

### Background and Need for Legislation

The Oregon Rental Home Heat Pump Program and Community Heat Pump Deployment Program were established by the Oregon Department of Energy at the direction of SB 1536, which was passed by the Oregon State Legislature in 2022. The two programs provide financial assistance for the purchase and installation of heat pumps and related upgrades.

The Oregon Rental Home Heat Pump Program rebates are issued to participating contractors and are passed on to customers as a reduction in the price of the installed heat pump. The legislature directed the department to make at least 25 percent of the incentive budget available for projects installed for affordable housing providers and at least 25 percent of the incentive budget available for projects installed for dwellings occupied by low- or moderate-income households. The legislature has directed \$19 million to this program, including \$15 million in 2022 (SB 1536) and \$4 million in 2024 (SB 1530). As of April 5, 2024, almost 3,000 projects have either received or reserved rebates in 24 Oregon counties. \$12 million has either been reserved or issued for rebates and grants for the installation of heat pumps, supporting \$22 million in total project costs.

The Community Heat Pump Deployment Program provides grants to eligible entities for them to provide financial assistance to individuals who reside within the region or who are members of the tribe the entity has been awarded a grant for. The program prioritizes the provision of financial assistance to environmental justice communities; individuals who rely on bulk fuels or electric resistance heating; and individuals who reside in a home or structure that does not have a functioning heating or cooling system. The legislature directed \$10 million to the Community Heat Pump Deployment program, \$4,678,576 has been allocated to administrators to cover six regions and one tribe. Another \$2,386,361 is anticipated to be allocated shortly to recently identified administrators in previously unserved regions or tribes, with an additional \$657,443 of grant funding currently under review.

The legislature typically includes a sunset date for incentive programs in statute as a best practice to periodically revise or revisit those programs. SB 1536 included a sunset date of January 2, 2025, for the Oregon Rental Home Heat Pump Program that was revised to January 2, 2026, by HB 3409 in 2023. This means that the sunset must be lifted for the program to continue through the 2025-2027 budget period.

The Community Heat Pump Deployment Program requires an entity that receives a grant under the program to submit a report annually with a description of the use of the grant funds, including a list of the financial assistance provided. By statute, the report may not disclose the personal information of the recipients of financial assistance. Some personal information, such as the street address of the location where a heat pump is installed, would aid ODOE in the analysis and reporting of the program.

### Proposed Solution

The proposed solution for the Rental Home Heat Pump Program would extend the program sunset an additional six years and make the program's four full time positions permanent instead of limited duration. This would continue the program's success in meeting the legislature's goals of reducing the upfront costs of installing heat pumps while also supporting recruitment and retention of agency staff.

With the extension of the program, the draft legislative concept also includes the addition of a reporting requirement for ODOE to provide a report on the program every two years.

The requirement to not release personal information would be removed and replaced with a requirement that the entities use best practices to maintain the confidentiality and security of the information and data. This would allow grantees of the Community Heat Pump Deployment Program to provide the street address of the locations heat pumps were installed through the program.

## **Expected Fiscal Impact**

The Oregon Rental Home Heat Pump Program is funded by the general fund and the fiscal impact is detailed as a proposed policy option package for the agency budget. Changes to the Community Heat Pump Deployment Program are expected to be carried out by current program staff; additional funding to continue the program is also detailed as a proposed policy option for the agency budget.

## **Contact**

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