

OREGON DEPARTMENT OF ENERGY
Annual Performance Progress Report (APPR) for Fiscal Year 2013
Prepared September, 2014

Agency Mission

The Oregon Department of Energy reduces the long-term costs of energy for Oregonians.

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Oregon Department of Energy		I. EXECUTIVE SUMMARY	
Mission: The Oregon Department of Energy reduces the long-term costs of energy for Oregonians.			
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<i>KPM#</i>	<i>2013-15 Key Performance Measures (KPMs)</i>	<i>Page #</i>
1	ENERGY SAVINGS: Annual energy savings in number of households that could be powered as a result of energy savings: a) Total Savings; b) Energy Incentive Programs; c) Small-Scale Energy Loan Program; d) Public Buildings and, e) Residential Programs.	5
2	CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	8
3	APPLICATION PROCESSING: Percent of applications reviewed and approved within administrative or statutory deadlines for: a) Energy Facility Siting; b) Energy Incentive Programs; and c) Residential Energy Tax Credits.	10

The department is proposing these new measures for the 2015-17 biennium that inform on activities in the Planning, Policy and Technical Analysis Division.

<i>New/ Delete</i>	<i>Proposed Key Performance Measures (KPM's) for Biennium 2015-17</i>
New #4	Title: Energy use by state buildings. Rationale: Measures progress in meeting the state's goal to reduce energy consumption in state-owned buildings by 20% over the next 10 years. The Department provides technical and financing support for state agencies to reduce their energy use and related operating costs, and communicates replicable strategies to reduce energy use in other sectors.
New #5A and 5B	Title: Carbon content of Oregon's energy mix A. Electricity B. Thermal energy Rationale: Measures progress in expanding the mix of renewable energy used to generate electricity and produce space and process heat. The Department conducts research into the barriers and opportunities for renewable energy to meet Oregon's energy needs and to support community and economic opportunities for development of Oregon's renewable resources.
New #6	Title: Percentage of alternative fuels used in Oregon large fleets. Rationale: Measures progress in diversifying the transportation fuel mix. Expanding alternate fuel use in large fleets can help transform the market. The Department works with fleets and partners to convert vehicles and expand fueling infrastructure.

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1. SCOPE OF REPORT

Included in this report are the most current performance results for the Oregon Department of Energy's (ODOE) three key performance measures. The measures provide information on energy savings, processing timeliness, and customer service results.

2. THE OREGON CONTEXT

The department's measures link to Oregon Benchmark #77: Carbon Dioxide Emissions, and, help inform progress on the Governor's 10-Year Energy Action Plan. Energy savings information is also reported in the department's statutorily required Biennial Energy Plan.

3. PERFORMANCE SUMMARY

Performance results are grouped into three categories; making progress, not making progress and progress unclear (pending).

KPM	Performance Summary	Explanation
1) Energy Savings	Progress Made	Results trended upward for 2012. This is largely due to energy incentives activities related to the sunset of the Business Energy Tax Credits Programs.
2) Customer Service	Progress Unclear	There was no update for this year as it is done only once in the biennium. The last report showed a total average satisfaction for all service categories at 85.1%. While this is below the target goal of 95%, there was improvement over the prior biennium's survey.
3) Application Processing	Progress Unclear	ODOE's performance targets on the energy facility siting measure are met consistently over time. ODOE's Energy Incentives Programs (EIP) and RETC processing timeliness have been impacted by numerous changes made to those programs in recent years. As a result, progress is unclear.

ODOE is currently working on adding new KPMs for key energy activities within the Planning, Policy and Technical Analysis Division.

4. CHALLENGES

The department has undergone significant change in recent years. Some examples include the sunset of the Business Energy Tax Credit Program occurring concurrently with the development of new Energy Incentives Program, completion of \$56 million in one-time federal stimulus grants, and several changes in agency leadership.

