

Oregon Energy Plan Report

(DRAFT)

By

The Oregon Energy Planning Council

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Executive Summary

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Introduction

In December of 2008, Governor Ted Kulongoski established the Oregon Energy Planning Council by Executive Order 08-26. The Council was tasked with creating an energy plan that outlines a wide array of issues to help the State establish a more sustainable, and less fossil fuel dependent, energy future while ensuring long-term price stability.¹

The Executive Order also stipulated that the Council will provide analysis and counsel on energy forecasting, energy transmission, energy price stability, renewable energy, alternative energy sources and energy efficiency at the request of the Governor, and that it will have its first progress report to the Governor and to the Legislative Assembly in December of 2010.

This report is the first installment of Oregon's emerging energy plan. The report provides an overview of Oregon's current energy use and potential future energy needs, discusses the mandates created by Oregon's Renewable Portfolio Standard, and specifically focuses on the challenges that the State faces in transmission facility siting as both the increase in demand and the integration of new, renewable energy supplies are driving the need for expansion of the existing energy transmission grid. This report also includes a suite of recommendations to facilitate improving transmission siting in Oregon. Other chapters that focus on long-range goals, and such priority areas as energy efficiency, demand side operations, longitudinal strategies for meeting future energy needs, rates and funding will be incorporated into the plan as they are completed during subsequent Council deliberations.

¹ The Executive Order tasked the Council with developing a plan that addressed Oregon's current energy use, energy supply and future energy needs; the challenges of addressing price stability and energy supply certainty; recommendations for bridging gaps in Oregon's energy supply; short, middle and long-range strategies for meeting Oregon's future energy needs (including infrastructure improvements and the environmental and economic impacts); alternative strategies for meeting Oregon's energy needs; and recommended statutory changes for legislative consideration and recommendations for the Governor's budget

General guidelines have been included in this report that establish broad principles for the State's evolving energy plan. However, this report does not include measurable benchmarks or criteria for how to achieve these guidelines. The Energy Planning Council will develop and report measurable benchmarks that support the general guidelines in subsequent publications.

The National Context

Change is rapidly occurring in energy generation, transmission, and usage at the state, regional and national levels. A number of federal and state agencies, private sector groups, and research institutions are focusing on the evolving challenges and demands associated with energy planning and the transition of the nation's energy platform from fossil fuels to less carbon-intensive sources. For instance, Princeton University's Climate Mitigation Initiative² has developed a template for ways the nation can achieve zero carbon emissions in the next fifty years, and last year the National Academy of Sciences and the National Research Council published a report entitled, "*America's Energy Future: Technology and Transformation*," which provides an authoritative resource on the nation's energy challenges, recommendations on reducing the nation's carbon footprint, and assesses current and emerging technologies to achieve a more sustainable energy future.³

Specific recommendations in the NAS report include: 1) in the near term, aggressively use existing energy technologies to increase energy efficiency in the construction, transportation and business sectors to reduce the need to develop new energy generating capacity; 2) accelerate the development and deployment of existing and emerging technologies to improve the nation's energy efficiency and reduce greenhouse gas emissions. 3) develop new energy sources, including renewables, nuclear and carbon capture at scales large enough to make a difference over the next few decades; 4) expand and modernize the nation's electrical transmission and distribution systems; 5) increase the nation's efficiency in the use of petroleum for transportation as other technologies are developed; 6) aggressively reduce the nation's greenhouse gas emissions through energy efficiency, and a mix of new and emerging energy technologies; 7) invest in public and private sector research and development in new technologies and energy efficiency; and 8) promulgate new policies and regulations that create incentives, and minimize obstructions to achieving the nation's future energy goals.

As the NAS document suggests, many of the nation's leading researchers, analysts and industrial leaders expect the nation's future energy needs will be met through a mix of improving energy efficiency, developing new technologies in renewable and nuclear energy, improving the national transmission and distribution systems, and promulgating new policies and regulations. As newer technologies are developed, however, constraints exist for many of them. For instance, many renewable energy sources, such as wind and solar, provide intermittent generating capacity that depend on such variables

² <http://cmi.princeton.edu/wedges/slides.php>

³ http://www.nap.edu/catalog.php?record_id=12091#toc

as when and how much sunlight is available (for solar), and the frequency and force of wind for electricity generation. As a result, new technologies will be needed for both energy storage and management of the transmission grid to accommodate these intermittent, renewable energy sources. Additionally in Oregon, with regard to nuclear energy, if a developer or energy company proposes a future nuclear facility, they would have to overcome specific statutory restrictions in ORS 469.595 and 469.597 regarding nuclear energy.

That restriction is a legacy of Oregon's voters, who in 1980, elected to restrict development of nuclear energy unless and until the Energy Facility Siting Council determines that the federal government has established an adequate repository for the disposal of high-level radioactive waste produced by nuclear-fueled thermal power plants. Passage of Ballot Measure 7 in the November 1980 General Election also provided that regardless of an affirmative finding by the Energy Facility Siting Council (EFSC), any proposal for siting nuclear plants must be presented to the voters for rejection or approval. A site certificate may not be issued by EFSC without such voter approval.

Consequently, this report focuses on new renewable energy sources besides the latest technologies in nuclear energy, and it also provides an overview of other efforts in the western region of the United States that are studying energy and transmission needs (see "Regional Context" below).

In addition, changes are occurring in the transportation sector, as more gas/electric hybrid vehicles, and fully electric vehicles, are available in the marketplace. This shift from fossil fuel-based vehicles to hybrid or electric vehicles will have a major impact on the electricity demands in the United States in the relatively near future. As others have noted, America's electricity grid was not designed as a part of the transportation sector, yet that is the direction both the nation's transportation sector, and its electric grid, are headed. One estimate of the increased demand for electricity that may be needed to support a growing electric vehicle fleet comes from the Electrification Coalition⁴. In a report published in 2009--"Electrification Roadmap," the Coalition assumes that if 150 million electric or hybrid vehicles are added to the nation's roads, it would represent at least a 10% increase in the amount of electrical power consumed annually (i.e. an additional 440 billion kWh to the 4.1 trillion kWh of electric power currently consumed). The authors estimate that much of this increased electricity demand can be accommodated without additional generating capacity, since many cars will be charged at night, during off-peak hours. But the magnitude of the projected increase in demand on the existing grid is noteworthy.

Finally, a number of states have developed, or are developing, comprehensive, strategic energy plans for their jurisdictions.⁵ Oregon is joining the growing network of states that

⁴ <http://www.electrificationcoalition.org/>

⁵ *California Energy Efficiency Strategic Planning* <http://www.californiaenergyefficiency.com/index.shtml>; *State of New Jersey Energy Master Plan* <http://www.state.nj.us/emp/>; *Massachusetts Joint Statewide Three-Year*

are committed to charting a new energy paradigm for their citizens and businesses. This report marks the beginning of Oregon's commitment to create an energy plan that helps ensure the State's energy future and meets the mandates of the Governor's Executive Order. Subsequent reports will continue this work so that Oregon, like many other states, will achieve its goal of developing a strategic, long-range energy plan that helps chart a course toward a more reliable, affordable, and sustainable energy future.

Regional Context: Northwest Power Plan and Other Efforts

A number of regional agencies, energy suppliers, researchers and government bodies are developing plans and recommendations to address the region's future energy needs and find alternatives to fossil fuels. Below is an overview of many of the on-going efforts in the region, beginning with the Northwest Power and Conservation Council's five-year plans, the latest of which includes a set of recommendations to meet the region's future energy needs.

The Northwest Power and Conservation Council has published a series of five-year plans that provide "...a strategy to meet future demand for electricity in a manner that assures an adequate, economic, affordable, and reliable power supply..."⁶ The Council's sixth, five-year plan (the latest) includes a chapter on transmission issues, with an overview of the regional efforts to increase transmission capacity and efficiency in the region, an explanation of how electricity is monitored and managed in the Pacific Northwest region of the Western grid, and an informative discussion of the challenges associated with the increasing need for additional transmission facilities that energy suppliers and utilities are currently facing.

