



Office of the Governor

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## Governor Kulongoski's Action Plan for Energy

### The Problem:

The skyrocketing prices of gasoline, diesel, and other forms of energy hamper Oregon's economic recovery. In the absence of a strong federal policy to address this issue and reduce the greenhouse gases that cause climate change and toxic pollution, Oregon must act to strengthen the economic recovery, create new jobs, and ensure clean air.

America's reliance on foreign oil has caused spikes in energy costs that cause real hardship for Oregon consumers and businesses. Oregon needs an effective program to promote energy independence and create new jobs that serve the market for innovative technologies and energy conservation. The program must continue Oregon's commitment to sound stewardship of the environment and rural economic development.

### The Solution:

Governor Kulongoski has committed to helping Oregon achieve real energy independence, and has set the state on the path to aggressive pursuit of energy options that maximize economic, environmental and consumer benefits. This means keeping energy prices competitive over the long haul, reducing dependence on energy sources from overseas, and protecting Oregonians from expected spikes in the prices of fossil fuels. The Governor seeks to reduce emissions that lead to global warming. He also seeks to invest in clean energy and create new jobs; for every \$100 million invested in clean energy, Oregon creates more than a thousand new jobs.

- Lead the nation in using clean energy. The Governor has established an ambitious goal that places Oregon in the forefront of the cause for clean energy: By 2025, ensure that renewable resources meet 25 percent of Oregon's energy needs. The Governor's program to achieve this goal is already under way:
  - *Renewable Portfolio Standard.* The Governor has directed the Department of Energy's Renewable Energy Work Group to develop a "renewable portfolio standard," which he will propose to the Legislature in 2007. Enacting a portfolio standard will send a clear signal to energy developers and spur them to invest in projects that bring renewable energy to market over the next two decades. It will also stimulate addition of 1,600 average megawatts of renewable energy to the utility grid.

- *Biofuels.* The Governor has begun developing legislation that will capitalize on Oregon's emerging "bio-energy" markets, particularly in the biodiesel and ethanol markets. The plan includes developing biomass energy projects in Oregon. The legislative package will focus on policies and incentives to create markets for agricultural production and feedstock as energy resources. It will also promote the production of biofuels in Oregon. The Governor already has directed his state vehicle fleet administrators to meet the targets for biodiesel and ethanol use set out in his Renewable Energy Action Plan.
- *Conservation.* Conservation is the most cost-effective way to reduce reliance on fossil fuels. The Governor will continue to promote innovative technologies that not only maximize savings to consumers through conservation, but also create economic opportunities for Oregonians in this exciting new industry.
- *Tax credits to support new investment in renewable energy.* The Governor will continue to promote new state tax incentives that encourage investments in renewable energy projects and ensure that renewable energy development is cost-competitive. He will also continue to work with Oregon's congressional delegation and other governors to pressure Congress and the Bush administration to enact a long-term extension of the federal production tax credit for renewable energy. This tax credit is the most important mechanism for renewable energy development in Oregon and throughout the nation. A renewable portfolio standard, combined with new state tax incentives and an extension of the federal production tax credit, will make Oregon the best market in America for development of renewable energy.
- Reduce global warming and greenhouse gases. Governor Ted Kulongoski has implemented an action plan to make Oregon a national leader in the fight against global warming. Last year, during the initial phase of that plan, he directed Oregon's Environmental Quality Commission to adopt the nation's strictest standards for tailpipe emission of greenhouse gases and toxic pollutants. He will carry forward this effort through participation in the West Coast Global Warming Initiative, working with California and Washington, and continuing to implement the recommendations issued by his Global Warming Advisory Group. In addition to the tailpipe standards, the action plan continues such initiatives as the "clean diesel" program, which utilizes new technology to reduce pollution by minimizing idling of diesels in big semi trucks. As the clean diesel program has demonstrated, such efforts can also pay off in creation of new jobs and economic stimulus in Oregon.