5. RESOURCES AND EFFICIENCY

ODOE's 2013-15 Legislatively Approved Budget includes:

\$50,489,645	Other Funds
\$2,977,118	Federal Funds
\$106,070,803	Other Funds Non-limited
\$69,948,004	Other Funds Non-limited Debt Service
\$1	Federal Funds Debt Service
<u>\$2,166,050</u>	<u>Other Fund Lottery Debt Service</u>
\$231,651,621	Total All Funds Budget

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The following questions indicate how performance measures and data are used for management and accountability purposes.

1 INCLUSIVITY	ODOE's process is to involve staff, key stakeholders and elected officials in efforts to improve the Department's KPMs.
2 MANAGING FOR RESULTS	Performance measures are a mix of high-level outcomes and process measures. Data from the energy savings KPM is also used in the agency's Biennial Energy Plan and shared with external stakeholders.
3 STAFF TRAINING	In the past, training has been provided. As the Department moves into the next phase of KPM improvements and internal measurement development, additional training for staff will be conducted.
4 COMMUNICATING RESULTS	External communication of the KPMs has historically been made available via the Department's web site at: http://www.oregon.gov/ENERGY/ProgRept.shtml . The Department shares the information with the Department of Administrative Services and legislators via the budget development process.

KPM #1	ENERGY SAVINGS: Annual energy savings in number of households that could be powered as a result of energy savings: a) Total Savings; b) Energy Incentive Programs; c) Small-Scale Energy Loan Program; d) Public Buildings and, e) Residential Programs.	Measure since: 1990
Goal	Increase energy savings through department energy conservation and renewable energy programs.	
Oregon Context	Oregon Benchmark 77 (formerly 76): Carbon dioxide (CO ₂) emissions. Governor's 10-Year Energy Action Plan.	
Data source	Program databases.	
Owner	Mary Knight, KPM Coordinator, Phone: 503-373-7562	

1. OUR STRATEGY

Energy savings from ODOE's conservation and renewable energy programs reduces Oregon's use of energy and fossil fuels thereby reducing CO₂ emissions. ODOE works with businesses, industries, state and local governments, schools, institutions, tribes, homeowners, landlords, and renters to save energy and protect the environment.

2. ABOUT THE TARGETS

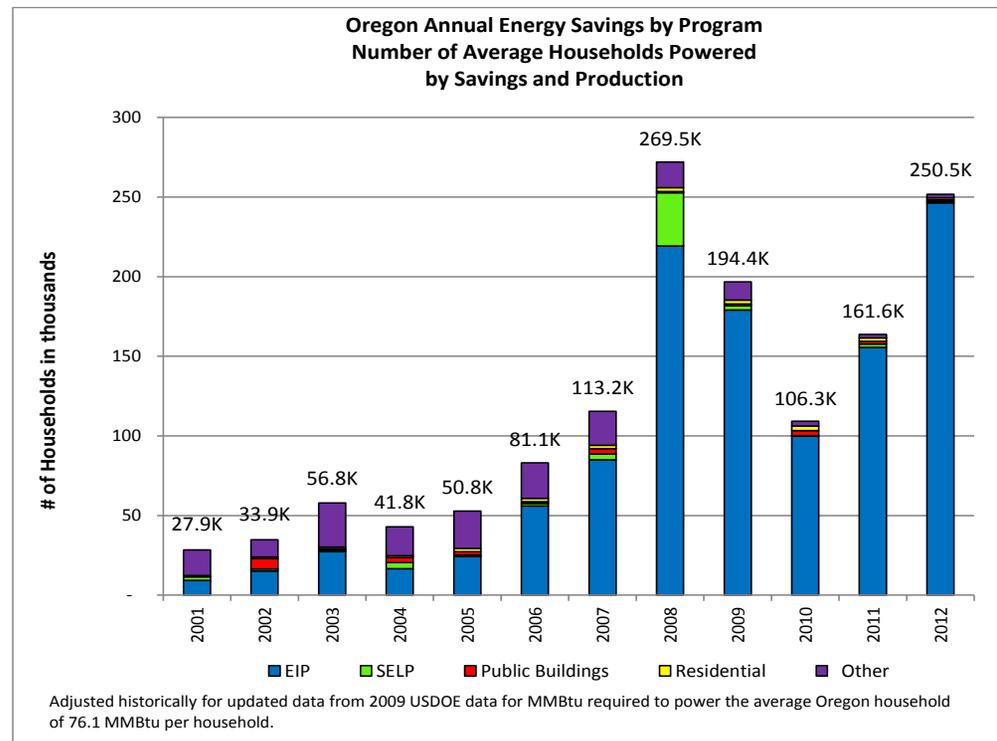
During the 2011-13 biennium the Business Energy Tax Credit (BETC) program reached an initial sunset deadline and new Energy Incentives Program (EIP) was launched, which contains biennial caps on the amount of tax credits awarded. These changes have made it difficult to forecast realistic, achievable targets, so the legislature did not set targets for this measure for the 2013-15 biennium.

