



WESTERN GOVERNORS' ASSOCIATION

Clean and Diversified Energy Initiative

ELCON

June 21, Portland

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Western Governors' Association

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**You have to be careful if you don't
know where you are going because
you might not get there.**

Yogi Berra

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Background

- ❑ North American Energy Summit

- ❑ June 2004 Governors' Resolution
 - ❑ Protection against shortages and spikes
 - ❑ Regional energy policy that is diverse and contains both conventional and alternative energy resource development, energy efficiency, and conservation
 - ❑ Meet the energy needs of the West
 - ❑ Respond to environmental challenges
 - ❑ Take advantage of new technologies that lower the cost of renewable energy and reduce emissions control

Enlibra Principles



National Standards, Neighborhood Solutions -- Assign responsibilities at the right level

Collaboration, Not Polarization -- Use collaborative processes to break down barriers and find solutions

Reward Results, Not Programs -- Move to a performance-based system

Science for Facts, Process for Priorities -- Separate subjective choices from objective data gathering

Markets Before Mandates -- Pursue economic incentives whenever appropriate

Change a Heart, Change a Nation -- Environmental understanding is crucial

Recognition of Costs and Benefits -- Make sure all decisions affecting infrastructure, development and environment are fully informed

Solutions Transcend Political Boundaries -- Use appropriate geographic boundaries for environmental problems

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- **Western Governors' Resolution Goals**

1. Add 30,000 megawatts of clean energy by 2015

2. Increase energy efficiency 20% by 2020

3. Meet transmission needs over the next 25 years

=> Clean and Diversified Energy Advisory Committee (CDEAC) formed to provide recommendations that are technically and financially viable and that mitigate environmental impacts. They should be voluntary, not mandatory.

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Sample of Organizations Participating:

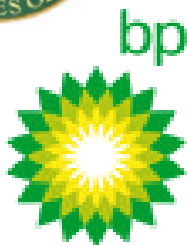


GE Energy

ORMAT



EASTMAN



WESTERN RESOURCE
ADVOCATES

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CDEAC Recommendations –

- The good news is that the real potential well exceeds the goals established by the governors
- The better news is that achieving the goals does not entail making complicated or unpopular changes to energy policies
- Recommendations focus on state, regional, and national policies regarding energy efficiency, renewable energy, and advanced fossil fuel generation

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The Challenge

- ❑ Identify technically and financially viable policy mechanisms that stressed incentive-based approaches to meeting the clean energy goals the governors set
- ❑ Balance new and traditional technologies in a way that would strengthen economic growth, stabilize energy prices, maximize reliability, and mitigate environmental impacts

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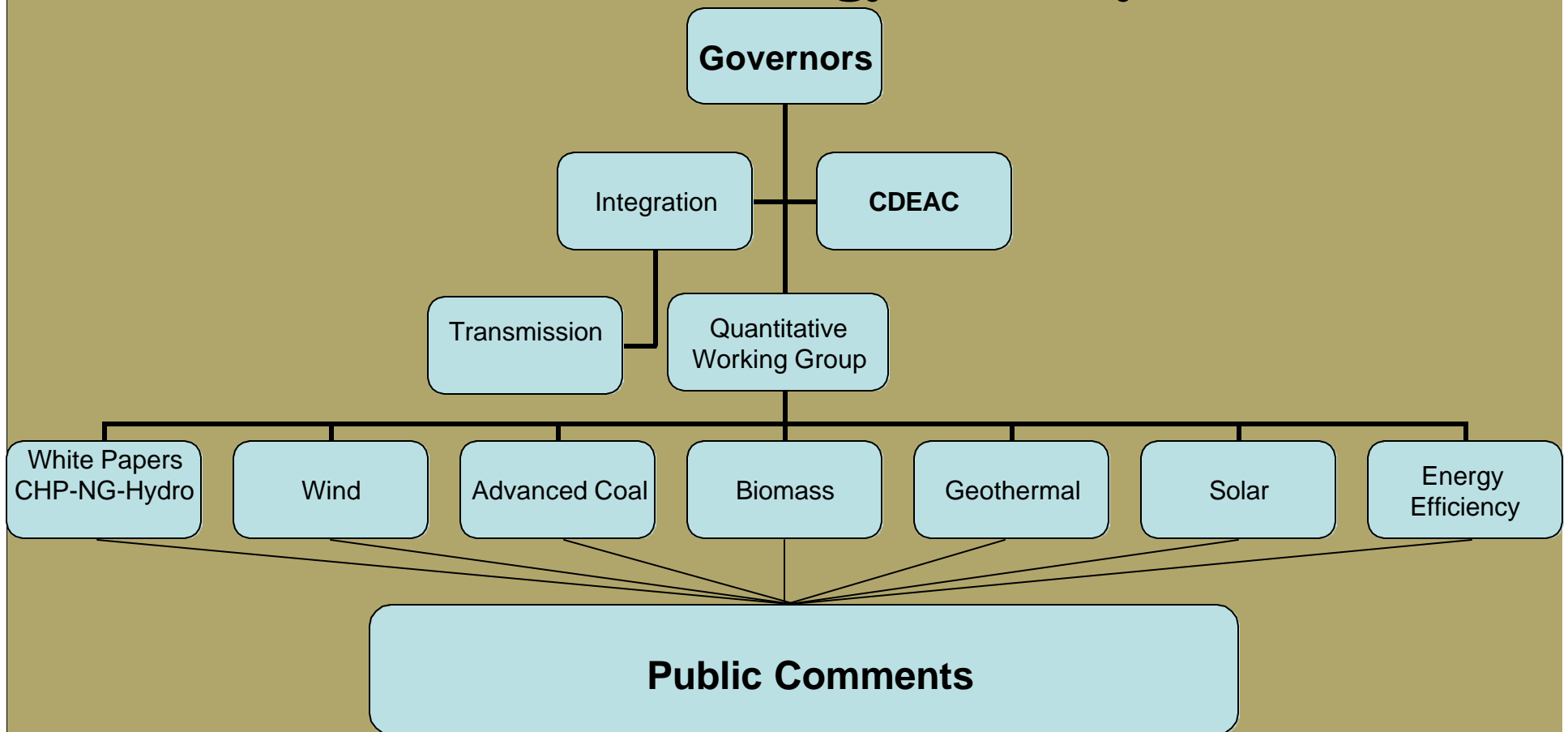
The Task Forces

