



WGA Policy Resolution 04-14

Clean and Diversified Energy Initiative for the West

June 22, 2004
Santa Fe, New Mexico

SPONSORS: Governors Richardson and Schwarzenegger

A. **BACKGROUND**

Vision Statement

- 1 Western North America is blessed with an abundance of natural energy resources that have been critical to accommodating substantial population growth and fueling a dynamic economy. Traditional resources such as oil, natural gas, coal and hydropower have been and will continue to play a significant role in meeting future energy needs. At the same time, resources such as energy efficiency, solar, wind, geothermal, biomass, clean coal technologies, and advanced natural gas technologies are relatively untapped but hugely promising. Together, the combination of these resources provides the foundation for a clean, diversified and secure energy future for the West. To ensure that newer, clean energy sources play an important role in meeting this goal, this resolution is specifically concerned with identifying ways to increase the contribution of renewable energy, energy efficiency, and clean energy technologies within the context of the overall energy needs of the West.
- 2 The region needs to develop its clean and diversified energy resources to:
 - a. Protect the Western economy from energy shortages and price spikes. Uncertainty of reliability and price has been harmful to businesses and consumers, and is disruptive to local and regional investment.
 - b. Augment our pursuit of a national energy policy that will result in a diverse energy portfolio, including conventional and alternative energy resource development, energy efficiency and conservation.
 - c. Accommodate the energy needs of a growing, mobile Western population;
 - d. Better position the Western energy system to respond to new environmental challenges, including potential limitations on emissions, and
 - e. Take advantage of the development of new technologies that will lower the cost of renewable energy and reduce the cost of controlling emissions from the West's vast fossil fuel resource base.
3. Concern about local and global impacts from conventional energy sources has in some cases slowed the development of energy sources.

4. Over the last decade, the Western states have taken initial steps to develop a clean and diversified energy system. For example:
- The Western Regional Air Partnership (WRAP) has evaluated ways in which states can incorporate renewable energy and energy efficiency measures in regional haze plans. As early as the mid-1990's, the Grand Canyon Visibility Transport Commission (GCVTC) recognized that renewable energy and energy efficiency could result in emissions reductions and provide economic benefits to the region. The GCVTC established goals of 10% renewable energy by 2005 and 20% by 2015. The WRAP has published state and tribal policy recommendations and "best practices" for achieving energy efficiency and renewable energy goals.
 - Western Governors energy policy resolution, *Western States' Energy Policy Roadmap (03-19)*, urges:
 - New exploration and development of promising domestic oil, gas, coal, geothermal, solar, wind, or biomass resources where lands, air, water, fish, and wildlife and other environmental resources can be protected;
 - Extension of production tax credits for renewable energy generation;
 - Development of a Renewable Energy Certificates market and the creation of generation tracking system to provide data necessary to substantiate and support verification and tracking of renewable energy generation. The Western Governors' Association and the California Energy Commission are working with regional stakeholders to develop a Western-wide renewable tracking system.
 - Federal and state incentives that will encourage the development of clean energy resources of the West. However, there is no specific project or target for the development of Western clean energy resources.
 - The Western Governors' Association published a report, *Energy Efficiency in the Border Region: A Market Approach* that demonstrates enormous potential energy savings from the implementation of energy efficiency measures in the U.S.-Mexico border region.
 - The California Energy Commission's Renewable Energy Program began in 1998 to help increase total renewable electricity production statewide. The current program provides market-based incentives for new and existing utility-scale facilities powered by renewable energy. It offers consumer rebates for those installing new renewable energy systems. The program also helps educate the public regarding renewable energy.

