

www.zilkha.com

Corporate Offices
1001 McKinney Street
Suite 1740
Houston, TX 77002
Phone: 713-571-6640
Fax: 713-571-6659

Northwestern Regional Office
210 SW Morrison
Suite 310
Portland, OR 97204
Phone: 503-222-9400
Fax: 503-222-9404

Mark Walker
Director of Public Affairs
Northwest Power and Conservation Council
851 SW 6th Avenue, Suite 1100
Portland, OR 97204-1348

November 05, 2004

CNCL . MBRS
LB DW
JB SC
HS MW
SL JH
KP CW
BH JS

RE: Comments on Draft Fifth Pacific Northwest Electric Power and Conservation Plan

Mr. Walker,

Zilkha Renewable Energy is a national wind power developer with 138 MWs of operating nameplate capacity. In addition to our existing asset base the company has a development portfolio of over 2,500MWs of new projects in advanced stages of development throughout the United States. We have been actively developing projects in the Northwest for 3 years from our offices in Ellensburg, WA and Portland, OR.

We are writing to offer the following comments on the Draft Fifth Pacific Northwest Electric Power and Conservation Plan.

The Draft Fifth Pacific Northwest Electric Power and Conservation Plan calls for the integration of 6,000MW nameplate capacity of wind power in the Northwest over the next 20 years, ramping up after 2013. For the immediate future, the Plan recommends adding 50 aMW per year over the next five years. We appreciate that the Council recognizes the importance of a renewable future and believe that 6,000MW of new wind development is a strong, achievable, long-term goal. However, we believe the Plan drastically underestimates the current reality of wind power development and demand in the Northwest.

There are currently over 3,000MW of wind power being actively developed in the region. Zilkha Renewable Energy is currently developing approximately 400MW of wind power projects in Washington which we expect to bring online by 2006. We also have development assets in Oregon which have not been publicly announced. These projects alone exceed the short-term goals set by the Draft Plan.

Most recently we have been working with Puget Sound Energy on the proposed 220MW Wild Horse Wind Power Project. PSE, along with virtually all of the IOUs in the region, are increasing the percentage of wind power resources in their portfolios. Bonneville Power Administration recently announced that they expect 800MW of new wind power generation to come online by the end of 2005. The following IOUs have announced their intentions to add new wind power by the end of 2005: Portland General Electric will add 75-100MW, PacifiCorp will add 100MW, PSE will add 220MW, NW Energy is expected to add 150MW, Avista will add 50MW, and Idaho Power Company will add 350MW by 2007. Several PUDs and Munis have also issued RFPs for wind energy over the past year and a half. Consideration should also be given to the recent California RPS which calls for 350 aMW of wind per year, some of which can be expected to be supplied by generating resources in the Northwest.

The Northwest Electric Power and Conservation Plan must reflect this reality. There is strong utility demand for wind power and the projects are being developed to meet it.

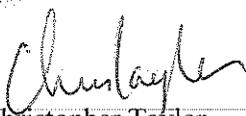
Fifth Power Plan/November 2004/Comments/042

This strong utility demand reflects the maturing of the industry. Wind power has long been the most economically competitive renewable energy alternative. Today, wind power is cost competitive with conventional electricity generation, as the Plan notes. Wind power costs remain steady and predictable over the life of the project because there are no fuel costs. The benefits of competitive, fixed-price, renewable resources are invaluable to the Northwest economy as they help mitigate volatility in the gas market and fluctuations in the hydro system, particularly in drought years.

As the Plan acknowledges, if CO2 emissions penalties and taxes are considered when evaluating the price of coal, wind comes out ahead. This fact makes it all the more troubling that the Council has advocated the addition of 400MW of new coal generation. Burning fossil fuels for electricity generation is the single greatest source of air pollution in the United States causing smog, soot, acid rain, global warming, and toxic air emissions. Energy use in traditional power plants accounts for 40% percent of carbon dioxide emissions in the US. Coal is by far the most polluting fossil fuel in terms of both air pollutants and CO2 emissions. We need to end our reliance on polluting power sources. The Council should not ignore this important opportunity to set a standard for our region's environmental future by excluding new coal from the mix.

Zilkha Renewable Energy would like to thank the Council for its efforts in developing the Plan and appreciates the Council's recognition of efficiency and renewable power as key elements of the region's future. We would like to request that the Council revise the 5-year goals for wind power development to reflect the reality of current demand and that the Council exclude new coal power development from the Final Fifth Pacific Northwest Electric Power and Conservation Plan.

Sincerely,



Christopher Taylor
Project Development Manager
Zilkha Renewable Energy