



City of

PORTLAND, OREGON

Office of Mayor Sam Adams

Sam Adams, Mayor

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Jim Piro
President and CEO
Portland General Electric
121 SW Salmon
Portland, Oregon 97201

Dear Jim,

I consider PGE to be one of Portland's most valued community partners and I am proud that Portland General Electric is an independent Portland-based company.

I would especially like to thank PGE for working closely with the City on the Clean Energy Works Portland pilot program, an integrated partnership to create green jobs, reduce carbon emissions and achieve energy bill savings. With our Clean Energy Works partners, we are showing how the public and private sectors, alongside community organizations and labor, can achieve real social, economic and environmental equity.

I appreciate the opportunity for public comment on your draft Integrated Resource Plan (IRP). It is on our firm foundation of partnership that I submit my proposed changes to your draft IRP and offer my help to make it happen.

Upfront, I want to laud the strategies that seek to advance a cleaner, more sustainable energy future for the Portland region. I'm pleased that the plan reflects a commitment to acquire clean energy resources in implementing Oregon's Renewable Energy Standard; pursues peak energy demand reduction; and conveys PGE's overall willingness to seek out new opportunities in sustainable energy resources.

My primary concern, however, is that the draft IRP relies on coal-based energy production and not enough on energy efficiency and clean technology. It is striking to me that the draft IRP shows the share of PGE's electricity from coal actually increasing over time, from 24 percent in 2010 to 25 percent in 2015.

I believe such a coal-dependent IRP is a poor long-term resource strategy as carbon regulation and firm targets for reducing greenhouse gas emissions are implemented. PGE's own assumptions about the future of Boardman are based on a regulatory environment that is certain to change and make coal still less affordable. I strongly urge you to evaluate phasing out Boardman and the procurement of coal-produced electricity by 2020 at the latest.

We want to help. This month, Portland City Council will be asked to approve a long-range climate protection policy, the Climate Action Plan. The Plan establishes a goal of reducing carbon emissions to 80 percent below 1990 levels—a target based on the latest science from the Intergovernmental Panel on Climate Change—and lays out a roadmap to transition our entire community from fossil-fuel dependence to a thriving, prosperous, low-carbon society.

Energy efficiency offers compelling advantages as a high-certainty, low-cost, zero-carbon resource that alleviates transmission issues and brings a host of related benefits. It can also keep business costs low, making our firms more competitive and growing the local economy. McKinsey's recent "Pathways to a Low-Carbon Economy" study, for example, found that about 75 percent of the total carbon-reduction potential in the building sector produces net economic benefits.¹

I also note that the recent Sixth Power Plan from the Northwest Power and Conservation Council anticipates that energy efficiency can meet 85 percent of the increased need for electricity over the next 20 years for the entire region, considerably higher than PGE's own forecast of meeting half its demand growth with efficiency.² Recent experience suggests the Power Council's targets are realistic: The region has achieved 762 average megawatts of efficiency over the last four years, for example, already exceeding the five-year conservation target of 700 average megawatts adopted in the Fifth Power Plan in 2004.³

I see many opportunities to work together with PGE to dramatically ramp up energy efficiency, keeping costs low both for the utility and for Portland businesses and residents. The Clean Energy Works Portland program is just one example of how we can work together to scale up energy efficiency. Portland is currently seeking outside private and federal resources that can help lower the costs of acquiring efficiency still further, and the IRP should consider how these leveraged resources can help reduce PGE's overall resource-acquisition costs.

By shifting more of your focus to energy efficiency and clean technology, you also will help to better position the Portland region as the hub of the nation's clean technology industry, a key objective in our new Economic Development Strategy.⁴

¹ "Pathways to a Low-Carbon Economy." McKinsey & Co., 2009. URL:

www.mckinsey.com/clientervice/ccsi/pathways_low_carbon_economy.asp

² "Draft Sixth Power Plan," Northwest Power and Conservation Council, September 2009. URL:

<http://www.nwccouncil.org/energy/powerplan/6/default.htm>.

³ "Draft Northwest Power Plan recommends mostly energy efficiency to meet future demand for electricity and reduce risk of future electricity shortages and high prices," Northwest Power and Conservation Council, September 3, 2009. URL: <http://www.nwccouncil.org/library/releases/2009/0903.htm>.

⁴ <http://pdxeconomicdevelopment.com/>

Again thank you for being one of the City's most valued organizations. I support elements of the draft Integrated Resource Plan that seek to advance a cleaner, more sustainable energy future for the Portland region.

I welcome further discussion on these points. PGE's resource decisions have never been more important, and I look forward to participating in the formal IRP proceeding at the Public Utility Commission.

Sincerely,

A handwritten signature in black ink, appearing to read "S.A. Adams". The signature is fluid and cursive, with the first name "S.A." and the last name "Adams" clearly distinguishable.

Sam Adams