

Senate Environmental and Energy Committee
TESTIMONY BY GOVERNOR TED KULONGOSKI – SENATE BILL 373
March 6, 2007
Salem

Chair Avakian and members of the Committee: Thank you for the opportunity to express my support for Senate Bill 373 – and the Renewable Energy Standard it would set for Oregon.

This bill – Senate Bill 373 – is at the heart of my energy agenda this session. It is the centerpiece of a five-bill package that will help Oregon accomplish what we know we need to do – and scientists tell us the whole world must do: Shift from using carbon-based sources of energy to cleaner, renewable sources of energy.

My energy agenda relies on a combination of aggressive – yet attainable – renewable energy targets and incentives to help build a stronger, more competitive and sustainable economy... healthier communities... and energy security for Oregon.

This energy package – and this bill in particular – will position Oregon to:

- Reduce our dependence on foreign oil;
- Grow Oregon's home-grown sources of renewable power;
- Create good, sustainable living-wage jobs; and
- Enhance our quality of life through cleaner air and healthier communities.

The concept of a renewable energy standard for Oregon has evolved over the last several years resulting in the bill before you today.

The Global Warming Advisory Group that I appointed included an RPS as a central recommendation in its final report, which was released in 2005.

The concept was introduced, but the framework still needed to be developed. So last year I appointed a 32-member Renewable Energy Work Group, with the directive to discuss and develop a proposal for the legislature to consider this session.

While I said that this bill has evolved over the last few years – I would be remiss if I didn't also acknowledge that this bill is overdue.

Oregon is a state with abundant potential for the development of renewable energy – and many states with much less potential have already begun to capitalize on the demand in the market.

In fact, 23 other states have already enacted Renewable Energy Standards – though few are as ambitious as the one we're proposing in Senate Bill 373, which requires that 25 percent of our state's electricity come from new renewable energy sources by 2025.

And I would argue that few states are positioned as well as Oregon to be competitive in this ever-growing market of renewable and alternative energy. For that reason, we must act with not just equal determination – but greater determination if we are serious about making Oregon a leader in renewable energy.

This bill demonstrates that commitment and determination.

Last week, the House passed out three important bills that also help Oregon gain momentum in the renewable and alternative energy sector. The biofuels standard and incentives for production along with the Business Energy Tax Credit and Residential Energy Tax Credit send a message to both businesses and consumers that Oregon is a state looking to the future and a state worth investing in.

The legislature may be more familiar with these initiatives – we’ve been debating them for several years now and the tax credits have proven effective – which is why we want to expand them.

But setting a Renewable Energy Standard is newer to Oregon – and many of your colleagues may ask how it helps Oregon get ahead.

There are several key ways establishing an RPS moves Oregon forward toward leading our nation in renewable energy:

First, it creates certainty for the market. Last week Oregon was selected as the spot for a solar panel company – SolarWorld – to build their largest facility in the United States. They chose Oregon because of our incentives (the BETC) – and because of the direction we’re going and our commitment to research, development and consumption of alternative and renewable energy.

An RPS provides certainty for the market because companies know with such a standard, there will be a demand for renewable sources of energy.

And this certainty leads to my second point – it creates good, living-wage jobs. Oregon must diversify our economy if we are going to be competitive in a global marketplace – and by growing our domestic energy sector, we’re creating sustainable, good-paying jobs for Oregonians throughout the state....NOT just in urban areas.

Third, enacting an RPS helps us reach our targets for reducing greenhouse gas emissions – which is good for our air, our health and our quality of life. Last year, I announced greenhouse gas reduction goals of 10 percent below 1990 levels by 2020 and 75 percent below 1990 levels by 2050.

Fourth – it helps reduce long-term utility costs and will create greater energy diversity and rate stability for consumers. If you look at the trends in the costs of fossil fuels and renewable energy, fossil fuels are only going up, while renewable energy costs are going down.

Other states have shown that adoption of an RPS does not lead to significant rate impacts and I am confident that the same will hold true in Oregon. Even if there are some initial additional costs, we are certain that the long-term benefits of transitioning to a renewable energy based market will far outweigh the option to just sit back and do nothing.

Not just for the reasons outlined above – but also for the mere out-of-pocket costs to consumers if we continue to allow ourselves to depend on fossil fuels for energy.

And Fifth – for environmental, economical and national security reasons – we must decrease our dependence on foreign sources of energy. And we can. An RPS creates the demand for home-grown energy sources – and Oregon has the natural resources to meet that demand.

(Pause)

The reality is that our nation’s transition to alternative energy technologies is still in its infancy. But that is good news for Oregon because we have a unique position because of our geographical location and the investments we have already made in research and development to help our nation move beyond the horizon and into a new energy world.

A new world that relies less and less on traditional methods of generating electricity—and toward new methods that use the wind, the ocean waves, and the sun.

The question we face today is this: How should we position Oregon to not just make this change, but be a leader in this change?

I believe strongly that we must take bold steps to fashion an energy policy that encourages a rapid shift away from traditional fossil fuels in generating electricity. That means not waiting for change, but becoming the agents of change.

We must become the leaders who guide our citizens and consumers toward a new way of living and working that reverses the headlong plunge toward global warming and reliance on foreign oil.

I also believe that Oregon, with its strong potential for generating renewable energy, must position itself to maximize the environmental and economic benefits from using more renewable

resources and stimulating the demand for new, clean energy technologies.

The answer to that question – about how to position Oregon – is before you today in the form of Senate Bill 373. Establishing a Renewable Energy Standard of 25 percent by 2025 will place Oregon on a straight path toward improved energy security, a cleaner environment, and sustained economic opportunity and prosperity.

Mr. Chair and committee members, the provisions of this bill are reasonable. They are cost-effective, flexible, innovative – and together they are the right policy for Oregon.

I know that you will hear from many different voices today. Some who support this legislation – others who will raise questions about the potential impact on rates.

We must recognize that the traditional ways of generating electricity—methods like burning coal and operating dams—carry serious risks of their own.

Still, our proposal addresses concerns over rates in a few different ways, including a provision that calls for the Public Utility Commission to develop a cost cap that protects customers of investor-owned utilities from unexpected rate increases. It also exempts Oregon's smallest utilities, those that contribute less than one percent to the state's total energy load.

In closing, if there's one message I want you to remember from my testimony today it is this:

If we fail to adopt renewable energy standards for Oregon—if we fail to act during this legislative session—we will leaving it to other people in other states to determine Oregon's success in the market place and as stewards of our environment.

Failure to act means letting someone else decide whether Oregonians benefit economically from the inevitable transition to renewable energy, a transition that lies just over the horizon. And it means letting others get ahead, leaving Oregon behind.

Mr. Chair and committee members, is that what we want for a state with such a proud environmental tradition—to let someone else decide, to let someone else lead?

That is not the Oregon way – and SB 373 is our best opportunity to work collaboratively with all the different stakeholder groups and interested parties, not only to protect Oregon’s economic and environmental interests, but also to move the state toward a more secure and sustainable energy future.

I urge you to support Senate Bill 373.

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