The Council's sixth plan also notes that approximately 85% of the region's energy needs can be met through improving energy efficiency over the next 20 years. In addition, the plan includes a set of recommendations on the region's future energy use and needs, which Oregon has already endorsed. Below are the Council's five recommendations:

- 1) Develop cost-effective energy efficiency aggressively — at least 1,200 average megawatts by 2015, and equal or slightly higher amounts every five years through 2030.
- 2) Develop cost-effective renewable energy as required by state laws, particularly wind power, accounting for its variable output.
- 3) Improve power-system operating procedures to integrate wind power and improve the efficiency and flexibility of the power system.

Electric Energy Efficiency Plan, <http://www.ma-eeac.org/docs/DPU-filing/ElectricPlanFinalOct09.pdf>; *2008 Texas State Energy Plan*, http://www.governor.state.tx.us/files/gcc/2008_Texas_State_Energy_Plan.pdf

⁶ <http://www.nwcouncil.org/energy/powerplan/6/default.htm>

- 4) Build new natural gas-fired power plants to meet local needs for on-demand energy and back-up power, and reduce reliance on existing coal-fired plants to help meet the power system's share of carbon-reduction goals and policies.
- 5) Investigate new technologies such as the "smart-grid," new energy-efficiency and renewable energy sources, advanced nuclear power, and carbon sequestration.

Oregon's Energy Needs in the Context of Regional Planning

Oregon is part of the Western Interconnection, an electrical grid that encompasses the states of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming; part of Texas near El Paso; the Canadian provinces of Alberta and British Columbia; and a small portion of northern Mexico in Baja California. The Western Electricity Coordinating Council (WECC) is the administrator of the Western Interconnection. As such, Oregon's energy needs, and its capacity to transmit energy within the state, are affected by its relationship to the entire western electrical grid.

However, the initial development of what evolved into the Western Interconnection started from more provincial beginnings. Initially, transmission lines in many states, including Oregon, were financed, planned and developed by privately owned, vertically integrated utility companies. These companies sited transmission lines for local utility systems, or for local utilities to connect to neighboring utilities, not for regional distribution of electricity.

The legacy of this initial practice is that local jurisdictions have often opposed siting new transmission lines across their jurisdictions unless these lines directly benefited their communities. Indeed, the decision by a state or a local jurisdiction to approve a new transmission corridor has often been tied to whether the new transmission line will directly benefit the local community.

In addition to a general increase in demand for electricity by consumers, industry and local communities, the current emphasis on developing new, renewable energy sources around the State and region is creating an increased demand for transmission facilities that can move energy from these resource-rich, remote areas to the State's high-density urban and industrial areas. The disconnect between the anticipated increase in energy demands and the need for new transmission facilities is exacerbated by a lack of coordination among federal, state, and local entities, all of which have varying authorities. Furthermore, the public is concerned about the cumulative impacts incurred by the development of renewable energy sources and the siting of new transmission corridors within the State and the region. Consequently, a broader understanding of these impacts is also needed.

Given existing and anticipated development of renewable energy generation around the State, new transmission facilities will be needed to carry electricity from such places as Lake County, Klamath County, and Morrow County, where solar, wind, and possibly geothermal energy can be developed, to the high demand centers located along the I-5 corridor. At the present time, the limited planning for, and siting of, transmission capacity to accommodate Oregon's emerging renewable energy portfolio standard is

creating a bottleneck that challenges the State’s vision as a “green” renewable energy leader (see the “Transmission Siting” section below).

As developers, utilities, and regulators research sites for new transmission lines in Oregon and the region, it’s axiomatic that at least some of these new lines may not directly benefit local users. To address a number of concerns of both the public, and political and industry leaders, numerous entities are studying how to expand the transmission grid system in the region with minimal impacts to community view sheds, to health and safety, and to open lands and wildlife habitat. Among these groups are the Western Electrical Coordinating Council, the Northern Tier Transmission Group, the ColumbiaGrid, Bonneville Power Administration, and the Northwest Power and Conservation Council. In addition, the Western Governors’ Association is studying a number of potential areas where transmission corridors can be placed that minimize impacts to wildlife, communities and open spaces. Below is a brief overview of these efforts.

In 2009 the **Western Electrical Coordinating Council**—one of eight regional bodies designated nationally to help improve the nation’s bulk power system (and a member of the North American Electric Reliability Corporation)--received \$14.5 million in funding from *The America Recovery and Reinvestment Act* (ARRA) to obtain assistance from the federal Department of Energy for developing “interconnection-based transmission plans.”

WECC is conducting interconnection-wide electric transmission planning studies in the Western Interconnection with these funds.⁷ The funding will be used to “expand existing regional transmission planning activities and broaden stakeholder involvement in planning processes.” In addition, WECC has formed the *Transmission Expansion Planning Policy Committee* (TEPPC) to assess and help plan for expansion of the West-wide commercial transmission system. TEPPC will also help coordinate and provide information to other sub regional planning efforts.

The Northern Tier Transmission Group is working on transmission capacity and use issues. The NTTG is composed of transmission providers and customers in the region that, “... are actively involved in the sale and purchase of transmission capacity of the power grid that delivers electricity to customers in the Northwest and Mountain States. Transmission owners serving this territory work in conjunction with state governments, customers, and other stakeholders to improve the operations of and chart the future for the grid that links all of these service territories.”⁸

Additionally, **ColumbiaGrid**, formed in 2006 as a non-profit organization composed of regional (BPA), county and city energy suppliers, was created to improve “the operational efficiency, reliability, and planned expansion of the Pacific Northwest

⁷ <http://www.wecc.biz/Planning/TransmissionExpansion/Pages/default.aspx>

⁸ http://nttg.biz/site/index.php?option=com_frontpage&Itemid=1

transmission grid.⁹” ColumbiaGrid publishes a biennial transmission plan and transmission system assessment, as well as reports of regional interest regarding developments in transmission facilities and siting. One such report, for example, is the “*WECC Regional Planning Project Review Report: I-5 Corridor Reinforcement Project*,”¹⁰ which looks at a proposed BPA transmission project in the I-5 corridor and how it conforms to regional planning guidelines.

The Bonneville Power Administration has not only conducted studies on expanding transmission lines, it has recently completed a high voltage transmission line that carries wind-generated energy from Eastern Oregon and Eastern Washington to high use areas along the Interstate 5 corridor. Called the “McNary-John Day Line,” this 79-mile, 500-kilovolt line is the first high-voltage line built in the Pacific Northwest in four decades, which is a testament to how electricity demand is currently increasing. BPA’s challenges in siting and building the new line underscores how siting statutes, rules and management have atrophied over the past few decades due to lack of use and demand, and their experience underscores why attention is being focused on policy changes that will help facilitate transmission facility siting in the near future.

The **Western Governors’ Association** has been studying the issue of siting transmission corridors designed to transmit renewable energy with minimal impacts to communities, wildlife habitat and open spaces in the Western Interconnection region. In 2008, the WGA created the *Western Wildlife Habitat Council (WWHC)* to help “...identify key wildlife corridors and crucial wildlife habitats in the West and coordinate implementation of needed policy options and tools for preserving those landscapes.”¹¹ The WGA sees the rapid growth across the region, and the attendant increased demand for energy, as having a significant impact on lands owned by a diverse mix of governments and agencies, including federal and state agencies, and tribal and local governments.

In 2009, the WGA and the U.S. Dept of Energy published the “*Western Renewable Energy Zones-Phase I Report*,”¹² that identified potential areas for “large scale development” of renewable energy with low environmental impacts. The analysts eliminated areas where energy development was prohibited or constrained by geography or regulation, and they also focused on protecting wildlife and the habitats that support these species. The report developed “transmission strategies,” so that high voltage transmission lines can transmit energy from the identified renewable energy zones to the urban and industrial centers of the west with minimal, or “easily mitigated” environmental impacts. The report also identified the regional renewable energy “potential” across the west.

