

Meeting of the Minds Conference

REMARKS BY GOVERNOR THEODORE R. KULONGOSKI

Wednesday, July 30, 2008

Thank you Peggy for your kind introduction. I also want to take this opportunity to thank you and PGE for sponsoring this Meeting of the Minds conference.

The commitment of PGE to finding innovative solutions to Oregon's transportation and energy challenges is a model for companies not only here in Oregon but across the United States.

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There's a great photo on the website of this conference showing a gridlocked traffic circle. It's the perfect symbol for where we are – and where we need to go.

We need to unlock the bumper to bumper traffic that is choking our atmosphere with greenhouse gases, endangering our economic future, and diminishing our quality of life.

At the same time we need to link our best minds, best ideas, and best practices – from business, the environmental community, and government – to build a green and sustainable transportation system.

And that's exactly what this conference will help us do.

So I am pleased to join you today to discuss the future of sustainable mobility – and how it relates to the investments we are going to make in our transportation system during the Oregon legislatives session in 2009.

The world of energy is changing.

Oil crossed the once unthinkable 100-dollar a barrel mark months ago – and is now well beyond it.

America's percentage of imported oil is in the neighborhood of 70-percent – mortgaging our energy security to other countries.

And utility companies are warning that requests for double-digit rate increases are coming.

Who is paying the cost of these changes? In Oregon – our families and businesses. What is happening in the energy markets is literally changing the way we live, . . .

. . . and in some ways for the better.

More Oregonians are choosing to combine trips and reduce the time they spend in their cars. More Oregonians are turning to public transportation to get to and from work. And more Oregon companies are looking for innovative ways to move people and freight through our economy.

But the rising cost of energy, our dependence on foreign sources, and the threat to our planet's survival from greenhouse gases – all pose serious economic, environmental and social challenges.

If we held this conference even two years ago – the critical question would have been: How we might need to think and live differently in the future. Today the question is: How *must* we think and live differently today.

Everything from how we get to work and our kids to school – to what car we buy, what fuels we use, and what forms of public transportation we invest in – are all up for grabs.

As OTC Commission Chair Gail Achterman noted earlier – we are in the midst of a once-in-a-century shift in our transportation system. And with that shift comes new technologies – and new opportunities.

The question is: How do we reap the benefits of these new technologies and opportunities?

The answer is – by adapting. And the sooner the better.

This will not be easy – and it will certainly not be cost-free.

But we have history on our side. Oregon has a long tradition of being ahead of the curve on protecting the environment and building a sustainable future.

That is what we do because that is who we are.

Oregon was the first to pass a bottle bill. The first to keep our entire coastline open to the public. The first to develop a comprehensive land use system. And the first to require power plants to mitigate their CO2 emissions.

In taking these innovative steps Oregon was not making a false choice between our economy and the environment. We were making the *right* choice to strengthen our economy and the environment.

Louis Pasteur once said, “Fortune favors a prepared mind.”

This seems to me to be a much smarter way of looking at the world than the often heard remark: “It is better to be lucky than good.”

The fact is: To build a sustainable future with a modern, green, multi-modal, and energy efficient transportation system – we need more than luck – we need to be both prepared and good.

And if we are – economic fortune will be the result.

That’s why over the past six years I have worked passionately to position Oregon as a national leader in combating climate change, developing alternative sources of energy, investing in all forms of transportation, and growing the economy.

And I have taken that vision – and my message that a lot more work remains to be done – to business, environmental and political leaders, . . .

. . . not just in Oregon but throughout the western region including Canada. Earlier this year, I went to Brussels and spoke to the EU about what we are doing in Oregon to be a national leader in developing a sustainable and green economy.

In April, I addressed the Oregon Environmental Council Forum for Business and the Environment. In that speech I asked my Transportation Vision Committee to consider what sustainable components might be included in a transportation funding package in 2009 that would help mitigate climate change.

While the Vision Committee is still refining its final proposals – they have developed innovative policy ideas that are worth talking about today.

Let me start with “least cost” planning.

For those of you who are not in the utility industry, “least cost” planning requires utilities to ascertain the lowest cost option for load growth.

That option can be new electrical generation – or investment in energy efficiency and conservation.

If energy demand is up, a utility can consider a new or expanded power plant – but it can also develop a plan that will reduce the demand for energy.

In other words, under “least cost” utilities can – and should – determine which is the most cost-

effective option: Reducing demand or increasing capacity.

I'll give you a practical example: Under the old way of thinking, the solution to a traffic bottleneck would be build more lanes – and invite more cars.

Under a “least cost” model, we’d look for solutions that cost less and have a smaller negative impact on the environment.

So I agree with the Vision Committee’s Environmental Workgroup that in 2009 the Oregon Department of Transportation should be directed to develop a “least cost” planning model.

That way we can make critical investments in transportation while facing up to climate change and other environmental challenges that threaten our economy and quality of life.

I also agree with the Vision Committee that Oregon must consider adopting a Vehicle Miles Traveled (VMT) reduction goal.

By increasing investments in public transportation, adopting transportation demand management programs, and creating greater public education about transportation choices – we can reduce discretionary travel, make more efficient use of our highway system, and clear the way for the shipment of goods in and out of Oregon.