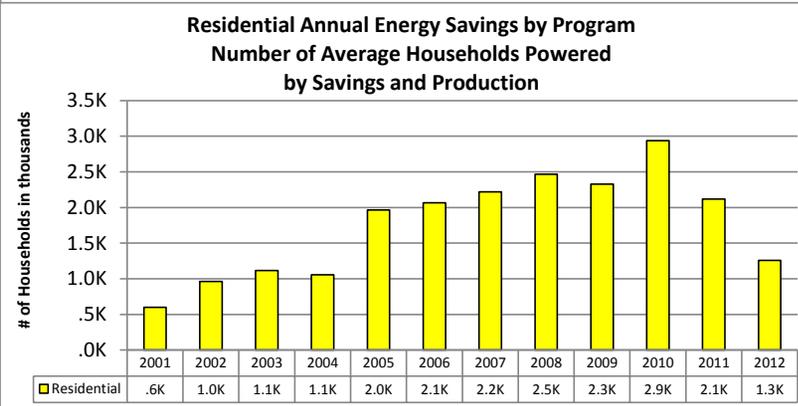
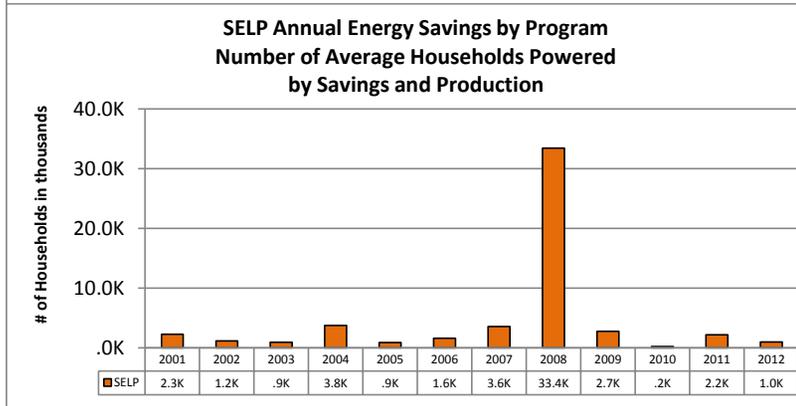
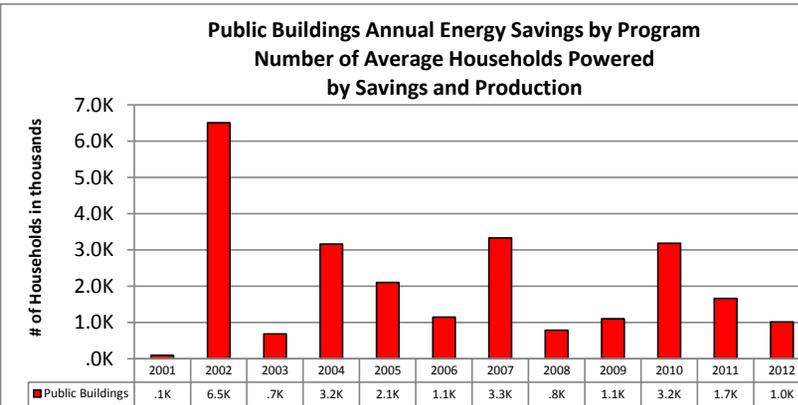
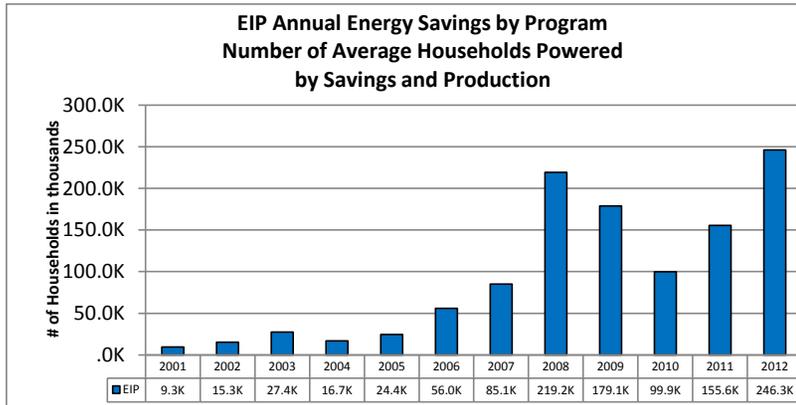
3. HOW WE ARE DOING