⁹ <http://www.columbiagrid.org/default.cfm>

¹⁰ www.columbiagrid.org/download.cfm?DVI

¹¹ <http://www.westgov.org/wga/publicat/wildlife08.pdf>

¹² <http://www.westgov.org/wga/publicat/WREZ09.pdf>

The “Western Renewable Energy Zones Initiative” is organized into a number of working groups that have focused on 1) identifying resource characteristics or criteria that would define different zones in the region; 2) categorizing the resource potential of the defined zones; and 3) developing a model that provides utilities, regulators and others with the ability to evaluate the generating costs, delivered cost and economic “attractiveness” of renewable energy priced from the different zones. These working groups were tasked to work with the WECC on studying ways to move the renewable energy to high-use urban and industrial centers around the region with minimal impacts to wildlife, habitats, and other values.

The Phase I report included a “Hub Map” that identified potential renewable energy sources within the Western Interconnection region. (See Appendix) The Map’s notes provide information for each state or province, including Oregon, and explain some of the screening criteria and data layers used to create what the WREZ terms “hubs,” or potential large-scale renewable energy locations.¹³

The WGA also developed a transmission-modeling tool that facilitates identifying renewable resource portfolios and the transmission capacity required to deliver renewable energy from various defined zones around the Western Interconnection region. The modeling tool is in an Excel spreadsheet format and is available to download at

http://www.westgov.org/index.php?option=com_content&view=article&catid=102%3AInitiatives&id=220%3Awrez-transmission-model-page&Itemid=81.

In addition, the WGA had the WWHC develop “wildlife sensitivity maps” that established criteria for categorizing the sensitivity of wildlife data and a final report that summarizes the data collection and mapping process. (See Appendix for Oregon’s wildlife map).

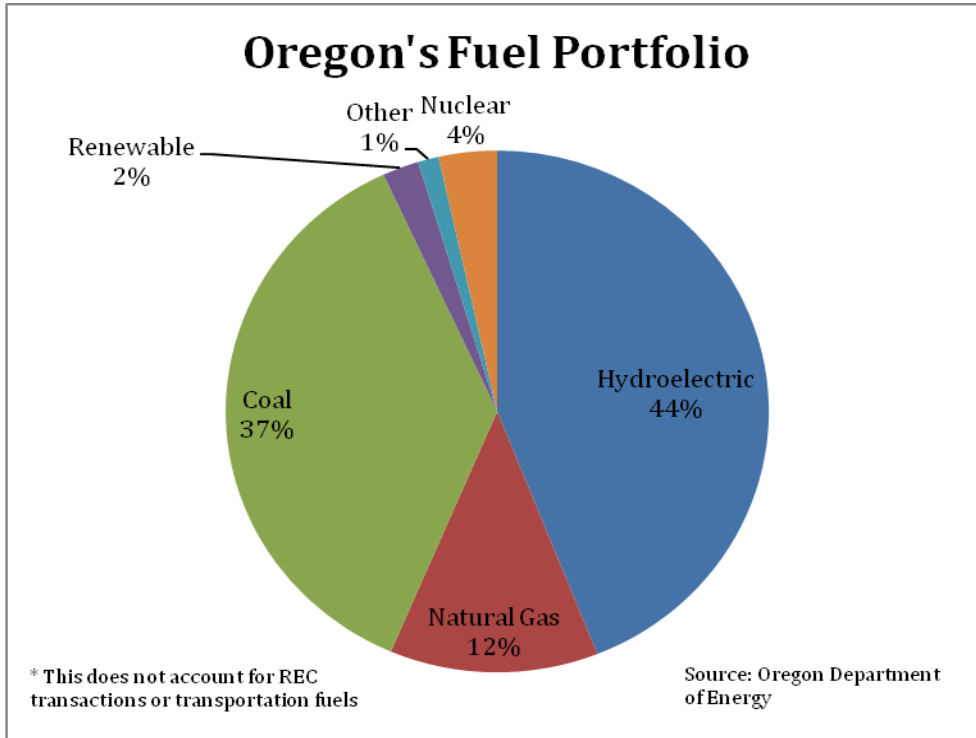
Oregon’s Current Energy Use and Challenges

In 2007 Oregonians spent approximately \$12 billion on energy consumption to heat homes, drive vehicles, light and heat businesses, and manufacture goods and services¹⁴, Oil accounts for approximately 40% of the States’ current energy use, and natural gas accounts for an additional 25%. This heavy reliance on gas and oil is one of the reasons

¹³ “**Oregon:** Hubs reflect the high-quality renewable energy resources identified after screening for environmental and wildlife concerns, including big-game and non-game migratory corridors; habitat for rare plants and animals; Greater sage-grouse habitat; and Conservation Opportunity Areas (COAs) identified in the Oregon Conservation Strategy. Within each of the hubs, there remains some overlap with sensitive wildlife areas, although areas risking the greatest impacts have been avoided. COAs can be useful to guide project siting and offer opportunity to direct mitigation efforts.”

¹⁴Oregon Department of Energy’s “Annual Performance Progress Report for FY 2007-2008 <http://www.oregon.gov/ENERGY/docs/perfmearpt.pdf>

that Governor Kulongoski established the Energy Planning Council to review the State’s current energy usage and supplies, and make recommendations on Oregon’s future energy needs. (NOTE: A PIE CHART, such as the one below, will be inserted in the final report to show the mix of energy sources and/or usage once the most recent data has been collected.)



Oregon’s reliance on fossil fuels carries a financial cost to the state’s economy, since Oregonians send most of their energy dollars out of state to gas and oil suppliers. In addition, given Oregon’s reputation as a leader in environmental policy and stewardship as a result of its 1967 public beach bill, its pioneering bottle recycling bill in 1971, and the *Oregon Plan for Salmon and Watersheds* passed in 1997, to name just a few initiatives, Oregon’s heavy reliance on fossil fuels, including coal-fired electrical generation, runs counter to Oregon’s “green” reputation and contributes to regional greenhouse gas emissions (see “Greenhouse Gas Emissions Goals” section below). Oregon’s fossil fuel portfolio also poses strategic and political risks for Oregon, since the geopolitical context for much of the world’s gas and oil suppliers carries inherent risks for Oregon as it relies on supplies from volatile and unstable regions.

Challenges

Increased Demand for Energy: Oregon is expected to add approximately one million residents to the State’s population by 2025, which is an increase of about 25% over its current population. With the expected increase in population, analysts expect a concomitant increase in energy usage (a number of factors will influence the percentage

of increase in energy usage—variables such as conservation, energy efficiency and future life style expectations all will have an impact on energy use in the future).

Unstable supply and prices of fossil fuel sources: Many analysts expect that prices for petroleum, natural gas and coal will increase by as much as xx% during the next 15 years. These projected price increases, coupled with the geopolitical realities of petroleum products coming from unstable, or hostile, regions of the world such as the Middle East and South America, are expected to collectively contribute to increased market volatility.

Environmental Costs: Continued reliance on fossil fuels contributes to Oregon’s greenhouse gas emissions, and to unhealthy air quality in major urban areas and areas with inversion air patterns (e.g. the Rogue Valley). Consequently, Oregon’s move away from its current heavy reliance on fossil fuels and coal-fired generation plants to more environmentally benign sources of energy will lower the environmental impacts that are attributed to fossil fuel and coal-generation.

(NOTE: The ODOE is organizing the most recent data regarding the State’s greenhouse gas emissions. This data will be referenced here in the final report as part of the “environmental costs.”)

Vitality of Oregon Communities: As noted in other sections of this report, Oregon’s unemployment rate has stayed over 10% since the economic downturn began in 2008. Rural communities have been more impacted by this economic recession than urban areas, and as natural resource-based jobs such as timber products have declined, newer, and more environmentally sustainable, economic opportunities are needed. Data was not available at the time of writing this draft report for the amount of potential economic benefit that local communities may derive from developing new, renewable energy sources in Oregon. Still, having much of Oregon’s solar, wind, geothermal, wave and biomass energy generation capacity located in outlying areas may provide benefit to the economic vitality of local communities in the form of facility construction projects, manufacturing plants, maintenance, and other jobs. In addition, reliance on a new wave of electricity generation may have benefits to the health and safety of local residents as Oregon moves more aggressively toward its Renewable Portfolio Standard.

