

RENEWABLE

a powerful tool

Why Oregon Needs a Renewable Energy Standard

Jeremiah Baumann
Environment & Energy Advocate
Oregon State Public Interest Group (OSPIRG)

Our nation's energy problems are at the forefront of everyone's mind. High prices and rising electric and natural gas bills remind us, via our pocketbooks, of our dependence on fossil fuels. The symptoms of the addiction not only include increasing prices and price volatility, but also instability in our relations with other nations and with increasing speed, global warming, perhaps our generation's greatest challenge.

The good news is that Oregon has positioned itself to be a national leader in responding to this challenge and embracing renewable energy. We have the natural resources, the technology, and the knowledge base necessary to successfully embrace this transition to a more sustainable future: one of energy independence, healthy economic growth (particularly in rural communities) and solutions to pollution and global warming.

The most critical tool that Oregon currently is missing is a Renewable Energy Standard requiring our utilities to plan and invest in the future, such that 25 percent of their electricity is renewable by 2025. Energy advocates, rural county commissioners, farmers, business leaders, and others have united behind the Governor's proposal to adopt such a standard during the 2007 session of the Oregon Legislature.

Fossil fuels currently generate approximately 50 percent of Oregon's electricity, and all of those fossil fuels come from out-of-state or foreign sources.

Renewable energy, by contrast, is a homegrown resource. Oregon has areas of excellent wind potential, is home to one of the world's largest wind farms, and even Oregon's cloudiest areas receive more sunlight than Germany, a current world leader in solar power. Areas off the Oregon coast offer some of the world's best wave energy potential and Oregon State University is a leading research center for this new technology; projects are already being proposed for the country's first commercial wave farm.

Homegrown renewable energy is sustainable economically. While much of the money we spend on fossil fuels is shipped out of our state's economy, renewable energy keeps money local, creating jobs and providing income for local landowners and communities. Farmers and land-owners in Sherman County earn payments between \$2,000 and \$7,000 per wind turbine, each of which takes up land that would otherwise earn less than \$100 in wheat production. Tax payments from just one new wind project are expected to increase county revenue by 30 percent.

Renewable energy is also good news for our energy bills. At a minimum, it stabilizes energy rates. While the costs of fossil fuel can vary widely as fuel costs surge, as natural gas recently has, the fuel for

renewable energy is free, so the full costs are known up front. As fossil fuels increase in price, wind power can now be provided more cheaply than natural gas and competitively with coal. Puget Sound Energy in Washington recently reported \$170 million in cost savings due to wind power generation.

Some have questioned whether the requirements of a Renewable Energy Standard wouldn't distort the market and allow higher prices. But an Energy Standard actually provides market clarity and stability for renewable energy and energy costs. Customers of Xcel Energy in Colorado have saved \$14 million because of investments in wind power since passage of the state's renewable energy standard on their 2004 ballot.

A primary criterion for sustainability is environmental sustainability. Scientists have already linked global warming to declining snowpack in the Cascades, which is down 50 percent since 1950, threatening reduced river flows for irrigation, salmon migration, and hydropower. Sea level has been rising on the Oregon coast since 1930, and could increase erosion, flooding, and storm severity. Scientists have also tied increasing incidence of wildfires to global warming. A 25 percent Renewable Energy Standard would be Oregon's most significant contribution to cutting the pollution that causes global warming.

Some have asked why Oregon needs a requirement instead of relying on incentives. Oregon already has a robust program of financial incentives, including targeted tax credits and the state's effective energy efficiency and renewable energy programs administered by the Energy Trust of Oregon. These are important tools and expanding them is one component of our path toward energy independence.

But for Oregon to leap forward to national leadership and maximize the benefits, the state needs an effective long-term plan that provides clear market signals. A Renewable Energy Standard requiring that utilities meet targets for renewable energy use is one of the most effective and proven tools for increasing renewable energy development. The U.S. Department of Energy's National Renewable Energy Laboratory has concluded that renewable energy standards are "the most powerful tool a state can use to promote wind energy."

Texas' Renewable Energy Standard triggered 700 megawatts (MW) of installed wind power in 2005 alone (1 MW generates enough energy for roughly 250 Oregon households) and since passage of Colorado's 2004 standard, nearly 800 MW are under negotiation. By comparison, over a period of nine years, Oregon has seen just 400 MW of development. Twenty states have enacted standards, including California, Washington, Nevada, and Montana. Developers are already exploring renewable energy sites in Oregon for use in meeting standards in other states.

Despite the benefits of renewable energy for Oregon, there is heavy opposition in Salem to the Governor's proposed Renewable Energy Standard. Large business and industrial interests, such as Associated Oregon Industries and Industrial Customers of Northwest Utilities, have voiced concern about potential rate increases, despite evidence from other states that renewable energy stabilizes and can even reduce rates. (As a "safety valve," the bill also includes a provision capping any possible rate increases.)

Consumer-owned utilities, including rural electric co-operatives, are concerned about any state policy directive that may threaten their claim on low cost hydropower from the dams in Federal Columbia River Power System (FCRPS), even though the Governor's proposal gives them special protection from ever having this hydropower displaced by other renewable energy sources. It offers smaller utilities the choice of applying the Renewable Energy Standard only to a portion of new energy needs in the future.

The concerns raised about the standard are outweighed by the volume of public support for renewable energy and by the diverse interests across the state supporting a renewable energy standard. A broad range of Oregonians—including environmentalists, business leaders, counties, cities, and farmers from every corner of the state—are joining forces to make Oregon a renewable energy leader. Few issues present elected officials with the opportunity to support such a clear public interest: energy independence, healthy economic growth and jobs, stable energy prices, and a major step toward solving global warming. 

