

Oregon's Climate Change Policies

BPA Utility Efficiency Workshop

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Governor's Advisory Group on Global Warming Report Dec. '04

GHG Reduction Goals

- Arrest growth in emissions by 2010
- 10% reduction below 1990 levels by 2020
- 75% reduction below 1990 levels by 2050

OR Strategy for GHG Reductions (Dec. '04)

- Invest in energy, land use, and materials efficiency
- Replace GHG emitting energy resources with cleaner technologies
- Increase biological sequestration
- Promote and support, research, and technology development

Electricity Sector Strategies

- ✓ Upgrade OR Bldg Codes
- ✓ Adopt State Appliance Efficiency Standards
- ✓ Adopt Renewable Portfolio Standard
- ✓ Increase OR energy tax credits and incentives - BETC and RETC
- Adopt OR cap and trade regulation for GHG reduction
- Over the next 20 years equal OR's share of energy conservation savings over the last 20 years - about 1000aMW

Oregon's RPS

SB 838 - '07 Legislature

Targets

- Large utilities - 25% by 2025 (utilities above 3% of total OR load - PGE, PAC, EWEB)
 - Interim Targets
 - 5% by 2011
 - 15% by 2015
 - 20% by 2020

Targets (2)

- Medium utilities - 10% by 2025 (utilities between 1.5% and 3% of total OR load - Central Lincoln PUD, Idaho Power, McMinnville W&L, Clatskanie PUD, Springfield Utility Board, Umatilla Elec Co-op)
- Small utilities - 5% by 2025 (utilities less than 1.5% of total OR load)
- Coal Poison Pill - a medium or small utility that enters into a long-term coal contract must meet the 25% by 2025 target

Qualifying Electricity and Renewables Defined

- Wind, solar, biomass, geothermal, ocean, cogen, new hydro outside NW Council defined protected areas
- Efficiency upgrades to hydro including BPA hydro
- BPA EPP or similar designated product

4% Cost Cap

Not required to comply with target to the extent the incremental cost of compliance, unbundled RECs, and Alternative Compliance Payments (ACP) exceeds 4% of annual revenue requirement

PUC and local boards determine compliance

Target Modifiers

- Not required to displace existing non-carbon sources
- Not required to displace BPA firm power (Tier One)
- Not required to displace existing Mid-Columbia contracts
- Aha! - This places a premium on conservation and efficiency - anything we can do to stay within Tier One is money in the bank.

Alternative Compliance Payment

- PUC and local boards shall establish an alternative compliance rate for each compliance period
- ACP may be banked
- Key Point - ACP may be used for conservation and efficiency programs in addition to renewables

Green Power Rate

- All electric utilities (regardless of size) must establish and allow retail customers to choose a green power rate
- Utility may contract with 3rd party provider such as BEF to meet this requirement

Additional '07 Actions

- Legislature adopts GHG reduction goals
- Legislature approves major increases to Business Energy Tax Credit (BETC) and Residential Energy Tax Credit (RETC) for renewable projects
- Aha! Creates opportunity to sell efficiency as necessary part of the package or the first step to green bldg.
- DEQ begins GHG reporting rulemaking

Western Climate Initiative

- Feb '07 Formed by MOU among Governors of Arizona, California, New Mexico, Oregon, and Washington
- To develop regional strategies to address climate change
- Joined since by Utah, BC, Manitoba, and Montana
- Aug '07 adopted regional GHG reduction goal
- Aug '08 goal to adopt regional cap and trade GHG reduction regulations

What Does All This Mean for Utility Efficiency Programs?

- All OR goals and plans assume that load growth will be met by conservation, efficiency and renewables
- Future resources have higher carbon emissions than current FBS
- Tier Two or market purchases will send a clear price signal
- Carbon controls can make more efficiency measures cost effective

“CO2 Footprint of the NW Power System”

Assuming the conservation and efficiency targets in the 5th Power Plan --

- To get to the GHG reduction goals by 2020 adopted by the states and the WCI we need:
- Reductions of 3,000 mw of equivalent coal capacity
- Equivalent reductions in other sectors of the economy - transportation contributes 46% of total emissions in the NW

Key Finding

“Achieving these goals (states and WCI) will require deep cuts in CO₂ production from existing fossil plants or equivalent offsets from other sectors or geographic areas.”

Reductions of 3,000 mw of coal equivalent capacity

Our Challenge

- Those that came before us built the NW hydro system which is virtually GHG free
- Our task is to preserve that resource and further reduce our carbon footprint to stabilize GHG emissions
- Conservation and efficiency alone will not do it
- But without conservation and efficiency we will never get there
- Lets get to it!