Because of these factors, and the environmental costs associated with fossil fuel usage, Oregon has embarked on a path to reduce its dependence on fossil fuels and increase its reliance on energy efficiency, conservation and renewable energy resources that can be developed and generated within Oregon’s borders. These factors are exerting pressure on Oregon’s leaders to develop a comprehensive energy plan that provides guidance as the State charts a course from its existing fossil fuel dependence to a more sustainable energy portfolio.

Why Oregon Needs a Statewide Energy Plan

Given the volatility and costs of Oregon’s current energy supply, the anticipated growth of Oregon’s population, and the State’s commitment to reduce its reliance on fossil fuels

and invest in non-carbon based renewable energy sources, the State needs to develop a comprehensive, strategic and adaptable energy plan that allows for continued analysis of emerging technologies and market trends. Such a plan also needs to provide flexibility and the ability to adapt to rapidly changing conditions and act as a template to help chart Oregon's course toward a new, sustainable, energy era.

Oregon has taken the first steps in moving away from its current reliance on fossil fuels with its commitment to supply 25 % of the State's energy from new, renewable energy sources generated within the State's borders by the year 2025. Oregon's vision of moving away from fossil fuel consumption and moving toward renewable energy generated within the State also supports the goal of creating a more sustainable economy for Oregonians. By sending fewer energy dollars to suppliers out of state, and developing technologies, infrastructure and jobs within Oregon, more of the money spent on energy will potentially remain in Oregon and benefit the State's economy.

Oregon is well endowed with new renewable energy sources, including wind, solar, geothermal, wave and biomass sources. Currently, wind and solar have been the primary focus of most renewable energy developments in the State, although a number of biomass facilities are coming online, and research and test facilities are working on wave, geothermal and other renewable energy sources. However, without a state-wide, longitudinal energy plan, Oregon will be hard-pressed to meet its renewable energy goals, minimize disruptions in energy markets, or plan a smooth transition away from its current reliance on fossil fuels.

In addition, an Oregon Energy Plan will help facilitate discussion with the public at-large about different energy sources—whether fossil fuel based or renewable—including their associated environmental benefits and costs, and their associated economic impacts on Oregon's families and businesses. In addition, with this first energy plan report, the public has the opportunity to become more informed about the challenges associated with the increased demand for energy and the transmission of renewable and other energy around the State and region.

Renewable Portfolio Standards

In 2007, Oregon's Legislature enacted Senate Bill 838, which established the State's energy renewable portfolio standard for electric utilities and suppliers.¹⁵ The Act requires Oregon's largest electric utilities (PacifiCorp, Portland General Electric, and the Eugene Water and Electric Board) to meet a percentage of their retail electricity needs with qualified renewable resources. The standard starts at 5% by 2011, increases to 15% by 2015, 20% by 2020 and 25% by 2025. Smaller utilities will also have to meet renewable energy standards, but the percentage of renewable energy is either 5% or 10% based on the size of the utility. The emphasis in Oregon's RPS is on "new" sources of renewable energy, defined as facilities which began to operate in 1995 or more recently.

¹⁵ <http://www.oregon.gov/ENERGY/RENEW/docs/sb0838.a.pdf?ga=t>.

Starting in 2011, Oregon's largest utilities will have to meet the first benchmark of the Renewable Portfolio Standard showing at least 5% of their electric load coming from qualifying renewable sources.

Green House Gas Emission Goals

In 2005, (the last year for which data are available), Oregon's greenhouse gas emissions totaled 70 million metric tons. Approximately 85% of the state's anthropogenic (human-caused) greenhouse gas emissions are carbon dioxide, primarily from burning fossil fuels. Methane, nitrous oxide, and an array of fluorinated industrial gases comprise the remaining portion (in order of abundance). Oregon's greenhouse gas emissions typically account for only about 1% of the total national greenhouse gas emissions. Over time greenhouse gas emissions in Oregon have risen approximately 25% from 1990 levels.¹⁶ Oregon's DOE forecasts that the State's greenhouse gas emissions will be approximately 55% higher by 2020 without policy intervention.

There is no one sector that clearly dominates Oregon's carbon footprint. The transportation sector has remained the largest contributor of greenhouse gases in Oregon, although the relative proportion of those emissions has decreased over time from 38 percent in 1990 to 34 percent in 2005. Emissions associated with industrial processes and facilities have remained relatively constant over time (about 27 percent combined), as have those associated with agriculture, ranching, and similar activities (about 7 percent). The fastest growing sector in Oregon is residential and commercial buildings, where the relative contribution of that sector has increased from 27 percent in 1990 to 32 percent in 2005.¹⁷

As part of a broad regional effort to reduce greenhouse gases Governor Kulongoski convened the *Governor's Advisory Group on Global Warming* in 2004 to create a strategy to guide Oregon's climate change efforts. In December of that year, the Advisory Group proposed the following goals for reducing Oregon's greenhouse gases in its final report.¹⁸

1. By 2010, arrest the growth of Oregon's greenhouse gas emissions (including, but not limited to CO₂) and begin to reduce them, making measurable progress toward meeting the existing benchmark for CO₂ of not exceeding 1990 levels.¹⁹
2. By 2020, achieve a 10 percent reduction below 1990 greenhouse gas levels.

¹⁶ Inventory data are available on Oregon's climate change portal (www.orclimatechange.gov). See also Appendix 1 of the Governor's Climate Change Integration Group Final Report to the Legislature, *A Framework for Addressing Rapid Climate Change*, January 2008.

¹⁷ <http://www.keeporegoncool.org/content/tracking-emissions>

¹⁸ *Oregon Strategy for Greenhouse Gas Reductions* (report) <http://www.oregon.gov/ENERGY/GBLWRM/docs/GWReport-FInal.pdf?ga=t>

¹⁹ In 1992 Oregon established a benchmark standard of holding CO₂ emissions to 1990 levels.

3. By 2050, achieve a "climate stabilization" emissions level at least 75 percent below 1990.

In 2007, Oregon's Legislature passed House Bill 3543, which incorporated the Advisory Group's recommended greenhouse gas reduction goals into Oregon Revised Statutes (*ORS 468A.205*). The bill also created the Oregon Global Warming Commission which was charged with, among other tasks, monitoring progress toward the state's greenhouse gas reduction goals. In its report to the Legislature in 2009, the Commission reported that Oregon was on track to meet the 2010 goal of stabilizing emissions growth. However, based on existing emission trajectories and proposed policies, the state will likely fall short of meeting the 2020 goal and, by extrapolation, not be in a position to meet the 2050 goal without additional action.²⁰

Governor's Executive Order and Status

As noted above, in response to the State's growing need to develop an energy plan, Governor Kulongoski signed Executive Oregon 08-26 in 2008 that established the Oregon Energy Planning Council. The purpose of the Council is "...to provide proactive analysis, advice and assistance in energy planning."

The Council is composed of professionals who are knowledgeable about Oregon's current energy use and transmission, as well as economists, utility executives, renewable energy experts, and energy efficiency and conservation experts. The charge of the Council is to begin developing a comprehensive energy plan for the State, with an initial report to the Governor by December 31st of 2010.

Thus far, the Council has met four times, and this report reflects the initial work of the Council and delivers the Council's recommendations to the Governor on transmission facilities siting and on potential changes in policy, statute or rule related to transmission facility siting. The Council anticipates that this is one of a series of reports that it will develop over the next biennium.

