

December 12, 2006

The Honorable Ted Kulongoski  
Governor  
State Capitol, Room 254  
900 Court Street NE  
Salem, OR 97301-4047

Dear Governor Kulongoski:

Energy Trust is most appreciative of the work of the Carbon Allocation Task Force and pleased to have been represented as a member of the group. Issues associated with global warming are both difficult and critical and the approach used by the Task Force has appropriately engaged the parties in effectively understanding and grappling with them.

Because of restrictions in our grant agreement with the Oregon Public Utility Commission, Energy Trust cannot vote on recommendations that may ultimately become state legislative proposals. Accordingly, Energy Trust abstained from voting on the Task Force recommendations to you. We can, however, provide this letter with additional information about energy efficiency and renewable energy potential.

Because of our focused work on energy efficiency and renewable energy, Energy Trust had the opportunity to discuss the prospect of further reducing reliance on fossil fuels that produce greenhouse gases. Earlier this year, we completed an analysis of cost-effective energy efficiency potential and the potential to meet future Oregon load growth through 2017 with energy efficiency and renewable energy. Based on experience with our own energy programs and with information from this detailed, independent, third-party analysis, we offer the following observations:

1. *There is significantly more cost-effective energy efficiency available in Oregon than can be achieved with the current public purpose funds.* By our preliminary analysis, if Oregon captured all the cost-effective energy efficiency that is available through 2017, the State would save 170 average megawatts (aMW) more than we expect to capture at current funding levels. 170 aMW equates to the energy used by 124,000 homes, more than two cities the size of Salem. This investment in energy efficiency could not only make a significant contribution to greenhouse gas reduction, it would be acquired at significantly less expense than current estimates of the cost utilities would have to pay to acquire other generation.
2. *Additional renewable energy acquisition is also available and may be a strong component of reducing carbon emissions.* Oregon is already making big strides in renewable energy production. The State is now number 8 nationally in wind energy generation. Oregon also has an abundance of biomass generation potential. Contrary to its reputation as a

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rainy place, solar works in Oregon. Western Oregon gets more sun than Tokyo, and eastern Oregon's sunshine is comparable to Miami, Florida. This is reflected in a rapidly growing solar market and increased demand for solar thermal and solar electric systems. Energy Trust analysis suggests that, combined with energy efficiency programs, renewable energy acquisition could meet moderate growth in energy demand of ~1.5% per year through 2017.

The economic impact of increasing investing in energy efficiency and renewable energy could be significant. Under the Energy Trust investment model, public purpose funds leverage individual investments in energy efficiency and renewable energy by home and business owners, the Oregon Department of Energy and other organizations. We estimate that every dollar we invest in energy efficiency and renewable energy projects produces perhaps 3-4 times as much economic benefit in other investments, wages and new business income. These benefits stay in Oregon and fuel the State's economy instead of being exported to power plants located elsewhere.

In short, we believe that if Oregon pursues the recommendations made by the Carbon Allocation Task Force, energy efficiency and renewable energy programs could be geared up to achieve greenhouse gas reduction goals. Energy Trust would be pleased to be a part of such an endeavor.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Margie Harris". The signature is written in black ink and is positioned above the printed name and title.

Margie Harris  
Executive Director