

June 4th, 2014 NIGEL JAQUISS | News Stories

Coal-Line Stand

Gov. Kitzhaber's growing opposition to coal dovetails with federal policy and divestment activism.

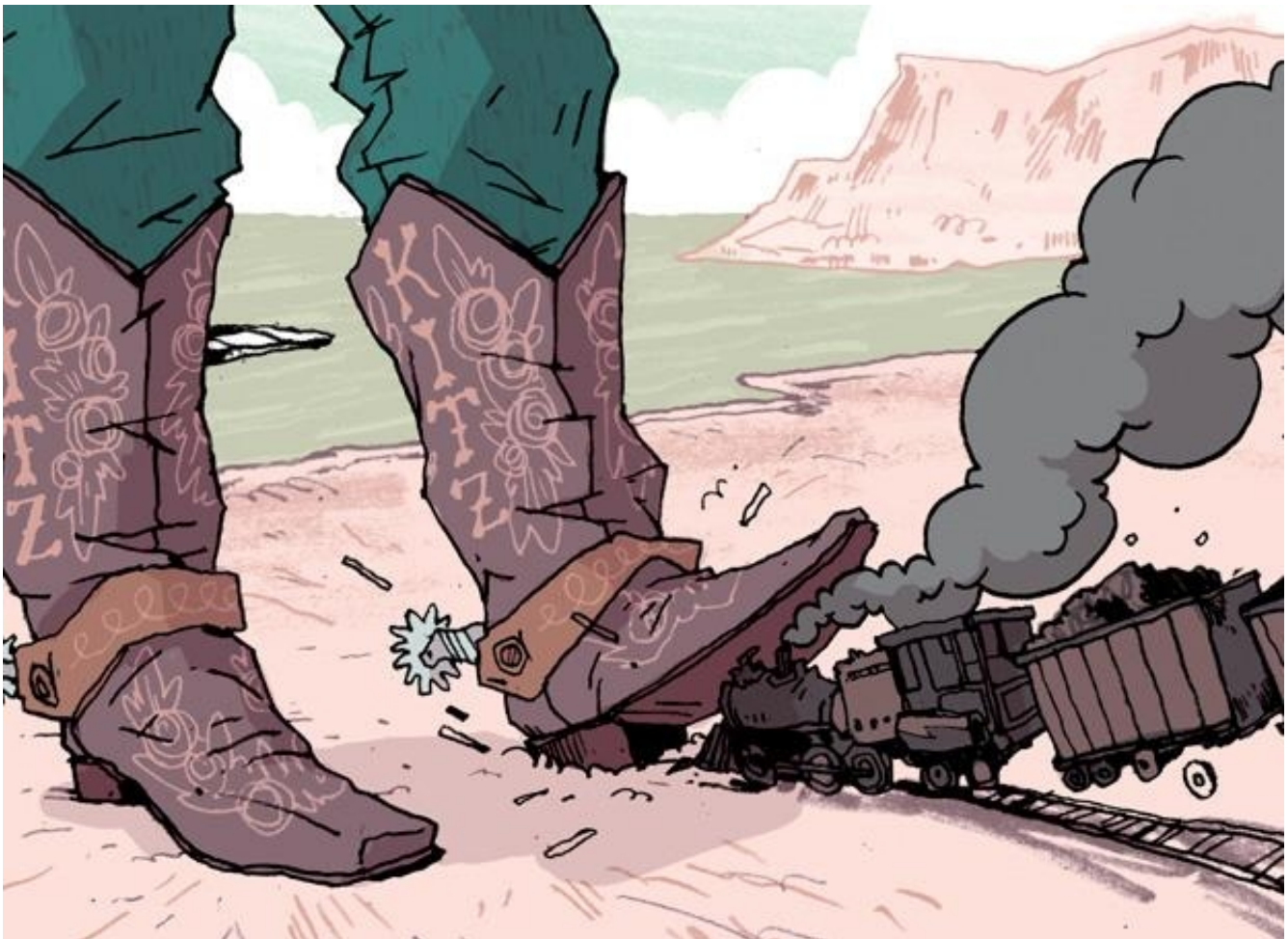


ILLUSTRATION: Drew Bardana

For Gov. John Kitzhaber right now, coal is king.

The debate over coal is heating up just as Kitzhaber needs an issue to energize his so-far lackluster campaign for an unprecedented fourth term as Oregon governor.

Polls show Kitzhaber holds a 13-point lead over his GOP challenger in the fall, state Rep. Dennis Richardson (R-Central Point). But they also reveal a weakened support for Kitzhaber, even a weariness, perhaps stemming from the \$248 million health-care fiasco called Cover Oregon.