Broad Impacts of Energy Supply and Use on Communities, the Environment and the Economy

Oregon's business and residential communities depend on reasonably priced and reliable energy supplies. While the Pacific Northwest has benefited from its abundant hydropower, this energy source alone does not, and will not, meet the region's growing demand for energy. As the State's population grows over the next 25 years, new, reliable and reasonably priced energy sources will be needed.

Oregon's population grew by 20% between 1990 and 2000 (the last year for which U.S. Census data is available), from 2.84 million residents to 3.42 million residents²¹. During

²⁰ Oregon Global Warming Commission, *Report to the Legislature*, January 2009.

²¹ <http://www.census.gov/prod/2001pubs/c2kbr01-2.pdf>

approximately the same time, from 1993 to 2003, total non-farm jobs grew in Oregon 19%, from 1.31 million jobs to 1.56 million jobs²² However, since 2008, at the beginning of the economic downturn, Oregon lost jobs for two straight years, until the first quarter of 2010. Furthermore, Oregon's unemployment rate during the current recession has stayed above 10% through the second quarter of 2010. Oregon was ranked 47th nationally in job growth in 2009, which underscores the plight of the State's listless economy the past two years.

Consequently, creating new, renewable energy sources can be a boon to help Oregon move out of its recessionary slump. Policies that promote competitively priced energy supplies can help attract and expand business opportunities in Oregon and help to create jobs. Such policies may also help reduce energy costs to consumers, improve the reliability of Oregon's energy supply, and help develop energy-related businesses.

Today, many businesses have discretion in where they locate new plants, or where they plan to expand existing businesses. Energy cost is one of the variables that can influence location and expansion decisions. In one recent national survey of primarily manufacturing businesses, the top criteria for selecting new sites for businesses included labor, taxes and energy costs.²³

Oregon has been a leader in creating tax incentives for attracting renewable energy businesses to the state. For instance, Oregon's Business Energy Tax Credit provides incentives for businesses and residents to invest in energy conservation, in recycling, and in renewable energy and "greener" transportation fuels. For qualifying renewable resource projects, the tax credit is 50 % of the eligible project costs. For other projects, the tax credit is 35% of project costs. These tax credits can be "passed through" to a partner for a lump-sum payment.²⁴ The BETC is one example of how Oregon has taken the initiative in creating policy incentives to develop renewable energy related businesses, as well as create incentives for businesses to incorporate renewable energy infrastructure into their existing and new facilities.

As an added incentive for Oregon, promoting local and renewable energy businesses and manufacturing can help stimulate jobs within the State. By promoting cost-effective energy-efficiency policies and practices, Oregon can also help lower energy costs for businesses, and potentially increase the purchasing power of Oregon's citizens by lowering their energy costs. Such policies may also help stimulate economic growth, consumer spending, and employment opportunities within the State.

Goals and Objectives

²² <http://www.oregon.gov/DAS/BAM/docs/Publications/GRB0507/A4-EconRevEnviron.pdf?ga=t>

²³ <http://www.areadevelopment-digital.com/CorporateConsultsSurvey/24thAnnualCorporateSurvey?pg=46#pg4>

²⁴ <http://www.oregon.gov/ENERGY/CONS/BUS/docs/betcbro.pdf?ga=t>

As noted in the introduction to this report, the following “guiding principles” have been developed by the Energy Planning Council to help establish the general goals for the States’ developing energy plan. While these principles provide guidance and help establish energy planning goals for the State, this report does not include the measurable benchmarks or criteria needed that will establish a clear path to achieving these goals. The Council will need to undertake the difficult work of developing measurable benchmarks in subsequent iterations of the State energy plan.

However, in the near-term, the Council has agreed that the State’s energy plan will include the following goals or principles:

1. Maintain Competitive Energy Costs
2. Assure a high level of regional and local system reliability
3. Promote a clean energy economy and jobs through new business and workforce development.
4. Meet state commitments on green house gas emission performance standards
5. Meet state commitments on developing renewable resources
6. Ensure the health and welfare of Oregon’s citizens

Programmatic Priorities in Oregon’s Energy Plan

A number of potential priority issues will be vetted and included in the evolving energy plan for the State. For instance, programmatic priority areas such as “energy efficiency” and “demand side operations,” among others, may be included in the final plan. However, this report focuses on the siting of transmission facilities within the state as the initial programmatic priority. The rationale for focusing initially on transmission siting and not other programmatic areas is because a number of transmission facility projects are currently being developed in the State in response to the growing demand for energy from remote, renewable sources, as well as the increased demand for electricity. These projects are creating challenges for the Energy Facility Siting Council, transmission line developers, utilities, and agencies and private parties that own or manage lands in the state.

Oregon has experienced a recent resurgence in the development of multiple new transmission facilities. Until 2008, the State had not received applications for siting new transmission lines and facilities for a number of decades. Since 2008, however, the Department of Energy has received nine applications for new transmission and generation facilities. And utilities, transmission facility developers, local communities, and state and federal agencies that manage public lands are all facing growing challenges associated with siting new transmission facilities. Therefore, this first report focuses on transmission siting as *one* component of Oregon’s emerging energy plan.

Transmission Siting

NOTE: The following section on transmission siting comes from the *Transmission Siting Statutes Review Workgroup*. The workgroup was formed with representation from various utilities, including PacifiCorp, Portland General Electric (PGE), NW Natural, the Energy Facility Siting Council (EFSC), Oregon Energy Planning Council, Oregon Department of Energy, Oregon Municipal Electric Utilities Association, and the Governor’s Office. Other interested parties were consulted in this review, including the Bonneville Power Administration, Idaho Power, Rural Electric Cooperatives, and Public Utility Districts. The workgroup met on three occasions on July 21, August 3 and August 10, 2010, and their report, “*Transmission Siting Statutes Review Workgroup DRAFT Report to the Oregon Energy Planning Council,*” is included in its entirety below.

Background

The Oregon Energy Planning Council (OEPC), at its June 9, 2010 meeting, suggested that a working group be formed to examine the Energy Facility Siting Council statutes (ORS 469.300 to 469.520) to determine whether the statutes are adequate and sufficient to accomplish this growing demand, or whether amendments are needed. Several OEPC members supported this effort.

This effort is timely in that Oregon has seen a strong surge in new energy siting projects in recent years especially for renewable projects such as wind energy and associated regional transmission projects. Additionally, the agency is faced with growth in the number of energy facilities holding operating site certificates that will require ongoing compliance oversight.

During the upcoming biennium, ODOE staff will be actively reviewing the Boardman to Hemingway 500kV transmission line, the Cascade Crossing 500kV transmission line, the Carty Station Generating Plant, and multiple renewable energy facilities including biomass, geothermal and wind. Other work will include amending site certificates to include expansion of existing projects, cooperating with the Bonneville Power Administration for their transmission upgrade projects, and continuing to follow the development of LNG projects and other FERC proceedings. Energy facility compliance and siting oversight can be broken down into three key phases:

- Notice of Intent (NOI)—potential applicants file an NOI stating their intent to site a facility in Oregon. This begins a phase where all impacted stakeholders are brought together to discuss siting requirements. The time between the filing of an NOI and an application can be several years, and not all facilities that file an NOI continue to file an application.
- Application Filing—an applicant submits a Preliminary Application, which begins the application review phase. ODOE determines when an application is complete and issues a Draft Proposed Order that is reviewed by EFSC. A notification of application review must be submitted within 60 days of receipt of

an application; however, the actual time between the submission of a preliminary application and the ODOE draft proposed order can be several months or years. Not all applications result in a Draft Proposed Order. Thereafter, the Siting Council considers the Draft Proposed Order and ultimately issues a Final Order and Site Certificate. The process may include a contested case proceeding, which can add more than six months to the process.

- Energy Facility Oversight—EFSC issues a Site Certificate and ODOE Facility Siting staff begins oversight activities that extend throughout the entire life cycle of the facility from construction, through operations, and into facility closure. As the number of total facilities increases, the base staffing required to provide operational oversight on site certificates also increases.

