

# **Unlocking Small Commercial Buildings: Early Outcomes from Portland's Building Energy Efficiency Grant**

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## **ABSTRACT**

Small commercial buildings, which represent 95% of the U.S. commercial building stock, have historically been underserved by energy efficiency and climate programs. These spaces—often occupied by small businesses operating on tight margins—face unique barriers, including limited access to capital, a split incentive between tenants and landlords, and increased risk of displacement following building improvements. Despite these challenges, effectively serving this sector is essential to achieving local and national carbon reduction goals.

In Portland, Oregon, commercial buildings account for 24% of total carbon emissions. Recognizing both the carbon savings potential and the persistent barriers in the small commercial building sector, the City of Portland allocated \$25 million over 5 years from the Portland Clean Energy Community Benefits Fund (PCEF) – launching the Building Energy Efficiency (BEE) Grant program in June 2025. The program offers grants of up to \$100,000 for high efficiency upgrades to business-owned equipment, and up to \$200,000 for building-wide improvements by property owners. Grants are paired with technical assistance, scope development support, and quality assurance to increase accessibility and maximize impact on energy savings and small business resilience.

In this paper, we report on the design, early outcomes, and lessons learned from the BEE Grant's first year of implementation. We identify strategies for engaging building owners while mitigating displacement risk and share key metrics and design considerations that can inform similar efforts in other jurisdictions. Our findings offer practical insights for program managers seeking to equitably scale energy efficiency investment in the small commercial sector.

## **Introduction**

### **Portland Clean Energy Community Benefits Fund: History and Context**

Following years of leadership across a broad coalition of grassroots organizations and communities of color, 65% of City of Portland voters overwhelmingly supported the adoption of the Portland Clean Energy Community Benefits Fund (PCEF) initiative in November 2018. The successful ballot measure was the first environmental initiative in the State of Oregon lead by communities of color and created a first of its kind city climate program (City of Portland 2024).

The passage and subsequent adoption of PCEF by City Council resulted in a long-term funding source and oversight structure for clean energy and climate justice projects. The fund is generated through a 1% surcharge on Portland sales by large retailers with both \$1 billion in national revenue and \$500,000 in local revenue. PCEF was initially projected to generate \$40M-\$60M annually but quickly outperformed these initial projections; the surcharge now generates an annual average of \$200M. The program supports targeted investments to ensure that the

City's climate-action efforts support social, economic, and environmental benefits for all Portlanders, specifically centering PCEF Priority Populations<sup>1</sup> (City of Portland 2025).

In response to the higher-than-projected surcharge revenue, incorporating lessons learned from the program's initial years of operation, and with an eye toward the City's broader carbon reduction goals, in September 2023, Portland City Council approved PCEF's first Climate Investment Plan (CIP), the City's 5-year funding road map for climate action. The CIP, which following an amendment in December 2024 now represents \$1.6 Billion in investment through 2029, includes a robust annual non-profit grants program, as well as the addition of thirty-seven Strategic Programs, intended to be delivered by non-profit, government, or private implementation partners. These Strategic Programs target investment areas spanning multiple categories including renewable energy and energy efficiency, transportation decarbonization, green infrastructure, climate jobs and workforce, and regenerative agriculture.

### **Strategic Program 4: Clean Energy in Small Commercial Buildings**

Strategic Program 4 (SP 4): Clean Energy in Small Commercial Buildings. SP 4—hereafter referred to by its program delivery name, the Building Energy Efficiency (BEE) Grant program—is administered by Prosper Portland, the City's economic development and urban renewal agency.

The BEE Grant program represents the investment of \$25 million into Portland's small business community, supporting Portland-based small businesses and small commercial building owners to reduce energy usage and cost, create health benefits, and increase business resilience through energy efficient building improvements and equipment upgrades. This program, intended for buildings less than 40,000 square feet with a priority on building less than 20,000 square feet, also prioritizes investment in businesses in high energy use sectors that have high energy savings opportunities, like food service, food sales, small manufacturing, lodging, and laundromats (Prosper Portland 2025a). This paper outlines the goal metrics for the BEE Grant program, shares key program design choices and rationales for making such choices, and investigates early outcomes following the program's first year of implementation.

### **Goal Metrics**

The success of the BEE Grant program is ultimately measured and evaluated by its funder, PCEF, who maintains a robust reporting dashboard to track investments, climate benefits, and social impacts across all funded projects and programs. In addition to staff and leadership oversight, PCEF is guided by (and accountable to) a committee of community members; this unique oversight structure helps to ensure that PCEF (and by extension the BEE Grant program) remain accountable both to City leadership as well as direct community input and feedback.

At the project level, the BEE Grant program is capturing detailed measure-level data both for prescriptive measures with deemed savings as well as projects or measures requiring custom analysis. Prosper Portland provides this data to PCEF at regular reporting intervals, and the

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<sup>1</sup> PCEF Priority Populations are defined as groups that have been historically under-resourced by sustainability, climate action, and clean energy programs. These groups include, but are not limited to, people with low incomes, people of color, and people with disabilities. These groups often have less access to the benefits of environmental investments, and at the same time, are more vulnerable to the negative impacts of climate-related events such as extreme heat, wildfire smoke, vector borne diseases, and flooding.

associated carbon savings and workforce impacts, while not yet available due to the early stages of the program, will ultimately be aggregated into PCEF’s broader reporting dashboard.

