MR. VAN'T HOF: THANKS, MICHAEL, AND THANKS TO THE CONFERENCE ORGANIZERS FOR ASKING ME TO BE HERE TODAY.

IT IS A PLEASURE TO TALK ABOUT THE KIND OF COMPANION REGIONAL EFFORT THAT IS GOING ON IN THE WEST COAST, THE WESTERN CLIMATE INITIATIVE, WHICH I WILL GET INTO.

BEFORE THAT, I WILL APOLOGIZE FOR MY VOICE. I FELT I HAD WON THE TRIFECTA, HAVING BEEN TO FLORIDA, ARIZONA, AND NOW HAWAII IN THE PAST TWO WEEKS; BUT COMING FROM OREGON AND THE RAINS THERE, I THINK MY BODY IS NOT MADE FOR SUNNY WEATHER, AND I GOT A COLD.

THE WESTERN CLIMATE INITIATIVE, WHICH -- I'LL START JUMPING INTO IT -- WE TRIED FIGURING OUT WHAT'S THE RIGHT NAME FOR THIS ORIGINAL INITIATIVE. WE HAD THE RGGI INITIATIVE FROM THE EAST COAST. AND WE THOUGHT FOR AWHILE ABOUT GOING WITH THE WESTERN GREENHOUSE GAS INITIATIVE, BUT WE DECIDED "WGGI" WAS A PROBLEM, IT'S AN INTERESTING ACRONYM.

(LAUGHTER).

SO WE WENT INITIALLY WITH THE WEST COAST GOVERNORS GLOBAL WARNING INITIATIVE, AND THEN LATER WHAT'S EVOLVED INTO THE WESTERN CLIMATE INITIATIVE.

INITIALLY, JUST TO SHOW THAT THIS HAS SOME HISTORY TO IT, THE GOVERNOR OF OREGON, MY GOVERNOR, TED KULONGOSKI, AND THE PREDECESSORS IN WASHINGTON AND CALIFORNIA, GOVERNORS LOCKE AND DAVIS, FORMED THE FIRST WESTERN REGIONAL APPROACH TO ADDRESSING CLIMATE CHANGE BACK IN 2003; AND OUT OF THAT INITIAL EFFORT THERE WAS A SERIES OF RECOMMENDATIONS THAT THE STAFFS FOR THE GOVERNORS DEVELOPED ON HOW TO MOVE FORWARD, BOTH FROM A REGIONAL AND STATE PERSPECTIVE ON CLIMATE CHANGE.

SOME OF THE STUFF YOU HAVE ALREADY HEARD ABOUT, THE CLEAN CARS PROGRAM THAT WE'RE INDEBTED TO CALIFORNIA FOR. BOTH OREGON AND WASHINGTON COMMITTED TO ADOPT THOSE AND HAVE DONE SO; IN WASHINGTON BY STATUTE, AND IN OREGON BY RULE. IN FACT, THERE WAS A UNIQUE SITUATION WHERE, TO MY KNOWLEDGE, THIS MAY HAVE BEEN UNPRECEDENTED. THE WASHINGTON LEGISLATURE PASSED LEGISLATION SAYING THEY'RE ADOPTING CLEAN CARS, BUT ONLY IF OREGON DOES IT. AND SO THEN OREGON WENT FORWARD. WE DID IT BY RULE-MAKING. AND ONCE WE DID THAT, THEN THE WASHINGTON LEGISLATION WENT INTO EFFECT.

THE OTHER AREAS OF FOCUS WERE AROUND EFFICIENCY STANDARDS. THE WEST COAST HAS, WITH CALIFORNIA'S LEAD AGAIN, THE HIGHEST EFFICIENCY STANDARDS IN THE NATION; AND WE'RE TRYING TO CONTINUOUSLY UPGRADE THOSE AND MAKE THEM CONSISTENT ON THE WEST COAST.

THE TRUCK STOP ELECTRIFICATION WAS ONE EXAMPLE OF A PILOT PROGRAM TO FOCUS ON REDUCING EMISSIONS AT TRUCK STOPS BY ELECTRIFYING THEM SO THAT
they didn't have to run the rigs all night long, to get the ac and what-have-you that they need in the truck stops.

some of the major steps that came out of that were developing stakeholders' processes statewide. oregon did that in 2004. and that was really the first major step, to get all the stakeholders in the state together and say what is it that oregon can do and should do to reduce greenhouse gas emissions. it's kind of become the road map for much of the action in oregon since then.

the governors, as fran mentioned, governor schwarzenegger, in 2005, and our governor, i like to point out, a few months before governor schwarzenegger in 2005, announced reduction goals for the state of oregon, ours being to get 10 percent below 1990 levels by 2020.

and then it was also commented on that the three states committed to renewable portfolio standards; california was first, oregon, and washington have subsequently adopted their own renewable portfolio standards, with oregon passing this past session, in 2007, requiring 25 percent renewable energy by 2025. oregon also passed a renewable fuel standard that session, which is one of the most aggressive in the nation, as well, requiring the planning of ethanol and biodiesel into our fuel supply.