Kitzhaber is also having trouble with his political base. Public-employee unions, which poured millions into his race against Republican Chris Dudley in 2010, did not appreciate Kitzhaber leading the charge to cut their pension benefits last year. The unions will never support Richardson, but neither are they likely to expend much effort on the incumbent's behalf.

Enter coal.

The debate about shipping coal through the Pacific Northwest, on its way from Wyoming to China and South Korea, has been plodding along for more than two years.

But Kitzhaber has recently grabbed on to this issue, denouncing a proposed Columbia River coal terminal after years of more measured rhetoric.

In doing so, he could re-engage a constituency he disappointed over the past three years with his strong support for the [Columbia River Crossing](#) project: environmentalists.

Enviros have made reducing coal consumption a top priority in their campaign to address climate change. Their attention to coal coincides with a growing movement on college campuses to pressure university endowments to divest from fossil-fuel producers, as Stanford University did May 6.

“His base is fractured,” says John Horvick of the polling firm [Davis, Hibbitts & Midghall](#). “If he’s looking for something to bring a fractured coalition together in Oregon, coal is an issue that could do it.”

Kitzhaber’s spokeswoman, Rachel Wray, says the governor has not moved on coal and that his recent comments “are consistent with what he’s been saying for a while.”

But a review of documents shows Kitzhaber’s pronouncements have grown far bolder about coal as the fall election approaches.

In an April 2012 letter to federal regulators, for example, Kitzhaber merely requested a comprehensive review of the environmental impacts of several planned Northwest coal terminals.

He ratcheted up his rhetoric only slightly at a November 2013 Climate Solutions dinner in Portland. “I will do all that I can within the context of Oregon law to ensure that we do not commit ourselves to a coal-dependent future,” he said.

Then in April at the annual dinner of the [Oregon League of Conservation Voters](#), a leading environmental group, Kitzhaber slammed on the brakes.

“It is time once and for all to say no to coal exports from the Pacific Northwest,” he said.

“My perception is his language has gotten a lot stronger,” says OLCV executive director Doug

Moore. “I think there’s an opportunity to get out in front on this issue.”

Kitzhaber’s evolving stance on coal mirrors that of President Barack Obama. On June 2, the federal Environmental Protection Agency announced dramatic new guidelines for power plants, calling for a 30-percent reduction in carbon-dioxide emissions by 2030.

The new EPA rule will hit hardest the nation’s 600 coal plants, which generate the largest share of the nation’s electricity and a disproportionate share of carbon emissions. For Oregon, the direct impact will be minimal because the state’s only remaining coal-fired plant, **Portland General Electric’s** Boardman facility, is scheduled to be shut down long before 2030.

Oregon is fortunate when it comes to coal. Although we have only one coal plant, one-third of our electricity comes from coal-fired plants, mostly elsewhere. So we get the benefit of cheap fuel without the air pollution, freight congestion and coal dust.

And as for exports, the U.S. already sends more than 100 million tons of coal a year overseas through East Coast and Southern ports—just none through Oregon.

If anything, the EPA’s announcement will increase the pressure to export coal.

“It will decrease the price of U.S. coal even further,” says Portland energy economist Robert McCullough. “We feel good because we are closing coal plants here, but the same coal may end up in a Third World country where the plants are inefficient and poorly run.”

Like Obama, Kitzhaber is responding to demands from environmentalists.

Since re-entering the governor’s office (which he previously held from 1995 to 2003), Kitzhaber has focused on health care, education reform and budget issues. An ardent rafter and fisherman, he long ago established strong environmental credentials.

But during this term as governor, Kitzhaber has demonstrated a more business-friendly approach.

His new rhetoric on coal seems to follow the contour of public-opinion polls.

Two years ago, when the economy was still colored by the devastating 2007 recession, the polling firm Davis, Hibbitts & Midghall found that a majority of those polled favored exporting coal from the Northwest by a margin of 2-to-1.

More recent polling from last year showed that support is shrinking rapidly.

In fact, young voters, whom DHM’s 2012 polling found were apathetic about coal, have become more engaged.

The best example of that engagement is when trustees of Stanford’s \$18.7 billion endowment last month announced they would no longer invest in coal stocks.

That decision followed pressure from a student group called **Fossil Free Stanford** to dump all fossil-fuel producers, which would have included oil and gas producers as well as coal miners.

Divestment is not a new approach. Activists have pushed in recent years for investors to steer clear of companies that invest in the Sudan, tobacco companies and arms producers, to name a few.

The example many divestment advocates cite as a demonstration of its effectiveness is South Africa. In the 1980s, apartheid opponents pressured companies operating in South Africa by selling their stock.