PCEF has set the following targets for Prosper Portland to achieve over the duration of the program through 2029:

- Energy upgrades in 65 small commercial buildings, and high efficiency appliance replacements for 75 small businesses.
- A minimum of 20% energy savings for small business owners.
- 50% of businesses receiving energy upgrades are owned by people who belong to historically under-resourced groups.

While not a formal metric, all PCEF-funded programs are designed to advance the broader goals of the PCEF Climate Investment Plan, including equitable access to climate investments, community-centered program delivery, and the reduction of structural barriers such as language, financial, technical, cultural or other systemic barriers to participation, particularly for communities who have been historically underserved by climate programs. Consistent with these goals, the BEE Grant is expected to operate through a wraparound, supportive service model that provides accessible entry points, culturally responsive outreach, one-on-one technical assistance, and guidance throughout every stage of the program.

## **Key Program Design Choices**

PCEF conducted deep community engagement during the development of the CIP, including public comment submissions, community review panels, and online surveys with community members, nonprofit organizations, business owners, educational institutions, and government institutions. As a result, the CIP is embedded with a broad set of community expectations. These expectations represent the hopes and urgency of those frontline community members who stand to be harmed most by the impacts of climate change, in addition to the voices of community members more commonly heard at city hall.

The ensuing challenge this presents, for any PCEF-funded program like the BEE Grant, is to adequately design the program to perform to the expectations set by community, while keeping the program feasible and ensuring the administrative and staff costs reflect sound stewardship of public funds. In this section, we elaborate on several of the key design choices Prosper Portland made during the program design phase of the BEE Grant, discussing the rationales and methodology for each. For some design elements, we’ll also offer a brief qualitative indication on the initial performance of the program design choice, to date.

### **Split Incentive**

Like many energy efficiency programs in the small commercial building sector, the BEE Grant program must navigate the nuanced split incentive dynamic present in many commercial tenancing relationships; tenant businesses who pay the utility bills in small commercial buildings are the direct beneficiaries of efficiency and renewable energy upgrades, but typically it is the building owner—not the business tenant—who controls whether upgrades are pursued at all and whether the associated costs are covered by the tenant or the building owner (City of Portland 2025). This split incentive can impact each building and business tenant differently, with much dependent upon whether the lease defers any responsibility of key building upgrades to the

tenant, and whether the property owner is interested and engaged in the maintenance and upgrading of the building's performance.

Acknowledging it may be difficult for a program to suit every unique building owner-tenant scenario, PCEF and Prosper Portland made the decision to split the BEE Grant program into two discreet offerings; one for building owners which can fund building wide energy efficiency and clean energy upgrades, and a second offering for business tenants which can fund energy efficiency upgrades to equipment owned by the business. As a core principle, the design centers the small business tenant as the primary beneficiary; even when the grant investment is made to a building owner, the resulting benefits must flow to the small business tenant(s). PCEF provided a list of eligible prescriptive measures and Prosper Portland designated each of those upgrades as Owner-eligible, Tenant-eligible, or (in some cases) both. Prosper Portland also developed a few targeted exception pathways in an attempt to be responsive to scenarios that might challenge the general designations. These are shown below in Table 1.

**Building Owner Grants.** Commercial property owners are eligible for energy efficiency and renewable energy building improvements (e.g., HVAC, controls, weatherization, rooftop solar). Building owner grant recipients can be awarded up to a maximum of \$200,000 toward an eligible project scope, with building owners required to provide a 25% match (match may be sourced from owner capital, other incentive programs, grants, or loans). Improvement must result in, at minimum, a 20% energy savings for the business tenant.

**Business Tenant Grants.** Small business tenants are eligible for appliance and equipment upgrades that increase energy efficiency (e.g., refrigeration equipment, manufacturing equipment, food service equipment, clothes washers and dryers). Business tenant grant recipients can be awarded up to a maximum of \$100,000 and have no match requirement. Similar to the building owner grants, the upgrade must result in, at minimum, a 20% energy savings for the small business tenant.

Table 1. List of BEE Grant Prescriptive Measure Categories

| PCEF Prescriptive Measure             | Owner / Tenant / Both | Exception Pathway |
|---------------------------------------|-----------------------|-------------------|
| Heating & Cooling                     | Owner                 | Yes               |
| Lighting                              | Owner                 | Yes               |
| Weatherization                        | Owner                 | None              |
| Rooftop Solar                         | Owner                 | None              |
| Level II EV Charger                   | Owner                 | None              |
| Demand Controlled Kitchen Ventilation | Both                  | None              |
| Walk-in Refrigeration                 | Both                  | None              |
| Heat Pump Water Heaters               | Both                  | None              |
| Foodservice Equipment                 | Tenant                | None              |
| Reach-in Refrigeration                | Tenant                | None              |

Exception pathways may be satisfied if the lease indicates tenant responsibility, the existing condition is non-functional, replacement/upgrade is essential to the small business owner, and the property owner has declined to apply for the program.

A key priority in this Owner-Tenant dual program offering is to encourage building owner investment by providing a large enough incentive to building owners who otherwise may

not take on the upgrade at all. Business tenants benefit from turnkey, energy efficient equipment which will not only provide an immediate reduction in energy use but also endure as an asset for their business whether they remain in place or relocate to a different building.

