaries cannot result in the division of a region.

330-270-0020

(1) The Department may contract with one eligible entity for each region and one eligible entity for each federally recognized Indian tribe in Oregon. **An eligible entity may receive grant funding for more than one region or federally recognized Indian tribe in Oregon.**

330-270-0030

(4)(b) [*Changes to one region's boundary may affect adjacent regions' boundaries but*] **Alternative boundaries** shall not result in [*an increase in the number of regions or*] overlapping [*of*] regional boundaries. [*Changes to one region's boundary may result in a decrease in the number of regions.*]

(c) Alternative boundaries may not result in the division of a region.

(d) The Department may approve the use of alternative boundaries if 51 percent or more of the eligible entity's service area is within the proposed alternative boundaries [*and there are viable coverage options for other impacted regions*].

- D. Proposed rules also outline a procedure for a grantee to request an amendment to a performance agreement and the review process for the request.

330-270-0080

Amendments to Performance Agreement

(1) If a grantee wishes to amend a performance agreement entered into with the Department under OAR 330-270-0050 the grantee must submit a written request to the director.

(2) The grantee must describe the proposed change to the performance agreement and the reasons for the change.

(3) The grantee must demonstrate that the program operated by the grantee will continue to meet the requirements of statute, rule, and the opportunity announcement.

(4) The Department shall evaluate amendment requests to determine whether the proposed change(s) would have affected the outcome of competitive review, which may result in denial of the amendment request.

(5) The Department shall decide whether to approve the amendment request.

(a) If approved, the Department shall draft an amended performance agreement, which may contain new or amended conditions and requirements. The amended performance agreement shall become effective upon signature by all parties.

(b) If denied, the Department shall notify the grantee in writing. The notice will include the reasons for the denial of the amendment request.

(6) If a grantee wishes to amend the boundary of the region that they have been awarded a grant for by proposing an alternative boundary, they must comply with the following requirements:

(a) If the proposed alternative boundary would include a new region, the grantee must submit a complete grant application during an open opportunity announcement for that region. If the grantee is subsequently awarded the grant for that region, the Department shall draft an amendment to the grantee's performance agreement that includes the newly awarded funding amount and the newly awarded region in an alternative boundary.

(b) If the proposed alternative boundary removes a region from within the boundary identified in the performance agreement, the grantee must repay to the Department all unspent funds that were allocated for the region that the grantee will no longer serve.

(c) A grantee may not amend the boundary of the region that they have been awarded a grant for by proposing an alternative boundary that would include a new region already administered by a grantee.

- E. Currently \$5000 and \$7000 are the maximum amount allowable for the purchase and installation of a heat pump depending on the energy efficiency rating of the heat pump. ODOE is seeking feedback on ways to encourage the purchase and installation of heat pumps with higher efficiency ratings. For example, whether additional higher energy efficiency standards and an associated maximum amount should be added.
- F. In addition to the above proposals, other language changes are being proposed that aim to improve the clarity of the rules.

Administrative Rule Process

The Oregon Department of Energy is seeking feedback from the public on these potential administrative rule amendments and topics. You can provide comments about the proposals and other rulemaking items by emailing community.heatpump@energy.oregon.gov. Please ensure written comments are submitted by 5 p.m. on Friday May 17, 2024. ODOE will review and consider comments, then produce and file draft rules with the Secretary of State. The draft rule language may include one or more of these proposals following a review of any comments. The Department will then notify stakeholders and open a new comment period for the public to weigh in and comment on the draft rule language.