so in addition to the three states, the southwest got involved and with leadership from arizona and new mexico's governors, they formed their own initiative. i'm not going to get into details, but a very similar approach they took in terms of how to address climate change from a regional perspective. and so these two efforts became one, with what was originally the western regional climate initiative and now the western climate initiative.

it started with those five states; and we have been joined by utah, a sixth state, and two canadian provinces, manitoba and british columbia. and that is one of the unique features of this western initiative, is it's an international effort of states and provinces. and we also have sonora, one of the states in mexico, as an observer. and we're hopeful that other mexican states will join into this initiative, as well.

the five states initially and those that joined in signed a memorandum of understanding, and essentially the key features of the mou were, one, that there would be a regional goal created for the participating jurisdictions in terms of reductions by august of '07; and then that there would be a market-based design mechanism to achieve those reductions, approved by august of '08. and so we're right in the heart right now. we came out with a
WE'RE -- THE COMMITTEES ARE DEVELOPING THE DESIGN RECOMMENDATIONS THAT WERE COMMENTED UPON IN THE PRIOR PRESENTATION IN TERMS OF WHAT GOES INTO THAT.
I'LL SKIP OVER THIS. THOSE ARE SOME OF THE OTHER OBSERVER STATES THAT HAVE JOINED INTO THE PROCESS, AT LEAST IN TERMS OF COMING TO MEETINGS AND OBSERVING WHAT'S GOING ON. WE'RE HOPEFUL THAT SOME OF THOSE ARE GOING TO BECOME MEMBERS BEFORE AUGUST OF '08.

IN ADDITION TO THOSE, MONTANA JUST RECENTLY ANNOUNCED THAT THEY'RE INTENDING TO JOIN AS A MEMBER OF THE GROUP. SO WE'RE SLOWLY ACCUMULATING THE WESTERN ELECTRICITY, THE WEC STATES; AND THE MORE WE GET IN HERE, OBVIOUSLY THE BETTER FROM AN ELECTRICITY PERSPECTIVE BECAUSE OF LEAKAGE ISSUES AND HOW DO YOU DO IT -- HOW DO YOU KEEP -- HOW DO YOU HAVE REDUCTIONS MANDATED THROUGHOUT THE SYSTEM WHEN THERE'S PARTICIPANTS THAT ARE SENDING ENERGY INTO THE JURISDICTIONS.

REAL BRIEFLY, TOUCHING ON THE CLIMATE REGISTRY, WHICH WAS ALSO MENTIONED, THAT'S A NATIONAL AND NOW INTERNATIONAL -- AGAIN, CANADIAN PROVINCES ARE A PART OF IT -- THAT ATTEMPTS TO CREATE A SYSTEMIC PROCESS FOR VOLUNTARY REPORTING AND ULTIMATELY TO BE A LOCATION FOR MANDATORY REPORTING FOR THE STATES THAT ARE DEVELOPING THOSE SYSTEMS. OREGON IS RIGHT NOW GOING THROUGH DEVELOPING ITS OWN MANDATORY REPORTING PROGRAM; NEW MEXICO, IT WAS MENTIONED CALIFORNIA HAS DONE IT. MOST OF THE -- ALL OF THE PARTICIPANTS IN THIS PROCESS ARE DEVELOPING MANDATORY REPORTING PROGRAMS TO CREATE THE BASELINES FOR THE REDUCTIONS. WE'VE GOT KIND OF AN INVENTORY LEVEL, UP-DOWN, TOP-DOWN ASSESSMENT OF WHAT OUR EMISSION PORTFOLIOS ARE, BUT THIS IS GOING TO FILL IT IN WITH BOTTOM-UP DETAILED INFORMATION FOR THE EMMITERS.

SO I HAVE COVERED THIS. THAT'S WHAT THE REGIONAL GOAL WAS: 15 PERCENT BELOW 2005 LEVELS BY 2020. ESSENTIALLY, IT WAS AN AGGREGATION OF EACH OF THE JURISDICTIONS THAT HAD ANNOUNCED THEIR OWN REDUCTION GOALS AND SET TO A 2005 TIME MODEL. AND THAT WAS PARTLY BECAUSE THAT'S -- THE DATA IS MOST AVAILABLE FOR 2005; AND AS IT IS GOING FORWARD AT THIS POINT, IT WAS THE EASIEST PLACE TO HAVE AS A BASELINE.

YOU'VE SEEN THE VARIOUS SCENARIOS FOR REDUCTIONS, AND THIS SETS OUT KIND OF WHAT THE REGIONAL GOAL WOULD ACHIEVE, WHICH AGAIN, OF NOTE, THAT IT'S A PIECE OF THE PUZZLE IN TERMS OF GETTING 2050 LONG-TERM REDUCTION GOALS.

SO, AS I MENTIONED, WE'RE RIGHT NOW GOING THROUGH THE PROCESS OF FIGURING OUT WHAT TO DO WITH OFFSETS, HOW THEY'RE GOING TO PLAY INTO THE SYSTEM,
AND GETTING STAKEHOLDER INVOLVEMENT AND INPUT THAT WE NEED TO COME OUT WITH THE DESIGN IN AUGUST OF ’08.