Divestment became a leading cause on U.S. college campuses, spreading from endowments to public pension funds. When apartheid ended in South Africa in 1994, some people credited divestment with spurring tectonic social change.

Ivo Welch, a professor at UCLA's **Anderson School of Management**, says divestment's impact is overstated.

"If you are a student in a university, it's part of life for you to demonstrate against the man," Welch says. "You are supposed to do that. But in terms of making a difference, divestment is futile."

With two colleagues, Welch studied the financial impact of investors selling stock in companies doing business with South Africa. Their conclusion: Divestment "had no discernable affect" on South Africa's economy or the value of companies that activists targeted.

Welch says he's sympathetic to the hopes of the divestment movement, but he thinks the only way to effect real change is to alter the economic incentives that now favor fossil fuels over renewables.

"I am the first in line to want less coal burned in the world," Welch says. "But in terms of impact, divestment is ineffective and perhaps naive."

In Oregon, State Treasurer Ted Wheeler says he's skeptical of divestment. He says there's been some informal discussion of divesting the state's \$89 billion in pension funds of fossil-fuel investments, but he's not in favor of such a move until alternative-energy stocks are a viable replacement.

"When you sell your coal shares, what happens to them?" Wheeler asks. "And how did you reduce carbon emissions through that activity?"

Richard Clinton, a professor emeritus of political science at **Oregon State University**, is a leader in the state's divestment movement. He understands the arguments of divestment critics.

“We know it’s largely symbolic, but the issue will get coverage and it will be more talked about,” Clinton says.

He says the goal of the students and faculty members who are part of OSU Divest is to bring attention to what they say is the danger of fossil fuels.

“It’s incredible that the general public is so ignorant of the magnitude of what’s happening to the earth’s climate,” Clinton says.

Last December, the OSU Faculty Senate passed a resolution calling for the university’s foundation to divest itself of fossil-fuel stocks. Clinton says there was little opposition to the premise that climate change is real, but some faculty members expressed concern that the approach might threaten corporate support for research.

The OSU Foundation board was far less receptive, Clinton says, when divestment proponents met with it last month. He says the call for divestment met with a stony reception.

“It was really shocking,” Clinton says. “We went into the meeting in good faith, hoping once they saw how serious the issue is, the trustees would agree with us. Now we are really pissed.”

It’s amid this growing debate over coal that Kitzhaber has chosen to take a louder, more decisive stand. Doing so will only help whip up passion on college campuses, including the University of Oregon, Portland State University and Reed College.

Oregon’s public universities serve more than 100,000 students, and community colleges and private institutions serve more than that. Mobilizing students is a critical election strategy—in 2012, for example, the [Oregon Student Association](#) registered more than 50,000 new voters.

Kitzhaber’s new jihad against coal has a specific target: a coal terminal proposed on the Columbia River.

On May 30, the [Department of State Lands](#) delayed yet again a decision that would permit Australia-based Ambre Energy to build a coal dock in Boardman. The dock would allow the annual export of 8.8 million tons of coal from Wyoming’s Powder River Basin to Asia. The coal would be offloaded from trains in Boardman at the Port of Morrow, then barged down the Columbia River to Port Westward in Columbia County, where it would be loaded onto ocean-going ships bound for Asia.

Kitzhaber used last week’s permitting delay to strengthen his opposition to coal.

“I cannot express how disappointed I am that the Department [of State Lands] has again delayed its decision on the Ambre Energy permit at the Port of Morrow,” Kitzhaber said through a representative after the non-decision. “Delay and indecision do nothing to help us address the very real consequences of climate change or to move toward a low-carbon, clean-energy economy.”

Kitzhaber is bucking some longtime allies. Two Portland companies, **Vigor Industrial** and **Gunderson Marine**, are slated to build \$75 million worth of barges for Ambre Energy's coal project, should it be approved.

Since 2010, Vigor Industrial CEO Frank Foti has contributed \$31,000 to Kitzhaber's campaigns, according to campaign finance records. Bill Furman, CEO of the company that owns Gunderson Marine, and his corporation have been even more generous, giving Kitzhaber \$40,000 over the same period.

But those powerful figures cannot turn out voters like environmental groups and student organizations.

So between now and November, voters should expect to hear more of the rhetoric the governor produced last week.

"I remain firmly opposed to exporting coal from the West Coast," Kitzhaber said. "I will continue to do everything within my statutory authority to ensure that here in Oregon, we do not tie ourselves to a coal-dependent future."

That kind of statement pleases advocates who see it as evidence that Kitzhaber is returning to his environmentalist roots.

"It's frankly refreshing to see the governor take such a strong stance on coal," says Brett VandenHeuvel, executive director of **Columbia Riverkeeper**. "It's a politically smart move."