Early indications suggest the dual offering has been working. Building owners have indicated the 25% match requirement is fair and see the value and opportunity the grant funds can provide. Business tenant grant recipients often are replacing equipment that is well past its useful life. Efficient food service equipment and refrigeration equipment have both shown high opportunity for energy savings and have often been very popular among early grant recipients.

One concern we've flagged early in the program, is many business tenants would like, if they could, to add building owner-eligible upgrades to their tenant-eligible grant scope. Unless the guidelines for the program change following a future program evaluation cycle, we will continue to adhere to existing designations for owner- and tenant-eligible upgrades. This ensures consistency across projects but also means, in some instances, we may be leaving energy savings potential, and increased small business resiliency, unrealized. Similarly, though difficult to track with confidence, program marketing materials clearly indicate HVAC is a building-owner only upgrade. Because of this, extrapolating from early participant feedback to the program it is realistic to assume business tenants whose need is primarily HVAC-related, may be deciding not to submit an application at all. This suggests there's a segment of potential grant applicants the program is missing altogether.

### **Anti-Displacement Measures**

Related to the split incentive dynamic, while the short term benefits of improved building performance flow to the small business tenant through reduced energy bills, major improvements to small business spaces can result in an increased valuation of the asset and can have the unintended consequence of increasing rent to a level which may not be affordable to current tenants (City of Portland 2025). Additionally, in Portland, displacement pressures disproportionately threaten areas of the city where Black, Indigenous, and all People of Color (BIPOC) communities reside, including every census tract east of 82<sup>nd</sup> Avenue (City of Portland 2023). This represents a key focus area for the BEE Grant program, which has seen historical underinvestment by City and climate programs. In addition to the dual program offering for building owners and business tenants described above, the BEE Grant program engages several other levers to reduce displacement pressure caused by property investment.

**Lease stability.** Building owners applying for the program are only eligible if they have a tenant in the building/space who has, at minimum, two years remaining on their lease term. Additionally, in the application scoring phase, building owner applicants with more years remaining on their tenant's leases receive more points, thereby prioritizing projects with longer lease stability. Building owners are welcome to apply and may receive provisional approval if their tenant lease(s) expires within two years, but must extend those leases at the same or market terms before Prosper Portland will execute a grant agreement and commit funds.

**Prohibited pass through.** The legally binding grant agreement includes a clause which prohibits a building owner from using the improvements funded by the grant as a basis for rent increases at the property they own. Similarly, the clause goes on to specify that building owner grant

recipients may not pass through the 25% owner match requirement, or any other costs incurred, to their tenant(s) through triple net fees or any other mechanism (Prosper Portland 2026).

### **Supplementing Ratepayer Funded Incentive Programs**

Commercial building owners and small business owners in Portland have access to a robust offering of energy efficiency retrofit, lighting, and new construction incentives, offered by the Energy Trust of Oregon (Energy Trust of Oregon 2025). Gas and electric utilities also have additional competitive incentive offerings available to small business customers. Early in the BEE Grant design process, the presence of these incentive offerings was noted, and direction was given to design a program that would ultimately be complementary to existing offerings, rather than duplicative or in competition with other such incentives.

Now that the program has been available and is past its initial launch period, one goal program staff are working toward is establishing workflows and pathways with program staff at Energy Trust of Oregon (ETO) such that BEE Grant recipients may stack PCEF resources with ETO incentives; an outcome which would benefit both programs, amplifying the impact of investments and stretching dollars to increase the number of total business sites served. Rather than asking program participants to submit discreet application materials for both programs, the hope behind this collaboration is to create a single point of contact for accessing both programs, which should reduce barriers and streamline access (Morales and Nadel 2022).

**Gas-to-electric fuel switching.** While ETO programs, given their natural gas-utility ratepayer funding, can bump against guardrails when it comes to supporting projects which may result in retiring existing gas-fired equipment in favor of heat pump or other electric-fueled technology, PCEF funds do not share this limitation. As such, the BEE Grant has an opportunity to incent decarbonization and a reduced dependence on fossil fuel combustion by encouraging the adoption of electric solutions. As such, and given robust gas efficiency incentives offered by ETO, PCEF made the decision to focus only on electricity-fueled improvements. While in some segments, particularly food service, we have encountered some resistance to this limitation; this decision has undeniably resulted in the retiring of gas-fired equipment which otherwise may have been replaced with an energy-efficient gas or hybrid fuel solution.

**Large proportional investment.** One benefit of ETO commercial incentive offerings is their wide availability. Across the Portland region, in 2024, ETO incentives supported efficiency upgrades at over 3,729 commercial sites (Energy Trust of Oregon 2025). This far outstrips the number of sites (140) the BEE Grant is intended to support, in part because while ETO incentives will often provide a funding reimbursement which is fractional in comparison to the total project amount, depending on the project's scope, BEE Grant recipients may receive funds which cover a majority of project costs. Certainly, given the 25% match requirement for building owners we expect, and have already seen, many BEE Grants will cover 75% of the total project cost for building owners, and 100% of the total project cost for small business tenants. The intent

behind this choice was to reach different customer segments—namely PCEF priority populations—and support projects which otherwise would not have taken place.