Overall the results for 2012 show improvement over 2011 due in large part to a push to finalize BETC projects (a subcomponent within the EIP category) prior to the program's initial sunset deadline. Savings from the Small-scale Energy Loan Program, Public Buildings and residential activities have declined in recent years, mainly due to changes in statute. This will lead to a downward resizing of the overall energy savings over the next few years.

4. HOW WE COMPARE

There is no good direct comparator of energy savings; however, the American Council for an Energy Efficient Economy (ACEEE) has proposed a national goal for energy savings. The goal calls for utilities to implement measures that save the equivalent of one percent of the electricity used by their customers each year. ACEEE ranked Oregon 4th of the 50 states from 2011 through 2013 and 3rd in 2010 on their State Energy Efficiency National Scorecard. Additional savings are realized each year by programs operated by Oregon utilities and other entities. This suggests that ODOE's performance is above that of most states: www.aceee.org/state-policy/scorecard





5. FACTORS AFFECTING RESULTS

HB 3672 (2011) sunset the BETC program, modified the RETC program, and introduced three new energy incentives that are capped. As a result, the total energy savings in both the EIP and RETC categories is expected to decline. The 2011 Legislature also made changes that exempted universities from being required to use State Energy Efficient Design services, which impacts energy savings in the public buildings category. The economic downturn in 2009 reduced the amount and volume of new loans in the Small-scale Energy Loan Program (SELP), which explains the decreased energy savings in this category. Given the completion of BETC, caps on new energy incentives, and slow economic recovery, the department anticipates flat to declining energy savings in future biennia.

6. WHAT NEEDS TO BE DONE

Increasing the caps on energy incentives, extending sunset dates and/or introducing new strategic incentives to achieve state goals would likely raise energy savings. Exploring new methods for tracking energy savings from activities that emerge as the agency pursues new and innovative ways to advance Oregon's energy priorities may also help ensure continued growth in energy savings results.

7. ABOUT THE DATA

Energy savings is defined as the total energy saved, produced or displaced from department programs.

The 2009 Legislature requested that ODOE modify the methodology for this measure to eliminate reporting cumulative energy savings and to consider the life-cycle of energy projects. ODOE has converted this to measure annual savings. Historical data was converted to enable data trending.

The number of households powered by the annual energy savings is based on the average annual energy conversion factor of 76.1 million BTUs per household per year, which is sourced from the U.S. Energy Information Administration. An update was done in 2011 by USDOE that changed the factor from 71.8 to 76.1 million BTUs per household. Historical data was modified to allow for trending.

Energy savings data is only an estimate and not a representation of actual savings earned. Estimates are based on specific types of equipment, by fuel type, and in many cases on savings estimates for specific brand and model number combinations for equipment. Some data used is drawn from self-disclosure of applicants. When new testing data is available from equipment manufacturers, the agency adjusts its energy savings estimates accordingly. The SELP data uses fully disbursed year of the loan instead of the previous methodology of loan closing year. This was done to maintain consistent reporting of energy savings as loans did not necessarily report any savings until fully disbursed. The reporting cycle for this measure is a calendar year.