Workgroup

As noted above, workgroup members included representatives from various utilities, including PacifiCorp, Portland General Electric (PGE), NW Natural, the Energy Facility Siting Council (EFSC), Oregon Energy Planning Council, Oregon Department of Energy, Oregon Municipal Electric Utilities Association, and the Governor’s Office. The group met on three occasions on July 21, August 3 and August 10, 2010.

Workgroup Focus:

The workgroup first identified seven areas of focus:

- Creating a clearer link between the Integrated Resource Planning (IRP) process and EFSC process to address the “Need” standard;
- Regulations regarding “balancing” among the diverse agency objectives so that the expectations of the applicant are clearly articulated and predictable in the siting process, and to ensure, with some formality, that the Council is fully authorized with a clear mandate to exercise its authority under ORS 469.501(3), and ORS 469.501(1) to “balance” overall public benefits with applicable siting standards;
- Conflicting standards when siting on state, federal, or private lands;
- The need to “memorialize” agreements to finalize steps and proceed forward;
- The lack of a single point of contact within Oregon’s natural resource agencies in the siting process;
- The need to establish a “phased approach” for linear projects so that project owners can continue progress toward completion;
- The need for clearly identified and articulated state agency standards so as to eliminate the occurrences of “moving goal posts”.

In discussion of these issue areas, it was the consensus of the workgroup that several of the issues could be integrated into practice without statutory or administrative rule revisions. It was also determined that there was cross-over of the issues and that

resolving one or another could result in improvements or elimination of another issue. Finally, the group agreed that one of the issues was complex and involved federal and local government policies that were not within the purview of the state. Therefore, the issues of memorializing agreements and conflicting standards applicable to state, federal and private lands were tabled. The remaining issues: creating stronger links to the IRP process for “need” determination; balancing, and creating clearly identified and articulated state agency standards; and establishing a single point of contact are discussed in the remainder of this report. Additionally, the workgroup advanced recommendations to address these areas of concern.

Issues and Recommendations

I. Clearly define areas of responsibility between the Oregon Public Utility Commission processes and EFSC process that are necessary for siting and construction of a facility.

Project developers, such as PGE and PacifiCorp, are seeing an increase in the public’s expectation that a facility should not be sited and proceed unless a definitive need for the facility has been demonstrated. Moreover state policy is clear with regard to the establishment of need within the siting process. It states that the need for new generating facilities is sufficiently addressed by market demands and that consideration of cost-effectiveness shall not be a matter of the Energy Facility Siting Council (ORS 469.310). Historically, the establishment of need for a facility is achieved through the Oregon Public Utility Commission’s consideration of a utility’s Integrated Resource Plan (IRP). Investor-owned utilities are required to demonstrate future long-term resource needs in their IRP required by the Oregon Public Utility Commission through OAR 860-027-0400(3). Substantive requirements within an IRP are further outlined in Commission Orders 07-002, 07-047, and 08-339. The Oregon Public Utility Commission’s consideration of a utility’s IRP includes a public vetting process. This process is strongly supported by Commission policy and articulated in Commission Order 07-047.

The public, which includes other utilities, should be allowed significant involvement in the preparation of the IRP. Involvement includes opportunities to contribute information and ideas, as well as to receive information. Parties must have an opportunity to make relevant inquiries of the utility formulating the plan. Disputes about whether information requests are relevant or unreasonably burdensome, or whether a utility is being properly responsive, may be submitted to the Commission for resolution.

In the siting process, a proposed project is scrutinized for various standards. The Energy Facility Siting Council's standard for new energy facilities protects natural resources, ensures public health and safety and protects against adverse environmental impacts. The standards ask three fundamental questions:

- Does the applicant have the appropriate abilities to build this energy facility?
- Is the site suitable?
- Would the facility have adverse impacts on the environment and the community?

OAR 345 Division 23 contains a "need" standard that applies only to non-generating facilities. The need standard applies to electric transmission lines, gas pipelines and liquefied natural gas (LNG) storage facilities with capacity of 3 million gallons or more. An applicant can demonstrate that the facility is needed by showing that the proposed facility's capacity is identified in an IRP acknowledged by the Oregon Public Utilities Commission. If no such plan applies to the proposed facility, the applicant may demonstrate need by showing that the proposed facility's capacity is identified in a short term action plan or energy resource plan adopted by a public utility district or other governmental body that makes or implements energy policy, provided the plan meets the criteria listed in OAR 345-023-0020 (1) (a) through (L).

If the proposed facility does not appear in an energy resource plan that meets these criteria, then the applicant must show need under the system reliability rule for electric transmission lines (OAR 345-023-0030) or under the economically reasonable rule for gas pipelines and LNG storage facilities (OAR 345-023-0040). Both rules involve analysis of system reliability or supply and demand.

The standards contained within Oregon Administrative Rules (OAR) Chapter 345, Division 22, apply to all types of energy facilities. However, some types of facilities need not meet all of the Division 22 standards for the Council to issue a site certificate. Additionally, Oregon Revised Statutes Chapter 469.501(1)(L) states that:

The need for proposed non-generating facilities as defined in ORS 469.503, consistent with the state energy policy set forth in ORS 469.010 and 469.310. The council may consider least-cost plans when adopting a need standard or in determining whether an applicable need standard has been met. The council *shall not adopt a standard requiring a showing of need* or cost-effectiveness for generating facilities as defined in ORS 469.503. [emphasis added]

Utilities or transmission companies may also demonstrate the need for a transmission line, specific to entering into condemnation proceedings, by obtaining a certificate of public convenience and necessity (CPCN) per ORS 758.015. A CPCN provides conclusive evidence of public use and need in any condemnation proceeding. A CPCN is optional when a permit or license is obtained pursuant to state or federal law, such as through EFSC or FERC, but is otherwise mandatory.

Recommendation

- Identify and define areas of responsibility and decision points between the PUC and EFSC so that work done in the prior process isn't reevaluated in the following

process, and the record carries forward in subsequent proceedings. This initiative will take considerable discussion and collaboration between industry stakeholders, the Public Utility Commission and the Energy Facility Siting Council, as well as other interested stakeholders. Statutory revisions as well as administrative rule changes will be necessary. This issue will require ongoing deliberation.

- Recommend that the PUC review the process for issuing a CPCN to determine whether the process may be streamlined.

II. Support regulations and rule amendments regarding “balancing” among the diverse agency objectives and siting standards so that the expectations of the applicant are clearly articulated and predictable in the siting process, and state policy objectives and public benefits of energy facilities are fulfilled and achieved.

The EFSC General Standard of Review requires a proposed energy facility comply with all applicable Oregon standards, statutes and rules, including those of agencies other than the Siting Council. Siting activity often requires involvement from various other natural resource agencies, local governments, and tribes. The Council consults with other agencies in determining compliance with this standard. Some permits are outside Council jurisdiction. Permits that the federal government has delegated to a state agency other than the Council are outside the site certificate process. For example, the Air Contaminant Discharge and NPDES permits are federally delegated to the Department of Environmental Quality. Likewise, permits related to detailed design and operation specifications, such as local building permits, are outside Council jurisdiction. Subject to these narrow exceptions, EFSC is authorized to make all permitting decisions in lieu of and on behalf of all other state agencies, and has the final “word” on compliance with applicable standards.

Oregon Revised Statutes provides that the EFSC may exert its “balancing” authority when it is unlikely that a project may meet any or all required standards. ORS 469.501 and 469.503 allows EFSC to issue site certificates to facilities that do not meet the standards “if the council determines that the overall public benefits of the facility outweigh the damage to the resources protected by the standards the facility does not meet.” Oregon Administrative Rules 345-022-0000(2) provides that the EFSC may make a balancing determination only when the applicant has shown that the proposed facility cannot meet standards or has demonstrated that mitigation or avoidance of damaging the protected resources cannot be achieved. OAR 345-022-0000(2) further identifies how the EFSC weighs overall public benefits.