## **Barrier Reduction**

Barriers to the decarbonization of small commercial buildings in the US are well documented. Clarke et al. (2024) provide an in-depth analysis of many barriers nationwide which are certainly relevant to the City of Portland, some of which include limited capital access, lack of time for research and implementation, language access, and the split incentive dynamic. This section explores design choices made with barrier reduction in mind, with an eye toward supporting PCEF priority populations and meeting or exceeding the program's goal of 50% of funds being received by members of historically underrepresented groups.

**Language access.** Based upon American Community Survey data analysis performed by the Population Research Center at Portland State University, the top languages other than English spoken in Multnomah County (where the City of Portland is located) are Spanish, Vietnamese, Chinese, and Russian (State of Oregon 2024). While there are of course residents (including many who are business and building owners) who speak other languages, these top four language designations represent 87% of County residents with limited English proficiency.

With this data in mind, Prosper Portland had application materials, outreach and marketing collateral, and all website copy translated into these languages. After an applicant has submitted their application, interpretation services are available upon request. Interpretation services and application submission support is also available upon request for additional languages beyond those four which have translated materials.

**Applicant capacity limitations and technical assistance.** The small commercial spaces in which many small businesses operate have been historically difficult for climate programs to serve. Larger commercial buildings can benefit from economies of scale, often employing one or more staff persons to manage facilities, which can improve building energy performance. Similarly, many larger buildings also utilize Building Automation Systems (BAS) which can dramatically improve energy efficiency by way of sensors and controls. While studies show 60% of commercial buildings larger than 50,000 square feet have adopted BAS to control HVAC systems, only 13% of small commercial buildings have followed suit (Trenbath et al. 2022).

Coupled with the lack of facilities management staff and uptake of automated solutions, many small business owners and small commercial building owners are operating at the edges of their own time constraints. It can be difficult to take proactive steps to improve energy performance, even when there is a viable business case for doing so. Often the focus on profitability and the urgency of the bottom line places a premium on time, and, in many cases conventional wisdom indicates time should be spent generating revenue. Case in point, it is common for Prosper Portland to hear from business owners who made an efficient equipment upgrade with a corresponding utility-funded incentive they opted not to pursue due to time and capacity constraints, effectively leaving money on the table.

The BEE Grant program cannot solve these capacity limitations on a broad scale, but for those applicants who are awarded a grant, the program has been designed in acknowledgment of these constraints. Prosper Portland staff provides applicants with technical assistance via a single touchpoint throughout all stages of the process. This can include guidance on submitting the application when requested, a responsive contact point for answering questions, helping

awardees understand which upgrades meet PCEF's eligible measures, serving as a thought partner to synthesize business operational needs with energy savings opportunity, and guiding grantees through the administrative hurdles between award and grant disbursement.

Even with robust technical assistance, participation in the BEE Grant program still requires time, a resource in short supply for many business owners. To reduce the risk of a sunk cost for business applicants, the BEE Grant application process is very simple. Applicants need not include any project details, as those get finalized later in the scoping phase, and many applicants complete the application within 15 minutes. Additionally, awardees are eligible for significant sums (up to \$100,000 for business tenants or \$200,000 for building owners). Whereas it can be more difficult to make a business case for smaller, fractional energy efficiency incentives, the BEE Grant's high maximum allocations per grantee aim to strengthen the return on investment and incentivize program uptake and retention.

**Independent Energy Savings Analysis.** In addition to technical assistance by Prosper Portland throughout the program, grantees also benefit from the expertise of a 3<sup>rd</sup> party energy engineering consultancy. This service is utilized for every BEE Grant project, is provided at no cost, and includes three components; 1) a site visit during the scoping phase resulting in a high level, qualitative energy savings opportunity report; 2) a scope evaluation report, which provides either a high-level energy savings analysis for prescriptive measures with deemed savings, or a detailed custom analysis for custom measures, both with a certification that the proposed scope meets PCEF's minimum efficiency requirement of 20% savings to the business owner; and 3) a post-installation quality assurance site visit, to inspect for appropriate installation of equipment.

This 3<sup>rd</sup> party service offering accomplishes multiple goals. It provides grantees access to building-specific scope development expertise, and also provides Prosper Portland with the data required to ensure compliance with PCEF energy savings targets, and report on projected savings. The service is also intentionally high-level, and only extends to the more data-driven (and time/funds intensive) custom analyses when necessary, a choice made to reduce overhead and maximize funds toward energy upgrades, with an acknowledgement that the deferred maintenance commonly found in Portland's small commercial building stock will often present clear and sound opportunities for significant reduction in energy use without the need for a custom analysis. Furthermore, it can be common for BEE Grant recipients to reach maximum grant amounts with additional energy savings opportunities outstanding; these measures are detailed in the site visit reports, which can serve as a future guide for building and business owners to prioritize energy performance investments down the road.

**Capital access.** Small businesses often operate on tight margins, limited cash reserves, and many are still emerging from financial hardships resulting from the COVID-19 pandemic (City of Portland 2025). While it may be fair to assume, based upon proximity to wealth alone, that small commercial building owners would not suffer from these same capital access barriers, often small building owners share these difficulties, particularly those servicing debt on their property.

Based upon agency policy, grant programs administered by Prosper Portland are reimbursement-based, which can present notable cash flow concerns for grant recipients. Given the typical practice by contractors of requiring a 50% deposit up front before construction work begins, this alone can present a significant barrier, particularly for lower income grant recipients who may identify as part of PCEF priority populations.