- In April 2004, the Western Governors' Association sponsored the North American Energy Summit that included many recommendations from diverse stakeholders on options to secure a clean and diversified energy future.
 - Since the fall of 2003, the Western Governors' Association has provided support to the U.S. Department of Energy and four regional partnerships to advance the concepts and promote the infrastructure for carbon sequestration, thereby reducing CO2 emissions.
5. Every Western state has in place elements of clean, renewable energy and energy efficiency programs to augment the region's support for more diversified energy resources. For example, four Western states have elected to establish Renewable Portfolio Standards. Nearly every state has adopted tax and other incentives to promote renewable energy development. Every state has programs to promote energy efficiency. However, in concert with the Western Governor's energy policy resolution, "Western States' Energy Policy Roadmap," the following policy should be adopted to capitalize on the economic opportunities offered by the development of the immense clean, renewable energy resources of the region.
 6. Western Governors, and especially Governors from the Southwestern States, have long recognized the vast and largely untapped potential for solar powered generation in the region. The Governors have been actively engaged with the solar industry and other interested stakeholders in evaluating an initiative that could result in the construction of 1,000 MW of concentrating solar power generation in the region. WGA is pursuing a grant proposal with the Department of Energy that would allow WGA to establish a stakeholder working group to develop options for consideration by the Governors in furtherance of the 1,000 MW initiative.
 7. Given the vast reserves of coal across many of the western states, the region is well-suited to the development of new clean energy technologies to enhance the innovative use of domestic energy supplies both in the region and across the United States in ways that minimize emissions while boosting domestic energy security.

B. GOVERNORS' POLICY STATEMENT

1. To maintain the Western Governors' commitment to a viable economy and a clean and healthy environment in the West, we need to pursue a national energy policy that will result in a diverse energy portfolio that will include conventional and alternative energy resource development, energy efficiency and conservation. (From WGA Policy 03-19, "Western States' Energy Policy Roadmap")

2. Western Governors agree to collaborate in the exploration of opportunities to develop a clean, secure, and diversified energy system for the West and to capitalize on the region's immense energy resources. Western Governors will examine the feasibility of and actions that would be needed to:
 - achieve a goal to develop 30,000 MW of clean energy in the West by 2015 from resources such as energy efficiency, solar, wind, geothermal, biomass, clean coal technologies, and advanced natural gas technologies.
 - increase the efficiency of energy use by 20% by 2020. While energy efficiency does not eliminate the need for new generation, it is critical that western states pursue an energy efficient system.
 - meet the West's generation and transmission needs over the next 25 years. Deliverability of energy resources will be examined, including an assessment of promising new resources and technologies. The evaluation will also consider price, reliability, and environmental impacts. In addition, the project shall examine the obstacles to both intrastate and interstate transmission siting and construction in order to access clean energy resources.
 - determine overall resource adequacy and deliverability in the West.

In achieving those goals, the Western Governors recognize that both traditional and non-traditional resources will play an important role in meeting the energy needs of the West. The project will also look at providing needed interstate market analysis, transmission efficiency and development, collaboration with both public and private electricity generators, the design of public buildings, model state legislation to encourage clean energy development, transportation system design, and the development of a hydrogen economy powered by clean energy sources. The project will stress incentive-based, non-mandatory approaches that will help states achieve their clean and diversified energy goals, and will consider federal programs that could assist in the development of clean and diversified energy in the West.

Western Governors agree to collaborate and offer their support for regional and sub-regional initiatives being undertaken among western states to:

- Improve the balance and overall adequacy of all energy resources in a manner which will strengthen economic growth, promote energy price stability, mitigate environmental impact, maximize reliability and abundance of diversified resource supplies; and
 - Promote the integration of traditional and new energy resource technologies.
3. Western Governors also believe there is long term wind energy potential in the western plains and mountain states but that a more aggressive effort to develop this energy resource is needed. Western Governors believe that a comprehensive study of the development and transmission of the West's wind energy resources is necessary. This study should build on the numerous subregional plans underway,

such as the Rocky Mountain Area Transmission Study, but should emphasize policies that can facilitate wind development throughout the region.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. In order to develop policy proposals for achieving these goals, the WGA will form a Clean and Diversified Energy Working Group. WGA staff, with the assistance of the Western Interstate Energy Board, is directed to provide support to the Clean and Diversified Energy Working Group, and continue its work with ongoing clean energy initiatives identified in this Resolution's background section, under A.4.
A steering committee comprised of representatives from governors' offices will be responsible for developing guidelines for the activities of the Working Group. The working group will be balanced and composed of representatives from regional stakeholders such as state, local and Native American leaders, environmental organizations, state and tribal air quality agencies, the private sector, the federal government, and representatives from Mexico and Canada. Western Governors will be responsible for naming Working Group members. The project will be led by the co-lead governors for energy.
2. By November 2004, the Western Governors' Association will develop a charter and budget for the working group, and secure funding for its operation.