

**Senate Environment and Public Works Committee, Green Jobs
and New Economy Subcommittee
September 4, 2013
Governor Kitzhaber Prepared Testimony**

Thank you very much Chair Merkley and members of the Senate Subcommittee on Green Jobs and New Economy for the opportunity to be here today.

Energy and climate are THE challenges of our time, both globally and here in the Pacific Northwest – and no set of challenges will have a greater impact on our nation’s economy, environment and quality of life in coming decades.

The central question is whether we will shape our energy future through intentional policy, investment and development, or whether it will shape us.

Answering this question is urgent, because the toll from our dependence on fossil fuels is rising fast. While I’ll highlight some of the successes we are having in Oregon, we still find that we are struggling to make the complicated transition from 20th century energy infrastructure to new business models that can unleash the job-creation potential of low-carbon energy innovation.

Every day we wait, we are faced with the challenges of:

- outdated energy and transportation infrastructure;
- trade wars that lock up market share for next-generation energy products; and
- heated policy debates about leveling the playing field for clean energy.

We need to give entrepreneurs and investors the certainty and support they need to innovate and continue building the clean economy.

As you likely know, Oregon has undergone a clean energy revolution over the past decade – a revolution in which energy efficiency is poised to meet 100 percent of new energy demand and renewable energy is a larger part of in our energy resource portfolio.

We've been working to de-carbonize our economy and reduce our dependence on foreign oil and polluting coal while developing home-grown expertise that creates local jobs, boosts our economy, reduces greenhouse gas emissions, and keeps the long-term cost of energy low.

With greater regulatory certainty, billions of dollars have been invested in energy efficiency, solar, wind, geothermal, biomass and wave development, making Oregon a recognized national leader. Oregon now has the most jobs per capita in the clean energy economy of any state in the country, and clean energy job growth is five times stronger than overall job growth.

Last December, I released the State's Ten-Year Energy Action Plan. Goal One of that plan is to meet 100 percent of electric baseload growth through energy efficiency and conservation.

Energy efficiency and conservation are the least-cost ways to meet our state's increasing demand for energy. They also reduce the need for new generation and transmission investments, create local jobs that cannot be outsourced, and save customers money on their utility bills each and every month.

Oregon ranks fourth in the nation in energy efficiency. Since 1980, Oregon households and businesses have realized energy efficiency and conservation savings equivalent to eight to ten power plants. The result has been lower energy bills for residential, industrial, and commercial customers, a cleaner environment, and a thriving local energy service industry that exports its technology and expertise to the world.

More than 22,900 Oregon businesses have invested nearly \$2.4 billion in energy efficiency, including lighting, heating, industrial processes, and other measures.

In Energy Trust of Oregon territory alone, energy efficiency programs have saved approximately \$1 billion on participants' energy bills, while creating an estimated 2,500 jobs and spurring \$90 million in wages and business income. Nearly 425,000 people have installed energy efficient appliances in their homes, like refrigerators, dishwashers and washing machines.

Cost-effective energy efficiency is the cleanest, cheapest form of energy. It's absolutely essential to economic resilience and success in a resource-constrained environment, and we continue to pursue new avenues for energy efficiency for statewide consumers.

In June of 2011, Oregon launched the Cool Schools program to audit and provide energy efficiency upgrades for every school district in Oregon. To date, Cool Schools has leveraged an \$185,000 investment from the state to generate approximately \$28 million in energy efficiency projects, retrofitting 140 schools in districts throughout the state.

The program has identified \$120 million in shovel-ready projects, and we estimate the total amount of energy efficiency projects in schools to be upward of \$250 million. Oregon has launched a similar effort to retrofit state-owned buildings called the State Building Innovation Lab. The Oregon Department of Energy has identified more than 4 million square feet of retrofittable commercial office space.

Though energy efficiency projects provide multiple benefits for school districts and public buildings in Oregon, the adoption rate is not what it could be. Seventy percent of school districts in the state receive utility capital that can be invested in energy efficiency and conservation. However, in many of these districts, many of the most accessible projects, such as windows and lighting, have already been completed.

While other states have scrambled to develop financing mechanisms for energy efficiency, Oregon has long had such a tool – the Small Energy Loan Program, or SELP. Over the last 30 years, SELP has financed over \$580 million in projects. Still, with many schools facing dire financial situations, even the relatively low rates offered through SELP have proved a barrier. In addition, the Legislature has significantly scaled back energy efficiency and tax credit programs over the last several legislative sessions. A relatively modest infusion of granted dollars could launch a significant wave of projects, helping schools and other public buildings perform better, save money, and provide a pathway for scaling up energy efficiency retrofits across our built environment.

To help reduce the cost of accessing capital for energy efficiency upgrades in public schools and buildings, our goal is to identify and incorporate capital from federal, state, community foundations and other sources that supports energy efficiency projects.

These investments, combined with existing and other identified resources, can help positively impact student health and the state's economic recovery. This is a significant opportunity for states to partner with the federal government to leverage each other's resources and unleash the next wave of high value energy efficiency projects.

We must also focus on incubating and commercializing the next generation of clean energy technologies. One way to get there: in the last legislative session, we increased energy efficiency standards for appliances, including battery chargers, set top boxes and televisions, and we now share the same standard as California and British Columbia.

Also in the last legislative session, we continued funding for the Oregon Innovation Council, which is dedicated to the global competitiveness of Oregon industries by helping innovators create high-paying jobs, entrepreneurs create companies, and university researchers bring federal and private research dollars to Oregon.

To date, Oregon InC has created 30 new companies marketing innovative products, captured \$350 million in federal and private grants, and raised more than \$115 million in private capital for emerging companies. Many of the Oregon InC efforts relate to advanced energy applications for energy efficiency, transportation, and generation. Oregon InC helps pave the way for significant breakthroughs and commercialization of these critical technologies and help grow Oregon's innovation economy.

Earlier I mentioned that Oregon is exporting our technology and expertise to the world. It's important to remember that the economic activity we spur at home helps support our traded sector, and not just in manufacturing and technology, but also in services like architecture and development that are respected and renowned worldwide.

We also see the positive effects on economic activity as Oregon industries use energy efficiency strategies to improve their competitive advantage. We see this in our food processing industry, where that particular cluster has been able to lower front-end costs thanks to becoming more energy efficient.

These are just a few examples of the work we have underway in Oregon. So, while we may be a relatively small state, I am confident in our ability to be an innovative state. And I am thankful that Oregonians recognize clean energy for the economic engine that it is.

I also believe that Oregonians recognize that to fully emerge from the financial downturn, and to develop a more prosperous future for all our citizens, we must be bold in our vision for our future. We know that there are no quick fixes to these challenges, but having the courage and discipline to look ahead at where we want to be in a decade – with economic opportunity for everyone, with careful stewardship of our natural, human, and financial capital – is the first step to getting there.

So let me conclude where I began with the question: Will we shape our energy future through or will it shape us? As William Jennings Bryan once said: Destiny is not a matter of chance it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved.

With your help I am confident that our energy future here in the Pacific Northwest and the nation will be a matter of choice, not a matter of chance – and that we will chose a path that leads to a bright, prosperous and low carbon future.