

Who will be the Northwest's next clean tech leaders?

BY DAVID VAN'T HOF

In this column, Pivotal Leaders network member David Van't Hof of law firm Lane Powell discusses why the business network matters to the state of Oregon's clean tech sector.

The Pivotal Leaders business network is seeking nominations for its next class of prospective clean technology leaders from the Pacific Northwest.

The network aims to grow the Northwest's clean tech industry by cultivating business leadership. As a member of the inaugural 2010 class, I've been part of a dynamic and diverse group of thinkers and doers in the clean technology space. I encourage you to help identify and encourage tomorrow's leaders by making nominations for this year's class.

Thinking about the value of innovative programs such as Pivotal Leaders – which was conceived of by one of Oregon's only clean tech investment groups, Pivotal Investments, and is supported by numerous private sector sponsors – encouraged me to take stock of where Oregon stands today with respect to the clean tech sector. As most of us know, Oregon's clean tech sector has experienced growth, even during a terrible economy.

While investors have put billions of dollars into solar manufacturing facilities and wind generation projects in the state, energy efficiency companies also have experienced significant growth.

Other clean technologies are also on the rise in Oregon. Wave energy research and development continues with national and international companies focused here. The electric vehicle sector is gaining momentum with homegrown vehicle technologies and components, battery technologies and charging stations and infrastructure. Bioenergy companies and technologies such as ZeaChem, Sequential Biofuels and Pacific Ethanol all reflect a market leading position. Meanwhile, a smart grid coalition is building around intelligent demand, response and storage of electricity, championed by the newly formed Smart Grid Oregon organization.

These companies and organizations chose Oregon for many reasons, but high on the list have been a political and policy environment

ahead of the national curve that has prioritized public and private investments in the clean tech sector.

Its renewable portfolio and biofuel standards, the expansion of the Business and Residential Energy Tax Credit programs, expansion of energy efficiency investments and financing tools, the bar on new sources of coal-generated electricity and the Low Carbon Fuel Standard all have positioned Oregon as a go-to state for clean tech investment.

In addition, public sector investment through Oregon Inc., in the Oregon Wave Energy Trust and the proposed start-up funding this legislative session for Drive Oregon have increased Oregon's profile in the market sectors. This cumulative and relentless focus has garnered Oregon recognition as the second-best state for clean technology policy and incentives – ranked by our own home grown thought leader Clean Edge – as a top state for energy efficiency policy and investment and one of the national pilot markets for electric vehicles and charging station infrastructure.

Despite these successes, Oregon faces several daunting challenges to continued growth and market leadership in the clean tech sector.

First, Oregon clean tech policies need to be expanding, not retracting, even in the face of the state's current fiscal woes. The state's signature business tax credit program is running out of money for generation projects and is scheduled to end altogether in July of 2012. With attempts in the works in the state legislature to extend the program or to replace it with a more cost-effective alternative, lawmakers' decision whether to move forward or backward on this issue will have profound impacts on Oregon's clean tech investment in the coming years. Already, solar development companies are reducing staff or closing due to the elimination of tax credit incentives for their projects, and those remaining companies increasingly are developing projects in other states that provide better incentives for solar projects.

Meanwhile, Oregon has never been a hotbed for venture capitalists and clean tech investors. Silicon Valley to the south and Microsoft millionaires to the north provide a far better investor base. Oregon needs to



Photo credit: Cacophony

develop strategies to compensate for a dearth of venture capital dollars. One strategy that has been considered but never adopted is to have the state allocate a small portion of its investments to clean tech companies in Oregon.

Just as we increasingly are spending our energy dollars in-state rather than overseas, we should consider spending some of our investment dollars here, rather than in global companies operating outside of Oregon. Both choices will lead to more jobs and dollars flowing through the Oregon economy. Perhaps the success of Oregon start-up Puralytics, a water purification technology company, in winning the national Clean Tech Open this past year, will auger exciting growth of new clean technology companies emerging and growing in Oregon.

David Van't Hof, a shareholder in Pacific Northwest law firm Lane Powell, focuses his practice on sustainability, clean technology, renewable energy, green building and carbon regulation. As former sustainability policy advisor to Oregon Governor Ted Kulongoski, David led the state's participation in the Western Climate Initiative and in developing nationally recognized climate change and renewable energy policies. In private practice, David has advised clients on renewable energy, clean



technology development and financing as well as complex regulatory matters such as environmental and siting issues. David currently serves on the boards of Drive Oregon, the new electric vehicle industry sector association, and the Oregon Solar Energy Industries Association.