KPM # 2	CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Measure since: 1997
Goal	Provide customers with a high degree of satisfaction with ODOE conservation and renewable resource programs.	
Oregon Context	ODOE Mission.	
Data source	Survey completed by the department.	
Owner	Mary Knight, KPM Coordinator, Phone: 503-373-7562	

1. **OUR STRATEGY**

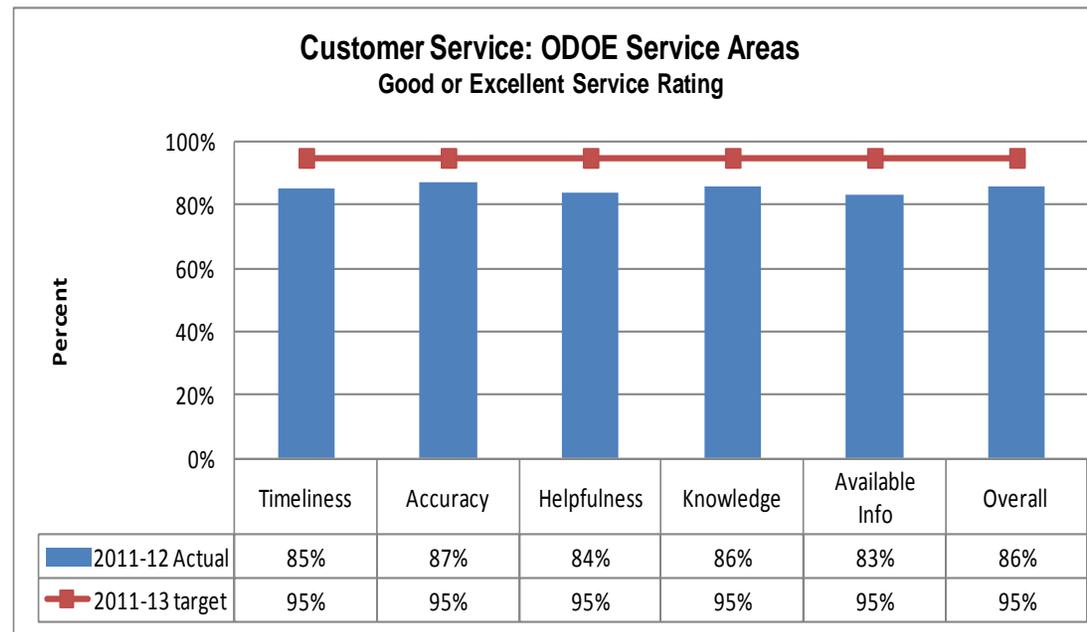
ODOE has committed to surveying external customers once a biennium using the standard customer service questions and process guidelines. The most recent survey expanded the customer base to include all long-standing ODOE programs.

2. **ABOUT THE TARGETS**

The 2009 Legislature set the target at 95 percent for all service categories. ODOE requests the continuation of this target for the 2013-15 biennium.

3. **HOW WE ARE DOING**

ODOE conducted an on-line survey in 2012. Results represent the sum of all customer feedback without any weighting of the data. ODOE performed most favorably in the service category of accuracy, and least favorably related to availability of information. Our average satisfaction rate for all service categories is 85.1%. While this is below our target goal of 95%, there was an incremental improvement over prior year’s survey. The department has not yet completed a survey for the 2013-15 biennium.



4. **HOW WE COMPARE**

ODOE has not identified an entity with whom to draw performance comparisons, other than using its own historical data.

5. **FACTORS AFFECTING RESULTS**

ODOE has experienced a high rate of employee turnover and changes in leadership over the last two biennia. It can be challenging to provide timely, consistent customer service with the loss of institutional knowledge.

6. **WHAT NEEDS TO BE DONE**

As turnover stabilizes and improvement initiatives take hold, ODOE anticipates that performance results for customer service will improve. Stakeholders have provided positive comments to ODOE in the 2014 EIP and RETC rulemaking hearings.