- ❑ Solar, Wind, biomass, geothermal, advanced coal, energy efficiency, transmission
- ❑ Each group documented the real potential available and gave the governors a reasonable blueprint for achieving the potential
- ❑ The analyses are thorough and comprehensive and are excellent reference documents

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Clean and Diversified Energy Advisory Committee



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The Policies

- ❑ The Governors adopted the *Clean and Diversified Energy for the West* resolution on June 11 in Sedona
- ❑ It emphasized energy efficiency, renewable energy, traditional energy and transmission
- ❑ It reinforced the need to implement the broad suite of recommendations from the CDEAC forums
- ❑ Recognizes the need to take action at state, regional and federal levels

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Energy Efficiency

- The easiest, cheapest and least controversial strategy is energy efficiency
- Universally adopt existing programs
- We do not have to wait for radical new technology or use exorbitantly priced equipment
- For example, encourage timely adoption of updates to the national appliance efficiency standards or building standards
- We must have tax credits for energy efficiency investments
- Successful implementation of energy efficiency must include some mandates

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Renewable Energy

- There must be short term support for renewable energy to achieve scale economies and market penetration
- There is near universal agreement that the federal production and investment tax credits must be extended to 10 years
- We must raise the cap on the residential investment tax credit to \$10,000 for renewable energy or distributed generation systems
- With a leg up, within the next 20 years renewable energy sources can be fully competitive with other energy sources

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Fossil Fuels

- Natural gas remains a clean energy option, but with the price of gas rising, clean alternatives must be a priority
- Coal must be a part of the clean energy future
- Western Governors support technologies that approach zero emissions
- The West must get multiple pilot facilities that demonstrate advanced technologies like IGCC located at high altitude and using Western coal
- Demonstrate technologies for the capture and storage of carbon

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Transmission

- ❑ Reforms in the FERC Open Access Transmission Tariff to allow regional transmission planning expansion
- ❑ Use the CDEAC recommendations to eliminate barriers to the greater use of renewable resources

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Cross-cutting

- ❑ Funding for state programs on energy efficiency, clean generation, and storage technology research, development and demonstration
- ❑ Collaboration with federal agencies on facility siting and infrastructure planning.
- ❑ Promote implementation of the Western Regional Energy Generation Information System (WREGIS) to facilitate development of regional markets
- ❑ Requires a combination of state, regional and federal action

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Future Steps

- Collect and disseminate information on adopted policies and programs
- Progress reporting
- Collaboration with other organizations
- Support efforts to evangelize

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The Stone Age ended but not because of any lack of stones. Undoubtedly the Oil Age will end the same way.

Sheik Yamani, Saudi Arabia

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**Please visit the WGA web site for more
information on the CDEAC and the full task
force reports**

www.westgov.org