Recommendation

In order that the “balancing authority” is better utilized for the siting process to progress in an effective manner, the workgroup recommends that the EFSC establish and submit the following principles and actions:

- In order to better facilitate the siting of transmission lines and other linear facilities, the EFSC shall exercise its authority under ORS 469.501 and 469.503 to balance the public benefits of the facility, particularly public benefits in achieving the state’s energy policies, including Renewable Portfolio Standards as mandated by ORS Chapter 469A, to achieve diversification of energy generation resources and to ensure the reliable transportation and transmission of energy resources to Oregon businesses and residents;
- Allow the EFSC to act upon its balancing determination authority earlier in the siting process so that conflicts can be resolved in a timely manner and at the appropriate stage of the process; and
- Amend OAR 345.022.0000(2) substantially as shown in the attached proposed rule amendment, to clarify the process for the Council to invoke its “balancing” authority, and require all state agencies to state, in a timely manner, and with precision, their views regarding why a proposed energy facility cannot meet an applicable standard, including through reasonable and practicable conditions, including mitigation measures.

III. Clearly identify and articulate state agency standards in order to eliminate the occurrences of “moving goal posts.”

The workgroup identified a growing concern occurring in greater frequency in which a state agency provides incomplete and untimely information or responses in its review of a proposed project. When this occurs, the project developer finds itself addressing objections or criticism multiple times only to find yet another issue being raised, often by multiple employees of an agency, with little or no direction or oversight by agency management. Often times, those issues are completely unrelated to the first and could have been raised concurrently so that the agency’s objections and criticisms could be addressed holistically. The utilities likened this to “moving goal posts.” The workgroup discussed the growing complexities of projects and the impact on the natural resources these projects may have. The lack of a generalized study protocol and study plans creates a disjointed, unpredictable and cumbersome siting process. Additionally, project developers are not required to submit a project study plan or strategies.

Recommendations

- Establish generalized methodology and protocol of study for consistency and predictability;
- Require and establish a “single point of contact” within each agency, along with a coordinated and mandatory oversight and management structure, to ensure reasonable, timely, and coordinated application review;

- Compel state agencies commenting on a project order and Draft Proposed Order to be specific in their critiques of a project and in their recommendations for mitigation requirements
- For controversial linear projects, following submittal of the Notice of Intent, require the project developer to discuss and develop key project strategy plans and resource study plans to inform the applicant, state agencies, and stakeholders.

IV. Establish a “phased approach” for linear projects so that project owners can continue progress toward completion.

Studies required to adequately protect the environment and natural resources are often difficult or impossible to complete when a project developer cannot access properties or land. In cases where access to private property is necessary, a utility may not have access to land without proactively commencing potentially unnecessary condemnation actions for the sole purpose of studying lands that may ultimately not even be impacted by the energy facility. Additionally, certain phases related to siting, reviewing, approving, and designing a linear project are more easily worked through than others. A phased approach to the siting process would enable a project owner to move forward on other requirements of the multi-step siting process, allowing the project to proceed in a more efficient and cost-effective manner.

Recommendation

- Establish a “phased studies” approach enabling the project developer to conduct and submit those reports that they are able to complete. This phased approach would allow that a site certificate may be conditionally issued pending the outcome of these studies;
- Initiate EFSC rule-making to clarify and fully enable the phased study process.

Workgroup Report Summary

The Oregon Energy Planning Council commissioned a workgroup to examine the Energy Facility Siting Council statutes (ORS 469.300 to 469.520) to determine whether the statutes are adequate and sufficient to meet the growth in proposed energy facilities, or whether amendments are needed.

Representatives from investor-owned utilities actively participated in this effort. Other utilities were asked to review the report and recommendations of this workgroup and identify any areas of concerns.

There was consensus among the workgroup members that Oregon’s siting process is vastly superior to that of other states, however, slight modifications could be proposed in order to provide clearer expectations and a more transparent process for project developers, state agencies and stakeholders.

This report provides a high-level description of the issues with corresponding high-level recommendations for the Council’s consideration. The Workgroup requests that the Council recommend the actions as proposed in this report.

Conclusion

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Appendix

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OREGON ENERGY PLANNING COUNCIL

Our decisions in the next decade will determine Oregon's energy future. Whether it is demand from our growing economy or growing population, Oregon's energy needs are expected to increase. Oregon has charted a course to meet future demand with renewable energy, aggressive conservation strategies and increased efficiency. It will take time, however, to implement Oregon's green, more efficient energy plan and invest in the energy infrastructure needed to incorporate renewable energy into the grid.

On August 27, 2008, I hosted a Summit on Oregon's Energy Future. At the Summit, energy suppliers, public officials, scientists, labor and business representatives, students and environmentalists gathered to begin a discourse about creating Oregon's energy future. The Summit identified Oregon's need for a formal, comprehensive planning process to move the state toward clean, renewable energy, while also addressing the immediate issues of price stability and supply certainty for Oregon families and businesses.

Energy supply and demand are dynamic and thus, the State's energy planning requires ongoing analysis, flexibility and adaptability. Even in these tough economic times, the need to address Oregon's energy future in a comprehensive way remains an essential goal. The future well-being and prosperity of Oregon's families and businesses depend on it. This Executive Order establishes the Oregon Energy Planning Council to provide proactive analysis, advice and assistance on energy planning.

NOW THEREFORE, IT IS HEREBY DIRECTED AND ORDERED:

1. The Oregon Energy Planning Council ("Council") is hereby established.
2. The Council shall consist of eleven members appointed by the Governor for terms of three years each. Members shall represent the best interests of Oregon as a whole. The Council shall include:
 - a. A representative from the Oregon University System;
 - b. A representative who is knowledgeable about energy transmission;
 - c. A representative who is an energy economist;
 - d. Two representatives of ratepayers;

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PAGE TWO

- e. A representative of renewable energy providers;
- f. A representative of the Bonneville Power Administration;
- g. A representative of natural gas providers;
- h. Two representatives of electricity providers; and
- i. A representative who is knowledgeable about energy efficiency and conservation.

3. All members serve at the pleasure of the Governor. The terms of each appointment shall be three years. Initial terms shall be proportionately staggered to periods of one, two and three years. Members may be reappointed. The Governor shall designate a Chair, who will serve at the pleasure of the Governor.

4. The following Oregon officials or their designees shall serve as *ex officio* members of the Council:

- a. Chair of the Board of Agriculture;
- b. Chair of the Board of Forestry;
- c. Chair of the Economic and Community Development Commission;
- d. Chair of the Energy Facility Siting Council;
- e. Chair of the Environmental Quality Commission;
- f. Chair of the Fish and Wildlife Commission;
- g. Chair of the Land, Conservation and Development Commission;
- h. Chair of the Oregon Global Warming Commission;
- i. Chair of the Oregon Investment Council;
- j. Chair of the Public Utilities Commission; and
- k. The State Economist.

5. The Council shall meet at least quarterly and at the call of the Chair or the Governor. The Council's deliberations shall be public, and the Council shall hold meetings at different locations throughout the state, at the direction of the Chair.