7. **ABOUT THE DATA**

The survey is comprised of results from individual surveys conducted in each of the department's four divisions that provide services to energy customers and stakeholders. The survey is conducted once a biennium.

KPM #3	APPLICATION PROCESSING: Percent of applications reviewed and approved within administrative or statutory deadlines for: a) Energy Facility Siting; b) Energy Incentive Programs; and c) Residential Energy Tax Credits.	Measure since: 2006
Goal	Provide timely processing of site certificates and tax credits.	
Oregon Context	ODOE Mission.	
Data source	Energy Facility Siting, Energy Incentive Tax Credits and Residential Energy Tax Credit databases.	
Owner	Mary Knight, KPM Coordinator, Phone: 503-373-7562	

1. OUR STRATEGY

ODOE monitors application processing timeliness for Energy Facility Siting and energy tax credits to identify delays and make improvements to turnaround times. This measure contains three parts:

- a) Energy Facility Siting percent of applications for which ODOE notifies applicants within 60 days of receiving their application for a new energy facility.
- b) EIP percent of final applications that are processed within 60 days of receipt of a complete final application.
- c) RETC percent of applications approved or denied within 60 days of the receipt of a complete application for a final certificate.

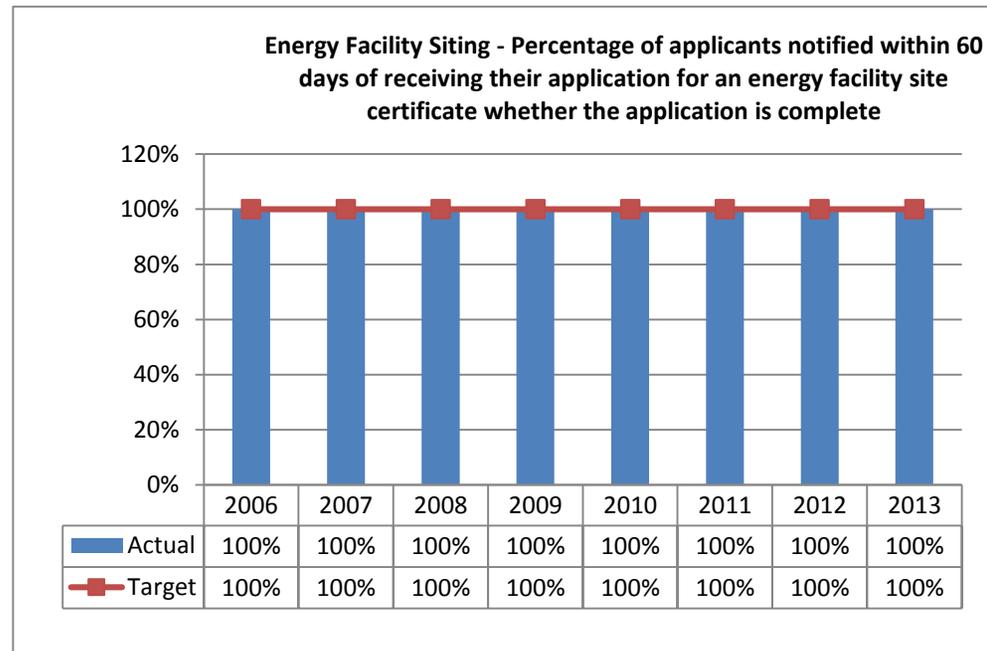
The reporting on this measure has been updated to reflect the new Energy Incentives Program (EIP). The first year where a full year’s worth of data is available was 2013; Biomass data has been available since 2010.

2. ABOUT THE TARGETS

Targets are set at 100 percent for each of the measure subcomponents. ODOE requests the continuation of this target for the 2013-15 biennium.

