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QuickPoint! - Rising Costs and Diminishing Returns

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The Oregon Legislature has mandated that large utilities deliver 100% emissions-free electricity by 2040. Since coal and natural gas account for more than 45% of Oregon's electricity generation, replacing those fuels with emission-free alternatives will be difficult.

Moreover, the closer Oregon gets to 100% reduction, the more expensive it will get. This challenge stems from the fact that the two preferred power sources – industrial-scale wind and solar – are weather dependent. This will require over-building, plus batteries and back-up power supplies. Estimates suggest that achieving the final 1% of decarbonization in the Northwest may require expenditure of between $100 billion and $170 billion.

As Oregon adds more wind and solar facilities, the effect of decreasing marginal returns becomes stronger. Each additional unit of reduction produces progressively smaller environmental benefits relative to cost. In simpler terms, it costs more to receive less. If we ever hit 99% reduction, the cost of the final 1% will escalate dramatically, offering minimal benefit at a towering expense.

Given the lack of a cost-effective solution and the uncertainty of its necessity, the commitment to achieving 100% reduction is questionable. Fully eliminating emissions may not justify the steep payment. Instead of blindly pursuing decarbonization polices, Oregon should promote an adaptable, feasible approach to electricity generation before committing to a costly 100% reduction path for carbon dioxide emissions.

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