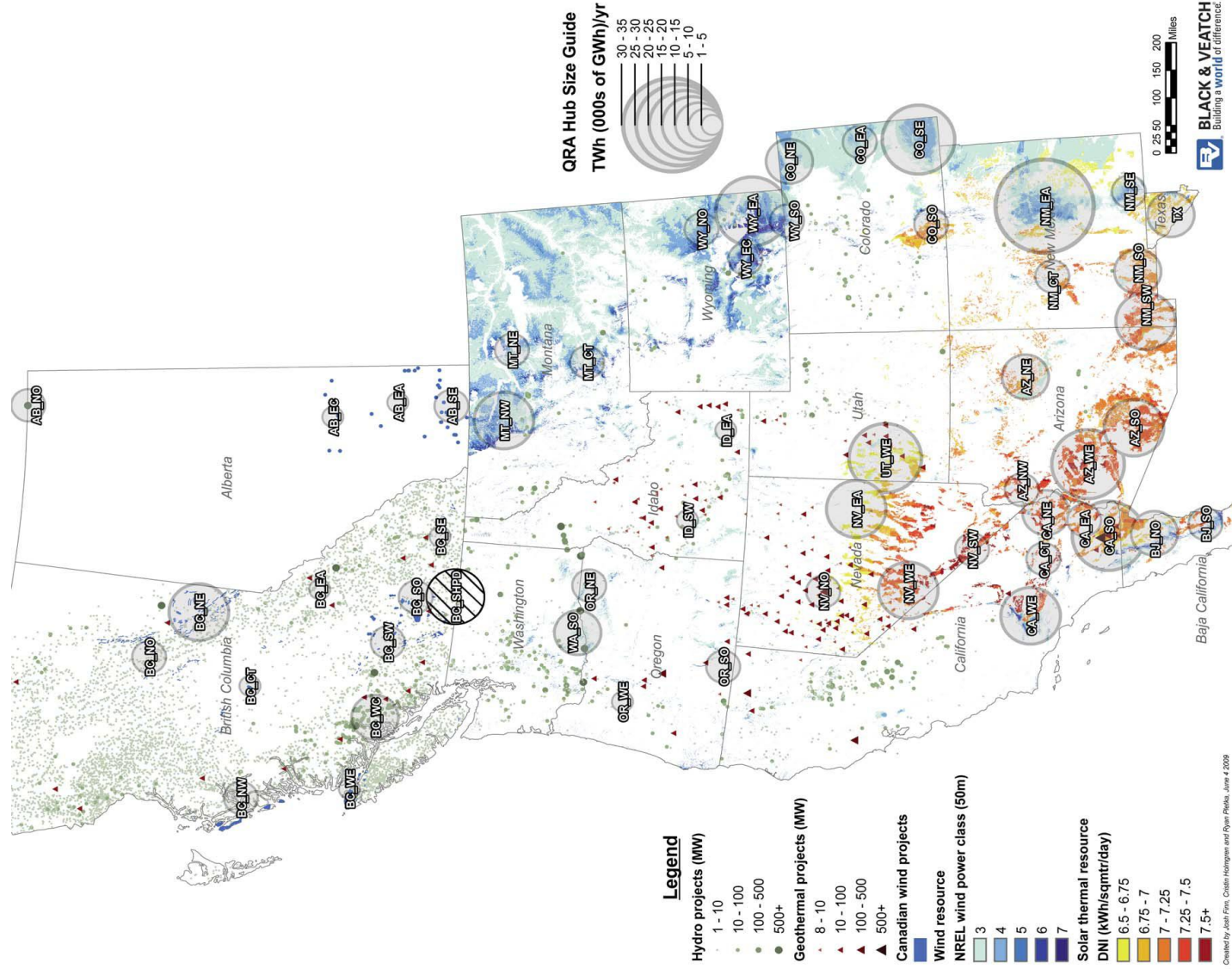
6. On or before December 31, 2010, and continuing thereafter on a biennial basis, or at the request of the Governor, the Council shall issue an Oregon energy planning report to the Governor and the Legislative Assembly, which may outline:

- a. Oregon's current energy use and energy supply and its future energy needs;
- b. Challenges to addressing the immediate issues of price stability and energy supply certainty for Oregon families and businesses;
- c. Recommendations for bridging any potential gaps in Oregon's energy supply;
- d. Recommendations for short, middle and long-range strategies for meeting Oregon's future energy needs, including the costs of any required infrastructure improvements and the expected environmental and economic impact of each energy strategy;
- e. At least two alternative strategies for meeting Oregon's energy needs; and
- f. Any recommended statutory changes for legislative consideration and recommended budget items to be included in the Governor's budget.

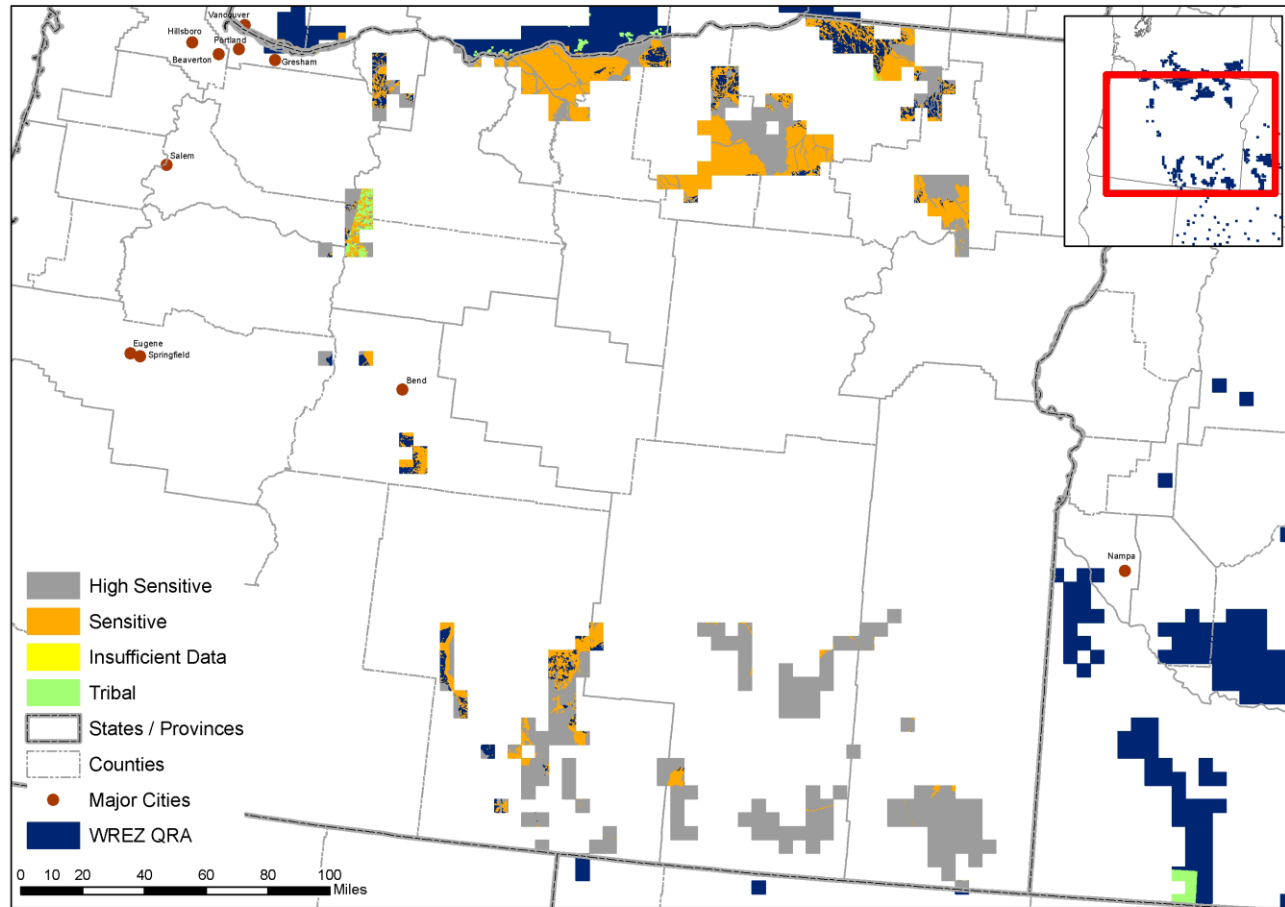
7. On an ongoing basis, at the request of the Governor, the Council shall provide analysis and counsel on energy forecasting, energy transmission, energy price stability, renewable energy, alternative energy sources and energy efficiency.

8. The Oregon Department of Energy shall provide staff support to the Council. Other state agencies shall assist the Council upon request. The Council shall consult with national energy experts as appropriate.

9. The members of the Council shall not receive compensation for their activities as members of the Council, but may be reimbursed for travel expenses incurred in attending Council business pursuant to ORS 292.495(2) and subject to availability of funds.



OREGON - Wildlife Areas



WGA WREZ Project - April 2009

