West Coast pact on climate action pulled into former Ore. governor's scandal

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A pact formed by West Coast leaders to team up on climate action has been caught up in the tempest that forced the resignation of Oregon Gov. John Kitzhaber (D).

Kitzhaber and California Gov. Jerry Brown (D), Washington Gov. Jay Inslee (D) and British Columbia Premier Christy Clark in 2013 committed to multiple green moves as members of the Pacific Coast Collaborative (PCC). The foursome said they'd attach a cost to carbon dioxide emissions, coordinate long-term goals for shrinking greenhouse gas pollution, and create or maintain mandates for lower-carbon fuels and advanced electric vehicles.

Kitzhaber departed last week, following revelations that his first lady, Cylvia Hayes, worked as a paid consultant promoting clean power as the governor pushed a green agenda. Hayes earned $118,000 over two years from the nonprofit Clean Economy Development Center. During that time, the center conducted polling and worked to promote Oregon's clean fuel standard. There now are multiple investigations into the arrangement.

The U.S. Department of Justice has subpoenaed from the Oregon Department of Administrative Services documents tied to Hayes and to current and former Kitzhaber aides. That subpoena also seeks information on several legislative programs and proposals, including the Pacific Coast Collaborative Action Plan on Climate and Energy (Greenwire, Feb. 19).

Backers of the Pacific Coast Collaborative said that the group and its goals will withstand the controversy and gubernatorial turnover.

"I don't think that what's happened in Oregon changes anything around the Pacific Coast Collaborative," said Susan Frank, director of the California Business Alliance for a Clean Economy. "I don't see that the PCC in any way hinged on Governor Kitzhaber or any governor."

The PCC came together before Kitzhaber took office, Frank noted. The pact was formed in 2008 by then-Govs. Arnold Schwarzenegger (R) of California, Sarah Palin (R) of Alaska, Ted Kulongoski (D) of Oregon, Christine Gregoire (R) of Washington and British Columbia Premier Gordon Campbell. Alaska in recent years has not participated in the development of the PCC's climate and energy agenda.

New Oregon Gov. Kate Brown (D) was sworn in Wednesday. Asked whether Brown plans to continue participation in the PCC, her spokeswoman, Melissa Navas, said in an email that "Governor Kate Brown is working with staff to assess a number of policies and areas of focus."

Jay Manning, an attorney with the Cascadia Law Group, which coordinates communication between PCC members, said he has heard from those in Oregon working on the PCC that "they expect Oregon to continue as an active, committed member."
Controversy over emails

Meanwhile, there have been questions about how PCC members worked to promote the multi-state pact.

The Energy & Environment Legal Institute, a conservative advocacy group, last week circulated a string of emails from aides to California, Oregon and Washington governors in late 2013 and early 2014. The institute's attorney, Chris Horner, obtained those through a Freedom of Information Act request that referenced messages containing certain words, including the name of environmental activists and billionaire Tom Steyer.

The emails show the governors' aides discussed their desire to promote the PCC concept to other states. They talked about potentially asking environmental donors to "support the hiring of a 'grown-up' in each state" to advance the PCC idea. The emails further proposed bringing together Steyer, former New York City Mayor Michael Bloomberg (I) "and a couple of other major environmental donors" along with governors, senior White House officials and environmental activists.

Some of the messages were from Dan Carol, who was director of Multi-State Initiatives for Kitzhaber. The Oregonian reported that Carol arranged the job for Hayes as consultant at the Clean Economy Development Center.

"Best way to position the PCC for additional funding and support is to team together with other engaged Governors and the White House to define a nationally coordinated, multi-year 'states strategy' focused on driving outcomes contemplated by the President's climate action plan," Carol wrote on Dec. 23, 2013, to then-aides to Inslee and Gov. Jerry Brown.

"A small strategy session or dinner during the [National Governors Association meeting] would be an excellent way to create high-level understanding and buy-in among major environmental donors that efforts to stand up to a new state action model will be most effective if defined by state leaders and the White House first -- not by NGOs," Carol added.

If emails showed that Republicans talked about recruiting oil companies to support an agenda, that would be highlighted by opponents, Horner said, adding "it's very relevant when the roles are reversed."

"We have emails showing that major donors were being recruited to promote this campaign," Horner said.

Email controversy claims 'laughable' -- PCC backers

Backers of the PCC's effort said they didn't see anything illegal or unethical with what the governors' aides were proposing. It shouldn't be surprising to anyone that the West Coast governors want to move forward together, said Manning of the Cascadia Law Group.

"The fact that they may be talking to private parties that are interested in supporting that effort just doesn't strike me as surprising, alarming, nefarious," Manning said. "The effort to make it that by the right in my opinion is laughable."

In terms of the oil industry working with elected Republicans, Manning said, "I'm assuming that that's happening every single day."
The emails and the controversy that happened in Oregon with Kitzhaber and Hayes won't taint the PCC, Frank said.

"I just do not see anything in that chain that suggests that the PCC is in any way in trouble," Frank said. She added that it would be different if it were Republicans talking about recruiting oil companies for financial backing because "oil companies have an interest in protecting their bottom line."

Horner said the messages are unlikely to affect what happens with the PCC on the West Coast because "those states' politics are what they are." But he said that "it should inform the discussion of expanding" the collaborative to other states.

**Low-carbon fuel rule advancing**

The scandal didn't prevent advancement last week of Oregon's clean fuels standard, which aims to bring more alternative fuels to market.

Oregon's Senate approved S.B. 324, a measure extending the standard, which had originally passed with a sunset date. The action came in a rancorous session where Republicans repeatedly brought up the investigations into Hayes and Kitzhaber.

But Democrats outnumber Republicans 18 to 12 in the chamber. The majority passed the fuels bill 17-13, with one Democrat voting against. The bill now moves to the House, where Democrats also maintain a majority (ClimateWire, Feb. 18).

California Air Resources Board member Daniel Sperling said he's been told that Gov. Kate Brown has "been generally supportive of the path" of the low-carbon fuel standard in Oregon.

"There is a lot of support, a lot of inertia, so unless the new governor has some issue, I would expect it to go forward," Sperling said.

There were similar moves on fuels rules last week among other PCC members. California's Air Resources Board on Thursday moved toward adoption of amendments to the state's first-in-the-nation low-carbon fuels standard. Washington is eyeing a LCFS that would start in 2017 and would steadily increase through 2025.

"It's just difficult to know" how Kitzhaber's resignation will affect Oregon's fuel policies, said Gina Grey, vice president of fuels and climate policy for Northwest and Southwest regions at the Western States Petroleum Association (WSPA).

The low-carbon fuel standard already is authorized through Oregon's Environmental Quality Commission, she noted.

When the PCC was first envisioned, Grey said, "each state said they'd be developing something on their own." There are key differences between the states' rules, she said. Oregon has no oil refineries, so its regulations cover only fuel suppliers.

The oil trade group hasn't had any conversations with newly installed Gov. Kate Brown, she said.

*Reporters Debra Kahn and Nathanael Massey contributed.*