Prosper Portland has worked to solve for these scenarios by working with grantees and their contractors to break up deposits and invoices into smaller installments, processing reimbursements rapidly (often ensuring disbursement several weeks before the business credit card statement comes due), and in some cases setting up contractors as a 3<sup>rd</sup> party payee and disbursing grant funds directly to the contractor performing the work. Looking to the future, Prosper Portland is looking to stand up a low interest bridge loan offering, which could provide an up-front capital access option to get projects moving without causing cash flow concerns. This program, if successful, could also report to the credit bureaus and could serve as a low-risk credit building tool for small business owners who may not have had an opportunity to build good business credit, or who could benefit from repairing business credit.

## Scoring Criteria

Early in the program design phase, as Prosper Portland engaged with potential applicants about the upcoming program, it became clear the interest in the BEE Grant program would far surpass the available funds. With this in mind, and to ensure the program would meet the goal of 50% of businesses receiving energy upgrades belonging to historically under-resourced groups, Prosper Portland designed, tested, and adopted a set of scoring criteria used to evaluate, score, and rank every application received. Upon submission, applications are scored and then sorted based upon their score, with the highest scoring applications receiving provisional award letters each award period.

While both PCEF and Prosper Portland have historically utilized a suite of demographic priority factors in program design to ensure targeted outcomes, the methodologies previously employed are no longer viable given the rollback of Affirmative Action in 2023 along with more recent national nondiscrimination legislation, which led Portland Mayor Keith Wilson to issue an executive order directing compliance with all Federal nondiscrimination laws; a move made, in part, to preserve key federal funds which the City relies upon for housing and other essential programs (City of Portland, 2025b).

With the demographic tools Prosper Portland had been accustomed to no longer at our disposal, the BEE Grant team instead designed a set of criteria without utilizing protected classes which would result in reaching the program's goals. Scoring criteria are listed below in order of the criteria weight, highest to lowest:

- Type of business—industries known for high energy usage score more points
- Social vulnerability criteria<sup>2</sup>—qualitative & self-identified, applicants who identify with more of the vulnerability criteria score more points
- Economic vulnerability—buildings located in lower-income census tracts, by quintile, score more points, using the StatsAmerica Measuring Distress Tool (IBRC 2026).
- Environmental burden—by geography, locations identified as 'Disadvantaged' score more points, using the Climate and Economic Justice Screening Tool (CEQ 2015).

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<sup>2</sup> The social vulnerability criteria include the following prompts, which applicants may self-attest to:

- My business or residence was displaced by urban renewal, or I have generational ties to displacement due to urban renewal;
- I haven't had many chances to get higher-paying jobs, and my family didn't have money or resources passed down to help me get started or support my business;
- I am a first-generation college graduate (my parents did not graduate from college); and
- My business has been independently owned and operated for at least 20 years.

- Length of current lease—longer remaining lease terms score more points
- Date of building purchase—for building owner applicants, long-term investment/ownership scores more points
- Square footage—buildings or spaces under 20,000 square feet score more points
- Number of employees—businesses with more employees score more points
- Year Built—buildings constructed further in the past score more points

Early indications suggest the scoring criteria are performing as intended, with applicant and award trends indicating the criteria are advantaging PCEF priority populations. We will discuss these and other trends in the next section.

## Early Outcomes

The BEE Grant program launched in pilot phase in June 2025, with a formal program launch in October 2025. As such, it is prudent to acknowledge the limitations of any program analysis given the timeframe of data available. The findings presented in this section represent a June 2025 to June 2026 timeframe, which includes the pilot phase of the program, and should be characterized as early indicators rather than definitive outcomes. Furthermore, as the program approaches a full year of formal operation in October 2026, Prosper Portland will be completing a robust, internal monitoring and evaluation process to benchmark early program performance. With the program slated to continue through 2029, perhaps longer dependent on funding, there is good reason to analyze these early indicators and incorporate shifts in program design to achieve better performance toward program goals.

The analysis shared below represents the initial results of this internal evaluation, which will be built upon in late 2026 ahead of any potential modifications to the program’s guidelines or procedures. To provide structure to this analysis, we focus first on sharing a high-level overview, examine Prosper Portland’s initial performance to the program targets set by PCEF (discussed above in the Goal Metrics section), and identify areas that can benefit from additional focused analysis.

**Overview.** The Intergovernmental Agreement (IGA) between PCEF and Prosper Portland allocates a total of \$20,250,000 in direct grant dollars to be awarded to small business owners and small commercial property owners. This IGA extends through 2029, by which time all the funds are expected to be disbursed. While early indications suggest Prosper Portland will have no trouble meeting the June 2029 deadline for program disbursement, there has been an open question as to how quickly Prosper Portland might be able to successfully deploy the funds. Using a full year of program throughput, we can extrapolate estimated program delivery and spend timeline using the average grant size and number of total grantees through the first year of the program. Table 2 provides an overview of these inputs used to estimate the program’s fund disbursement rate.