3. HOW WE ARE DOING

ODOE’s performance targets on the energy facility siting measure are met consistently over time. ODOE’s EIP and RETC processing timeliness targets have not been met consistently for several years, due in part to cyclical factors and the increased workload associated with the sunset of the BETC program. Beginning with this report, results for the BETC program were removed from this metric as that program was completed on July 1, 2014. This reveals that actions are needed to bring greater timeliness to the new energy incentives program. With BETC complete, resources are being redeployed to increase future timeliness of the new energy incentive programs.

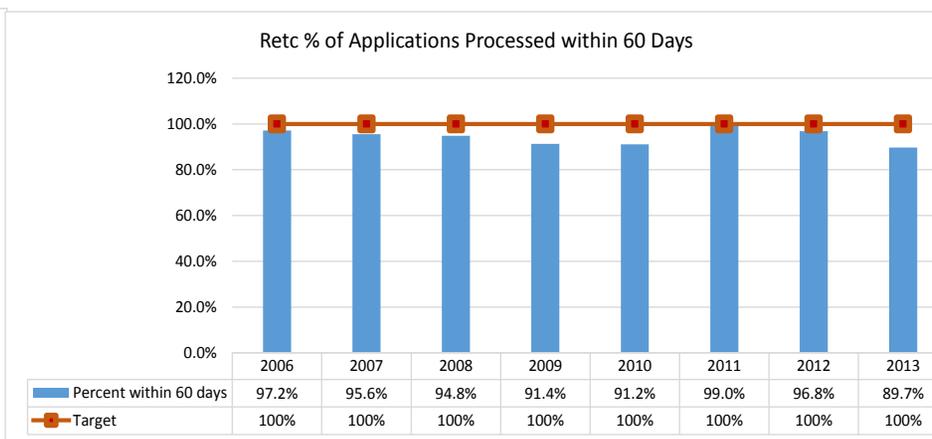
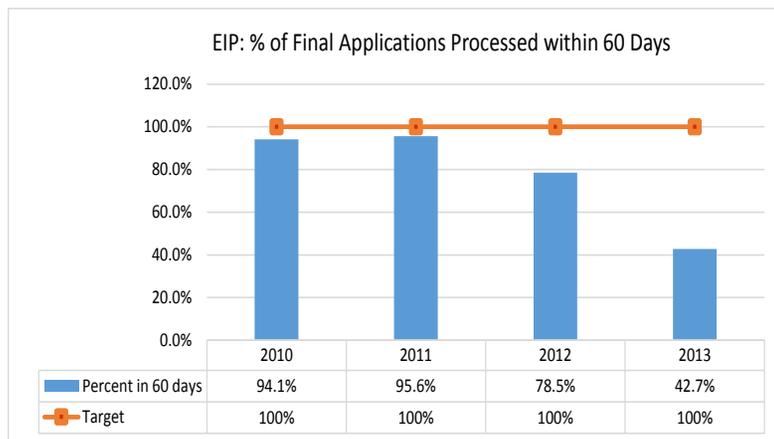


4. **HOW WE COMPARE**

ODOE has not identified any external comparators; comparisons are made against historical performance results.

5. **FACTORS AFFECTING RESULTS**

HB 3672 (2011), which made changes to the energy incentives program impacted timeliness. As the BETC program came to a close, it required more resources and delayed the system creation and launch of the new incentives, which resulted in processing delays. As of July 1, 2014, all the extended sunset BETC applications have been finalized so ODOE anticipates improvements to the timeliness in the EIP program. In 2013, over four percent of RETC applications were held over 60 days while final administrative rules were finalized before tax credit certificates were issued.



6. **WHAT NEEDS TO BE DONE**

The department would like to invest in greater automation of energy incentive application processing; however, these investments are difficult to justify given current sunset provisions.

7. **ABOUT THE DATA**

The reporting cycle for this measure is a calendar year. The data for the energy facility siting measures represents actual processing time data for all applications received during the reporting period. The EIP and RETC measures are likewise based on actual data. ODOE enters the date the application is received and date approved for all tax credit applications in its databases and pulls reports that compare actual processing timeframes to targets. The current tracking system does not take into consideration the length of time that an EIP application may be on hold due to it being incomplete. This will be tracked in the new database.