

Governor's aide thinking big on renewable energy

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By **RICHARD READ**
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Allen Alley gets to think big in the office of Gov. Ted Kulongoski, where he serves as deputy chief of staff.

The chairman and former president of Pixelworks Inc. raised eyebrows a year ago when, as a registered Republican, he joined the Democratic governor's staff. He brought his deep business ties and experience to the post.



Alley
Deputy
chief of staff

During a recent interview that included other aides in Salem, Alley ventured beyond the original topic — Kulongoski's upcoming trade trip to Europe, where the governor plans to court wind and solar companies interested in building factories. Alley described some related ideas he's advancing concerning the state's potential as a global renewable-energy center.

The following are selected questions and answers, edited for length and clarity.

Allen Alley

Job: Deputy chief of staff for Gov. Ted Kulongoski since January 2007

Age: 53

Business background: In 2006, Alley stepped down as president and chief executive of Tualatin-based Pixelworks Inc., which he had co-founded in 1997. He continued as chairman of the board of directors. Previously, Alley was a general partner at Battery Ventures, where he was the lead investor and an InFocus Corp. board member.

Q: What's the background of recruiting solar plants to Oregon?

A: When we started doing this, we identified solar cells as a core opportunity for this region. We asked, "What do solar manufacturers need more than dollars?" The answer is polysilicon glass, the basic ingredient of solar cells. Right now, it's in very short supply.

So we brought in some experts. They were from CH2M-Hill (the global design, engineering and construction company with a Portland branch). They educated us, at no charge, on what it takes to attract one of these polysilicon plants.

Now, we've got everybody coming to talk to us. Right now,

if you have polysilicon, you can call the shots. I just don't think we can foresee how big this area is going to be. It's like in the LCD industry, when first we were building 8½-inch displays and now we're building 100-inch displays.

Q: You said that in Europe, the governor also will meet with experts on "cap-and-trade," the systems that limit allowable emissions by greenhouse gas emitters and allow trades. Why is that?

A: This trip provides an opportunity for the governor to talk with some experts who can share lessons learned from their implementation of a cap-and-trade system similar to what he

is exploring for Oregon as part of the Western Climate Initiative.

In Europe, electrical plants, for example, that reduce emissions receive credits they can sell to companies that haven't yet done so. (Polluters that exceed their caps can buy credits from a polluter below the cap). Some questions raised in Oregon include, what if you did the same thing with a car? Your car could get an emissions limit, and the Department of Environmental Quality could compute its CO₂ output.

If you drove a Prius or biked to work occasionally, you'd actually generate credits. Someone who emitted over a certain limit could buy credits, from DEQ or perhaps even on eBay.

This is all very preliminary. But the point is, there are many options, and we could do some very interesting, innovative things with it. We would reduce CO₂ emissions, and you'd really be educating people.

In any of these systems, you'd obviously have to take into account commercial vehicles: the electrician who has to drive a big van, or the farmer who's driving a combine.

Q: Will this end up as legislation,

and won't people see it as a tax increase?

A: Right now, we're looking at a range of options for the '09 session, and at this point everything is on the table for discussion. For example, you could make it net tax-neutral if you wanted to. Or it could be very targeted to fund things like BEST (Oregon Bio-Economy and Sustainable Technologies Signature Research Center). Or it could be voluntary. It's establishing that thought-leadership position while innovative companies are looking for a place to go.

Q: What kind of car do you drive?

A: I actually have a Smart car on order. As an old engineer with Ford and Boeing, I have some familiarity with this. Cars will be designed that get eye-popping gas mileage.

Q: What's your other car?

A: I don't talk about my cars!

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