Table 2. BEE Grant high level overview from June 2025 to June 2026

|                                           |              |
|-------------------------------------------|--------------|
| Total grant funds allocated to program    | \$20,250,000 |
| Total applications                        | 294          |
| Total awarded applications                | 64           |
| Total awards with signed grant agreements | 32           |

|                                          |             |
|------------------------------------------|-------------|
| Funds committed (grant agreement signed) | \$3,026,776 |
| Total funds disbursed to date            | \$1,242,674 |
| Average award size to date               | \$94,587    |

Fund availability, application count, and number of active projects (grant awards). *Source:* Prosper Portland 2026

Assuming future years of the program remain consistent with both an average of 64 applications awarded per year, and an average grant amount of \$94,587, the BEE Grant program projects to have the full allocation of \$20,250,000 committed to awarded projects by October 2028, roughly 8 months ahead of the contracted deadline. Given the first 12 months of program delivery included 5 months in pilot phase, a necessarily slower exercise, it is reasonable to expect the program will increase the number of annual grants awarded, thereby further accelerating the pace at which the allocated funds are drawn down. This early analysis is the first look into these trends; and greater sample size will only strengthen the confidence of any future projections. These projections may also be strengthened by removing the first 5 months of pilot phase data to isolate normal operational behavior as program delivery progresses to at least a full year of formal operation.

**Target.** Energy upgrades in 65 small commercial buildings and high efficiency appliance replacements for 75 small businesses (45%/55% distribution).

Early reporting numbers indicate a handful of key takeaways which can inform program implementation moving forward. First, while PCEF had originally estimated the BEE Grant program would support 140 grant recipients (65 building owners and 75 small business tenants), this estimate was made using an assumed average grant amount of almost \$145,000. If the early average grant amount of \$94,587 following the first year of program delivery holds true, we can project the program can support up to 214 grantees, rather than the 140 recipients initially projected. Figure 1 illustrates the current distribution of awardee type, and while the distribution of building owner and business tenant awards remains proportionally reflective of the program's application numbers, the results do skew in favor of business tenants by almost 6%. With PCEF's target at 55% for business tenants and current awards representing 61%, Prosper Portland will continue to track this to evaluate whether an operational shift will be required to adjust outcomes toward target metrics.

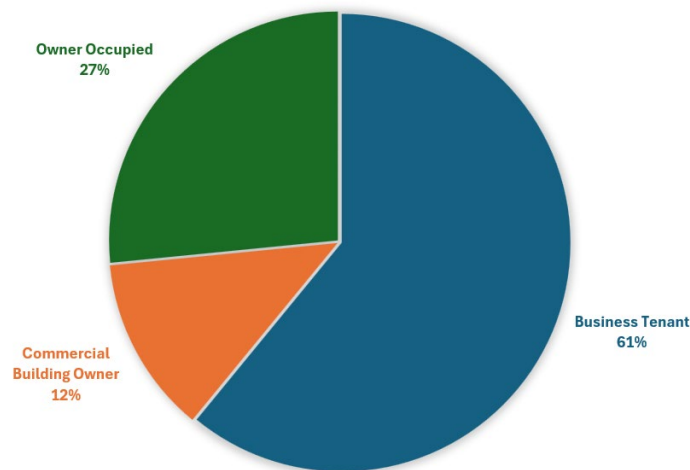


Figure 1. BEE Grant awards, broken out by % of owner/tenant recipient type.  
*Source:* Prosper Portland 2026.

**Target.** A minimum of 20% energy savings for small business owners.

While many peer efficiency incentive programs use some variation of cost effectiveness (e.g., \$/energy unit saved), PCEF instead provided a minimum energy savings requirement agnostic to the project cost. This target also specifies that the energy savings benefits flow to the small business tenant, whether the grant has been awarded to the tenant or to the building owner. While there aren't early-stage metrics to analyze in detail, given Prosper Portland's accountability to this performance target it seems prudent, at a minimum, to report on its implementation in practice.

As discussed above, each project undergoes an independent analysis by a 3<sup>rd</sup> party professional service provider, under contract agreement with PCEF this provider is currently Evergreen Energy Partners. These analyses provide an additional screening for PCEF measure eligibility, and also project energy savings to certify the proposed scope meets the 20% minimum energy savings threshold. Any project failing to meet the minimum savings threshold must work with Prosper Portland to revise the scope and re-submit for analysis in order to move forward in the process.

**Target.** 50% of businesses receiving energy upgrades are owned by people who belong to historically under-resourced groups (PCEF priority populations).

Program applicants may voluntarily provide race/ethnicity demographic information as part of their application, and are informed that this information is not used to evaluate or score their submission. Capturing demographic information is an important tool for evaluating outreach and community engagement efforts, and to help evaluate the performance of the program's scoring methodology. Based upon this early analysis, both PCEF and Prosper Portland are pleased by how the scoring criteria have performed. The criteria appear to advantage applicants who can fall under PCEF's priority populations designation. Figure 2 provides a comparison breakdown of race and ethnicity for all program applicants versus program awardees from June 2025 through June 2026.

