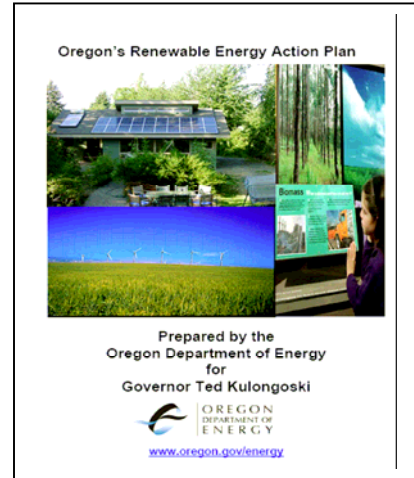


Background and Summary: Recent State of Oregon Renewable Energy Initiatives

The Renewable Energy Action Plan

At the request of the Governor a number of state agencies were asked to develop a Renewable Energy Action Plan with input from stakeholders. These agencies - Agriculture, PUC, Economic Development, Energy, Environmental Quality, Forestry and Water Resources - prepared several drafts, which were sent to interested individuals, businesses and organizations and posted on the Oregon Department of Energy Web site. Public comment and stakeholder input was taken and a series of public meetings were held before finalizing the document. The final Renewable Energy Action Plan was released in April of 2005.

The Renewable Energy Action Plan (REAP) contains goals – both short term (before 2006) and long term (2007 - 2025) – as well as legislative and Governor’s Office initiatives. In addition, the REAP contains a long list of actions for state agencies, the university system, and a new working group focused on renewable energy (see below). These actions are both general in nature (cross-cutting across resources) and resource-specific.



Some of the key goals set out in the plan include:

- New (i.e., post-1999) renewable generation will meet 10 percent of Oregon’s total load by 2015. This will increase to or exceed 25 percent of the load by 2025.
- Twenty five percent of state government’s total electricity needs will be met by new renewable energy sources by 2010 and 100 percent by 2025.
- By 2010 all diesel sold in Oregon will contain 5 percent biodiesel, and 20 percent by 2025.
- All standard gasoline sold in Oregon will contain 10 percent ethanol by 2010.
- Five percent of all gasoline sold in Oregon will be an E-85 blend of ethanol and gasoline by the year 2015, growing to 15 percent by 2025.
- 100 % of the diesel used by state government’s fleet vehicles will be B-20 by 2025 (the plan originally called for 2010, however, this target date was later revised by a working group).

The Renewable Energy Action Plan is available in PDF format on the Oregon Department of Energy Web site at <http://oregon.gov/ENERGY/RENEW/docs/FinalREAP.pdf>.

The Renewable Energy Working Group

The Renewable Energy Action Plan contains a mandate to, “support a Renewable Energy Working Group to be coordinated through the Governor’s Office and the Oregon Department of Energy to guide the implementation of this Plan.” The Renewable Energy Working Group was formed earlier this year through a collaborative process with the Oregon Department of Energy and the Governor’s Office. The group consists of over thirty key stakeholders and legislators.

The primary mission of the Renewable Energy Working Group (REWG) is to guide implementation of the Renewable Energy Action Plan. To accomplish this goal the Renewable Energy Working Group will play an advocacy and an advisory role. Group members will work to find and implement solutions – in the legislative arena, in the private sector, and elsewhere – that encourage the growth of renewable energy and accompanying economic development in Oregon.

The Renewable Energy Working Group will be briefed on renewable energy development in Oregon and submit regular status reports on the implementation of the REAP to the Governor's Office for public dissemination. The REWG will also be considering a list of more than fifty action items identified for its consideration in the REAP. Many of the tasks assigned to the Renewable Energy Working Group will be delegated to technology-specific working groups already in place (such as the wind, biomass, and geothermal working groups). However, at least four key areas will need to be addressed by the Renewable Energy Working Group directly:

- Prioritization of the numerous tasks in the REAP, and monitoring of those tasks.
- Discussion of and action taken on cross-cutting issues affecting multiple technologies with a focus on issues like transmission constraints, interconnection, and Bonneville Power Administration policies.
- Renewable energy production policy and the potential role of production incentives, a renewable portfolio standard, and/or the public purpose charge to achieve REAP goals.
- Identification, coordination, and packaging of legislative concepts as appropriate.

As of the end of March, the Renewable Energy Working Group has had two meetings. The future plans, meeting times, presentations, and proceedings of the REWG can be tracked on the Oregon Department of Energy web site at <http://egov.oregon.gov/ENERGY/RENEW/REWG.shtml>.

Recent Announcements by the Governor

The Governor has made clear his intent to see that the goals of the REAP are executed through a series of recent announcements, beginning with the annual State of the State speech in February of this year where the Governor laid out his "action plan" for energy, including these initiatives:

Renewable Portfolio Standard. The Governor directed the Department of Energy's Renewable Energy Work Group to develop a renewable portfolio standard (RPS), which he will propose to the Legislature in 2007. The RPS will formalize the REAP goal of 25 percent of Oregon's electrical load being met by new renewable resources by the year 2025. The RPS is expected to stimulate the addition of 1,600 average megawatts of renewable energy to the utility grid.

Biofuels. The Governor announced that he has begun developing legislation to capitalize on Oregon's emerging "bio-energy" markets. 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 and assist with biomass energy development.

A few weeks later it was announced that the Governor, "has set a higher goal for electricity use by state government -- by 2010, just four years from now, the Governor wants new renewable electricity to account for 100 percent of state government's electrical needs." This accelerates the goal in the REAP, which was originally set at 2025, by 15 years to the year 2010.

Most recently, at the BASE 2006 summit in Bend, the Governor called for expanding the business energy tax credit program from the current 35 percent to 50 percent, and expanding the current qualifying amount from \$10 million to \$20 million, for renewable energy projects. The Governor also announced creation of a state renewable-energy revolving loan fund, which will start with at least \$1.5 million. The fund will make loans to community and small-scale renewable energy feasibility studies. The Governor also called for the establishment of a renewable fuel standard (RFS) for biofuels, although left it to the legislature to establish specifics. In the Governor's press release reference is made to the biofuels targets established in the REAP.