Finally, the Vision Committee is correct in arguing that we have an opportunity to accelerate the introduction of electric vehicles onto our streets and communities.

In the past we have focused on alternative fuel and hybrid vehicles, and have been successful in putting more of these cars on the road.

In part because of our energy tax credits, Oregon is – per capita – first in the nation in the purchase of hybrid vehicles.

This is one more example of how Oregon is once again ahead of the curve in protecting the environment.

Yet while the rest of the nation is just beginning to catch the hybrid fever, we’re ready to move beyond it. That means phasing out the tax credits I just mentioned and shifting them to the next generation of highly efficient vehicles.

I’m talking about plug-in hybrid electric and pure electric vehicles that companies like Toyota will be bringing to market in the near future.

But creating incentives to purchase the auto industry’s most fuel efficient models is only the beginning.

I believe strongly that Oregon government must lead by example. We’re a major consumer of energy and we own a large fleet of vehicles.

So if the state government cuts its fuel consumption – and emits fewer greenhouse gases – we’ll help save the planet and encourage citizens and the private sector to do the same.

Many of you know that Oregon state government has won a national award for the way we continue to modernize our state vehicle fleet. As I already suggested, for years we have invested in hybrid and alternative fuel vehicles – and reduced the number of gas guzzlers.

That policy has saved the taxpayers of Oregon significant amounts of money – while at the same time reducing state government’s carbon footprint.

I will continue to advocate for greater use of alternative fuels. But we must also accelerate the development – and use – of highly efficient vehicles in order to cut our overall energy consumption.

With that in mind, I am very pleased to announce today the next step we’re taking toward building a fleet of state vehicles that will get better mileage, using much less fuel, and emit fewer greenhouse

gases than any other state fleet in the nation.

This is a pilot program to convert 10 Toyota Prius vehicles to plug-in hybrid vehicles.

These vehicles will be equipped with advanced battery technology that allows the vehicle to run on electricity for much longer periods of time than a traditional hybrid. This will mean much less fuel used – and much less CO2 sent into the atmosphere.

I hope to work with Toyota to expand the use of plug-in electric vehicles – and to make Oregon a showcase for Toyota’s greenest technology.

If we build this kind of partnership with Toyota, here are some of the benefits that will come our way:
. . .

. . . We will save taxpayer dollars. We will protect our environment. We will give Oregonians an early introduction to the next generation automobile innovation. And we will maintain Oregon’s reputation for protecting our natural resources and quality of life.

PGE and other Oregon utilities will play a critical role in Oregon’s transition from petroleum powered cars to battery powered cars.

In a nutshell: More electric cars mean more demand for access to electricity.

That is why I have directed ODOT and other key agencies to begin working with utilities to develop a pilot program for creating a battery charging infrastructure. At the same time, I intend to expand this public private partnership to develop an associated smart grid in this region.

The way to reach a tipping point with plug-in vehicles is to give consumers the confidence and convenience that charging their batteries will be as easy as finding the next gas station.

In other words, the public must believe that electric vehicles will be practical to operate, charge and use.

But I want our partnership with electric utilities to do more than build an infrastructure for electric vehicles.

Our larger strategic vision should be to create nothing less than America’s next generation smart grid systems – systems that integrate electric vehicles, energy efficiency and renewable energy.

This will require commitment, investment, and education. But it will not require reinventing the wheel.

We already have the technology to help people choose the best times to use electricity – not only for their vehicles, but their appliances too.

This will cut their electricity and fuel costs while also reducing demand during peak load periods.

Now is the time to act and invest in these innovations.

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Oregon is uniquely positioned to embrace the new technologies, inventions and products being developed by Toyota and others – and to use these technologies to change the way we live, work, and enjoy the Pacific Northwest.

That is why in 2009 I will present to the Legislature a comprehensive climate change package – and a transportation package that will be bold, green, and designed to strengthen our economy and create family wage jobs.

These two packages are not inconsistent. Just the opposite: They will complement each other. The fact is: When it comes to fighting climate change and heading off a transportation nightmare of congestion and lost business, . . .

. . . we can have both – and need both.

The transportation package will be developed by stakeholders and will be larger, greener and more strategic than anything we have done before.

It will include investments in the entire transportation system – a multi-modal approach - and it will include unique policy proposals that will prepare our entire state for the future of sustainable mobility.

Building and maintaining traditional transportation systems is a great challenge. Building and maintaining sustainable systems is an even bigger challenge. But not one that is beyond our imagination or grasp.

Our transportation infrastructure is woefully outdated. That means a “no-build” approach is simply not an option.

Instead, we need to modernize, repair and maintain our current transportation infrastructure – while providing Oregonians with more efficient, accessible, and low-cost alternatives – including public transit, pedestrian walkways and bicycles.

We can achieve this vision because Oregonians are innovators, national leaders, and people who dare to dream. And right now they're dreams include a transportation system for our state that will be friendly to the environment and value-added to our economy.

This conference will bring us all one step closer to making that dream a reality.

Thank you for inviting me to speak today. I look forward to the ideas and the debate to follow.

Updated: August 21, 2008