



OREGON GLOBAL WARMING COMMISSION

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Theodore R. Kulongoski
Governor of Oregon

Peter Courtney
Oregon Senate President

Dave Hunt
Oregon Speaker of the House

Members of the
Oregon State Senate

Members of
Oregon House of Representatives

RE: Submission of the Biennial Report of the Oregon Global Warming Commission

Governor, Mr. President, Mr. Speaker, Members:

Attached please find the first Biennial Report of the Oregon Global Warming Commission, submitted pursuant to ORS 468A.260.

Our Commission, Oregon's newest, experienced a busy and productive first year since organizing in March of 2008. In this Report you will find six Resolutions adopted by the Commission, that speak to issues related to both greenhouse gas emissions reductions and preparing our citizens, communities, businesses and ecosystems for the impending – in some cases already identifiable -- effects of global warming.

We report on progress made to date in reaching the greenhouse gas reduction goals set by the Legislature in 2007, with news that is both encouraging and sobering. While we are likely to meet Oregon's 2010 goal to arrest the growth of emissions it is clear that we must step up our efforts to reach the State's significant, yet achievable, 2020 and 2050 goals. With these targets in mind, we identify opportunities for Oregon to invest in activities that will reduce emissions while devising new products, services and business models. And we identify local governments and private groups that are acting on their own initiative to curb their emissions and prepare their communities and businesses.

Commission Members were privileged to work with Oregonians in stakeholder groups addressing climate and transportation investment, energy efficiency, renewable power generation, land use and water policies and practices, and ecosystem impacts. We helped shape many of the recommendations emerging from these exercises, and then voted our support for most (with some qualifications and added proposals). Governor Kulongoski has confirmed this work product and our judgment by including most of these in his 2009 session legislative


proposals. The Commission also had non-legislative recommendations for how the state can better prepare for and adapt to present and future impacts of climate change. A summary of the Commission's recommendations is provided on pages 5-7 of the Report.

I will draw particular attention to Resolution 2009-1-009, recommending that Oregon "move forward with development of the Western Climate Initiative (WCI) proposed framework for establishing a . . . regional greenhouse gas cap and trade mechanism, and complementary programmatic and regulatory measures. . . ." The language of the Resolution is extensive and sometimes complex, as is the subject matter, but I wish to highlight three essential points:

- **Regional vs. National Carbon Regulation:** While the Commission agrees that carbon is ultimately a matter of national concern and national regulation, by a wide majority it also felt there was a persuasive case for continuing efforts at the State and western regional levels that would prepare Oregon for a carbon-regulated world and could help shape the national design to our advantage.
- **Market Design:** The Commission recognized that carbon markets can be designed well or badly, and urged the WCI to address design features that would improve efficiency and liquidity while protecting against potential manipulation by third parties. Encouragingly, the WCI now has a work group charged with these tasks.
- **Transition Issues:** The Commission recognized that some Oregonians will have particular issues adapting to a carbon-regulated world, and that the State needs to focus particular attention on low-income households, and on Oregon industries that are significant sources of greenhouse gases, that are often price-takers in their markets, and that may face resulting difficulties in passing along costs of compliance while remaining price-competitive. In both cases, the State has options to cushion compliance obligations with judicious allocation of allowances, and with investments in energy efficiency that will offset compliance costs while reducing emissions. The Commission did not conclude that there are reasons for exempting any party from its obligation to reduce emissions.

Our Report also identifies an ambitious agenda for 2009 and beyond that includes greater public outreach and education, and collaboration with the now-organizing Oregon Climate Change Research Institute, and with Oregonians across the state who are rising to these new challenges and opportunities.

Respectfully submitted,



Angus Duncan
Chair
Oregon Global Warming Commission