



December 13, 2006

The Honorable Theodore Kulongoski, Governor
State of Oregon
State Capitol Building
Salem, OR

Dear Governor Kulongoski,

I need to begin by expressing my gratitude for affording me the opportunities, as a member of your Advisory Group on Global Warming and again as a member of your Carbon Allocation Task Force, to serve Oregon and the environmental health of our planet by helping to shape Oregon contributions to global warming solutions.

I am pleased to be able to fully support the conclusion of the Task Force recommending that "you use this proposal as the basis for legislative action on climate change as soon as practicable, as one of the highest priorities of your second term."

The perspectives we sought to accommodate in this instrument were highly diverse, and needless to say we were not wholly successful. But we came closer to a collective position on the mechanics of a cap and trade than I anticipated, even when some Task Force members were not yet prepared to acknowledge there was any need for State action to reduce greenhouse gas emissions. It is to our collective credit that we were able to focus on practical solutions rather than being bogged down by either ideology or immediate self-interest.

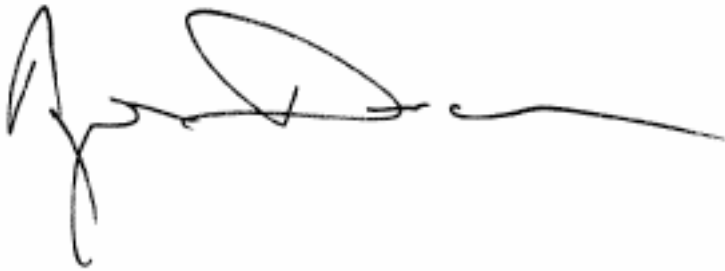
I have reservations about some elements of this package, as must all of us, but only one rises to a level that merits drawing your attention to it. While our principal focus was appropriately on emissions from electrical generation, we addressed other significant stationary sources as well. I am not satisfied that we have sufficiently examined the circumstances of industrial users of natural gas, or ensured that the method we propose for their participation – a public purpose charge, the revenues of which will be used to reduce emissions elsewhere – is necessarily the best one from either the users' perspective or the State's. I hope we can use 2007 as an opportunity to study these users' emissions and market circumstances more thoroughly and consider alternative participation methods.

There are other tasks remaining, not the least of which is more rigorously testing the economic modeling we developed to assess costs and benefits of compliance. I expect the end results to be little changed from our preliminary ones: that we can achieve these aggressive greenhouse gas reductions with strategically-placed investments in energy efficiency and renewables at little long-term economic net cost under all reasonably-conceivable future conditions, and likely with positive economic benefits under most of those conditions. But anticipating is one thing, and testing another.

Thus there are at least two ongoing tasks for this Task Force or another you may choose to empanel. I encourage you to do so, and stand prepared to assist with the work in any way you think fit.

Thank you for your long-standing commitment to actions and solutions in this most important problem to be solved for our environmental and economic future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Angus Duncan', with a long horizontal flourish extending to the right.

Angus Duncan
President and CEO
Bonneville Environmental Foundation
Chair, CATF Drafting Committee