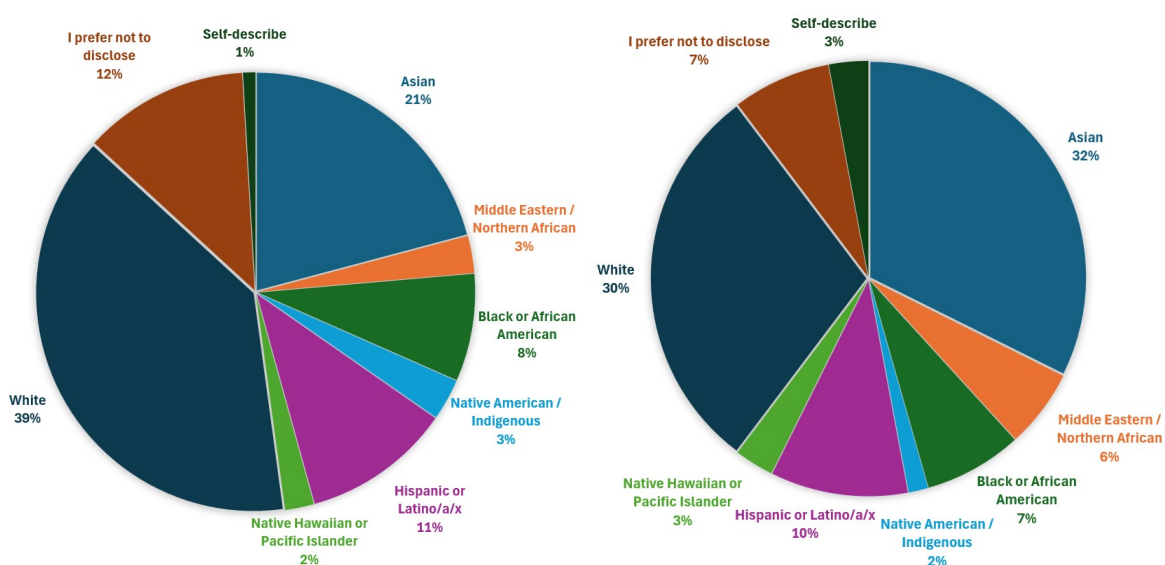


Figure 2. BEE Grant applicant (left) and awardee (right) racial demographics. *Source:* Prosper Portland 2026.

Another metric we can use to evaluate support to PCEF priority populations is comparing the application distribution to the award distribution across Portland's four City Council Districts. District 1 represents the easternmost region of Portland, and the region which has seen the most historic underinvestment by municipal programs and climate programs. District 2 includes North and Northeast Portland, which also has seen both historic underinvestment as well as significant gentrification and displacement of priority populations as a result of City-led urban renewal efforts. Application-to-award numbers show positive trends with regards to the scoring criteria's performance in District 1 and District 2; both districts show a proportional increase in award percentage over application percentage, as shown in Figure 3. This is a good early sign and a trend Prosper Portland will continue to monitor.

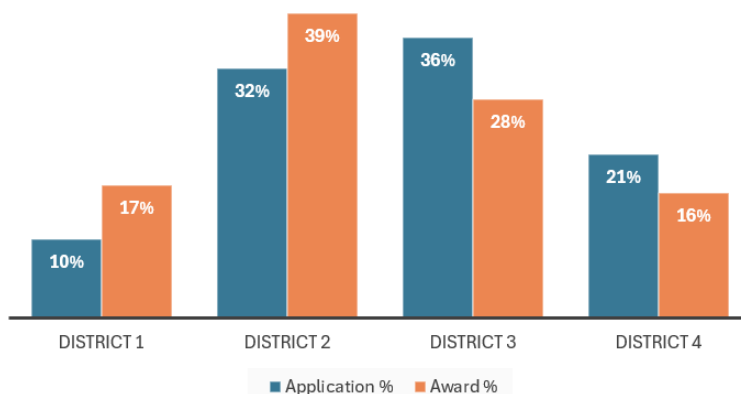


Figure 3. Applicants and Awardees by City Council District. *Source:* Prosper Portland 2026.

**Equitable access and wraparound support.** Prosper Portland and PCEF co-designed the BEE Grant program with a barrier reduction lens, with the idea that the program should provide accessible entry points for applicants with or without fluency engaging in existing City or climate programs. There are some early metrics to report on which provide helpful indicators for performance to this goal.

First, the utilization rate of the program's translation and language interpretation services has been stronger than anticipated. Over 10% of applications submitted have included a request for interpretation services with Spanish and Traditional Chinese requested most frequently.

Additionally, early analysis has flagged a relatively long average timeline for an application to move from receiving an initial award letter, to completing construction on their project. On average, the process takes 276 days start-to-finish, which is certainly longer than Prosper Portland had expected the process to take when designing the program.



Figure 4. Average timelines for BEE Grant awardees. *Source:* Prosper Portland 2026

Following several months of tracking this metric, these timelines have remained stable, which disproves Prosper Portland’s initial hypothesis that the timelines were artificially inflated by the inclusion of the pilot phase of the program, which was assumed to be slower in nature. While further tracking of awardee timeliness should yield additional findings, we can offer a few early rationales:

- For some project types, particularly those requiring structural work or HVAC permitting, the current wait time for permits can fluctuate up to 75 days which contributes to these long lead times.
- Despite long project timelines, retention in the program remains strong. The program has only seen 3 grantees receive an award letter and ultimately decide not to move forward with the program. This appears to indicate continued strong interest regardless of timeline.
- Given the nuanced requirements for eligible improvements, the detailed estimate review and revision process, and the nature of a high-touch grant program in the commercial energy efficiency space, it remains possible these timelines are simply the reality of this program. Looking forward, special care should be taken to track program retention and evaluate the cause for any grantee opting to withdraw their application, particularly if the timelines are impacting an applicant’s accessibility, experience or the project’s feasibility.