ONE OF THE OTHER UNIQUE FEATURES OF THE WESTERN INITIATIVE IS IT’S PURPORTING TO BE AN ECONOMY-WIDE CAP-AND-TRADE PROGRAM. SO IT’S NOT JUST FOCUSING ON ELECTRICITY. AT A MINIMUM, IT WILL COVER SIGNIFICANT SECTORS BEYOND ELECTRICITY UNDER A CAP-AND-TRADE PROGRAM; OR IF THOSE SECTORS THAT AREN’T COVERED IN THE CAP-AND-TRADE, THAT THE REGION WILL WORK TOGETHER; FOR INSTANCE, WITH TRANSPORTATION IF IT IS NOT COVERED IN SOME WAY UNDER A CAP-AND-TRADE PROGRAM, TO ADDRESS THE OTHER PARTS OF THE ECONOMY.

I ALSO WANTED TO AT THIS POINT JUST MENTION THAT SO YOU’VE GOT THE EAST COAST RGGI, YOU’VE GOT THE WESTERN INITIATIVE THAT I’M TALKING ABOUT; AND JUST THIS PAST WEEK THERE WAS AN ANNOUNCEMENT FROM THE MIDWESTERN STATES THAT THEY’RE GOING FORWARD WITH A SIMILAR INITIATIVE; AND SO FAR, I THINK, ILLINOIS, MINNESOTA, WISCONSIN, MICHIGAN, IOWA -- I MAY HAVE MISSED ONE OR TWO -- KANSAS AND MANITOBA ARE A PART OF THAT PROGRAM. AND WE ARE LOOKING TO CREATE LINKAGES BETWEEN THE THREE SYSTEMS SO THAT, YOU KNOW, AS RGGI HAS INFLUENCED THE FEDERAL DISCUSSION AROUND LEGISLATION, THE WESTERN STATES WANTED TO MAKE SURE THAT WE WERE GETTING WESTERN ISSUES HIGHLIGHTED AND INTO THE MIX FOR CONVERSATION. AND IT'S ALSO GOING TO BE IMPORTANT THAT THERE IS CONSISTENCY AND LINKAGES BETWEEN THOSE THREE PROGRAMS TO FILTER INTO FEDERAL LEGISLATION AND ALSO LINKAGES TO THE INTERNATIONAL PROGRAMS THAT ARE ALREADY OUT THERE.

SO, THERE’S, IN ADDITION TO -- I'M GOING TO SKIP OVER THESE SLIDES SINCE I'M RUNNING OUT OF TIME, BUT WE’LL COVER SOME OF THE PIECES.

ICAP WAS A GROUP THAT WAS RECENTLY ANNOUNCED THAT THE WESTERN CLIMATE INITIATIVE AND THE RGGI STATES HAVE SIGNED ONTO, WHICH IS WORKING WITH KYOTO COUNTRIES, EUROPEAN COUNTRIES, TO DEVELOP A -- TO TRY AND MAKE AS MUCH CONSISTENCY AS WE CAN AROUND MARKET-BASED APPROACHES TO THE REDUCTION PROGRAMS.

THESE ARE THE COMMITTEES THAT I MENTIONED THAT ARE WORKING ON DESIGN ELEMENTS. I'M THE CHAIR OF THE ELECTRICITY COMMITTEE, AND THERE'S CHAIRS FOR THE OTHER FOUR. AND WE ARE IN THE HEART OF GETTING TO A DESIGN.

THIS IS THE INTERNATIONAL EFFORT THAT I MENTIONED BRIEFLY.

AND FINALLY, JUST STAKEHOLDER OUTREACH IS CRUCIAL IN THIS PROCESS. YOU KNOW, THIS IS SOMEWHAT FOREIGN TO SOME OF THE STAKEHOLDERS BECAUSE THEY'RE USED TO VERY MUCH BEING PART OF THE DESIGN OF THE SYSTEMS, IN THE ROOM, NEGOTIATING THE PROCESS. WE HAVE DEVELOPED THIS TO BE REALLY A GOVERNOR'S OFFICE-BASED AND STAFFED, STATE STAFFED-BASED
PROCESS, SO WE'RE TRYING TO MAKE SURE THAT WE'VE GOT ADEQUATE OUTREACH TO THE STAKEHOLDERS AND GETTING THE FEEDBACK WE NEED FOR THE DESIGN ELEMENTS TO MAKE SURE THAT WE GET THE BUY-IN FROM THE VARIOUS SECTORS IN OUR JURISDICTIONS AND LEGITIMACY FOR THE PROGRAM.

SO MY TIME IS UP. I WILL LEAVE IT AT THAT.

THIS IS SOME OF THE WEBSITES YOU CAN GO TO IF YOU WANT TO GET MORE INFORMATION ON WHAT EITHER THE CLIMATE REGISTRY, THE INITIATIVE, OR OREGON'S SPECIFIC INITIATIVES ARE.

AND I WOULD BE HAPPY TO TALK MORE ABOUT OREGON'S INITIATIVES IF THERE'S ANY QUESTIONS.

THANKS.