**Applicant type and measure demand.** While not a formal evaluation point, analyzing the distribution of applicant types, as well as the measures driving demand for the program, can be a helpful tool in evaluating whether there are gaps or opportunities to reach other business sectors with high energy savings potential. Following the first year of the BEE Grant program there are very clear trends suggesting strong program demand by food service businesses, with 71% of total grant recipients falling either under the Restaurant category (58%) or the Food Sales/Grocery category (13%). Figure 5 displays this awardee sector distribution, along with a breakdown of measure demand.

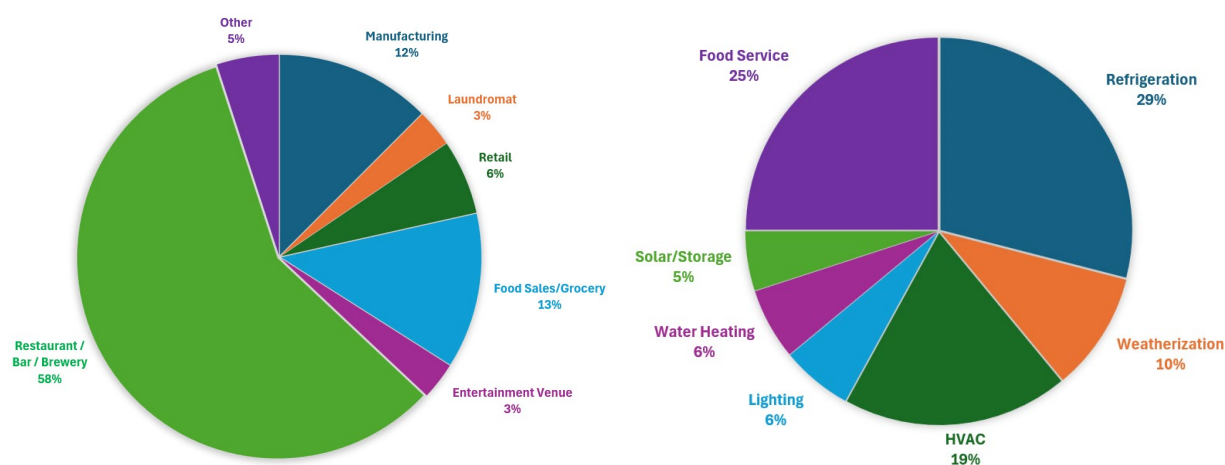


Figure 5. Awardee business type (left), and measure demand (right). *Source:* Prosper Portland 2026.

With a sizable portion of BEE Grants being awarded to food industry businesses, it comes as no surprise that 54% of the program's prescriptive measures being utilized apply to this business type; food service equipment (25%), and refrigeration equipment (29%). Refrigeration has been a highly adopted measure throughout the program's first year; both commercial reach-in units as well as repairs and upgrades to existing, aged walk-in refrigeration components.

**Future Analysis.** As highlighted in the sections above, many of the early outcomes associated with the program's first full year are necessarily preliminary. While some of these can be taken as optimistic indicators on performance, more time will be necessary to draw conclusions with confidence about the program's performance. Still, this early analysis has proven to be a very instructive exercise, and ultimately will serve as a benefit to the program's implementation. Like any City program, annual evaluation and program improvement is never far away, and this analysis provides a robust starting point to engage upon when the time comes.

Additionally, evaluating the program's early outcomes has also flagged further lines of inquiry to prioritize for review once the program reaches a full year of formal implementation. The first, and essential, missing metric is the total projected energy savings, by project and program wide. While the data to generate this report does currently exist, accessing and visualizing this information requires close coordination between Prosper Portland, PCEF, and Evergreen Energy Partners; an effort that was targeted for early 2026 but lingers as an outstanding action item. Having this component available for review will be an incredibly helpful tool for program analysis, impact reporting, and storytelling.

Second, the strong performance by the food industry applicant segments warrants further analysis into which other segments might be underperforming based upon the scoring criteria. With a current program waitlist of over 180 applications, there is a large sample size of applications which have not yet scored high enough to receive an award. Looking ahead, Prosper Portland has an opportunity to identify which industries are being deprioritized by the scoring criteria and evaluate whether a shift in the scoring might advantage other segments with strong energy savings potential.

## Conclusion

There is still much more to learn from the early stages of the BEE Grant program. Despite the need for additional data to continue program evaluation and projections, the PCEF and Prosper Portland teams are pleased by the initial indicators of program success. With over \$3 million soon to be invested toward the business community with many more dollars to follow, there is strong momentum in Portland for energy efficiency as a means for business stability and resiliency. The significant demand for the program, indicators of strong performance by the scoring criteria, barrier reduction practices, geographic distribution and owner/tenant breakdown all give reason for confidence in meeting or exceeding PCEF's goal targets for the program moving forward.

As program implementation continues over time, Prosper Portland has an opportunity to build upon this initial analysis to identify gaps in the program's delivery and make corresponding adjustments to the scoring criteria to ensure strong alignment with program goals. Finally, lingering process improvement concerns around reducing capital access barriers, better integrating with ETO incentive offerings, and reducing the overall project timelines remain three key areas to focus on improving as the program closes out its first year and moves ahead into further implementation and investment.

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