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NOV 18 2004

November 16, 2004

Mr. Mark Walker, Director of Public Affairs
Northwest Power and Conservation Council
851 SW 6th Ave., Ste. 1100
Portland, OR 97204

Re: Comments on the Fifth Power Plan

Dear Mr. Walker,

The Northwest Energy Efficiency Council (NEEC) is a trade association representing companies that provide energy efficient products and services to customers in the Northwest. We appreciate the opportunity to provide comment on the Draft of the Fifth Power Plan.

We want to acknowledge the significant work of the Council's members and staff in preparing this comprehensive review and recommendations on securing an affordable and reliable electricity future for the region. While there are many interrelated aspects to the plan, our comments will focus on the recommendations included in the Draft that relate to energy conservation.

The Council's near term target of 700 aMW in the first five years of the plan and the longer term goal of 2,800 aMW over the 20 year planning horizon are, in our view, reasonable and accomplishable. As the Draft notes, the Northwest now has over two decades of experience in achieving energy conservation resources - the existence of our industry is testimony to this effort - and the results of that collective effort have accrued to every citizen of the region in lower resource costs and a more stable electrical power system. It is more than sensible to aggressively pursue all cost effective conservation resources in the next 20 years. The field experience of our companies indicates that the magnitude of the conservation resource described in the plan is available and can be achieved through a continued partnership of the region's electric utilities and the companies that design and install energy efficient products and processes.

NEEC applauds the Council's attention to the need for establishing a consistent and persistent support for achieving cost effective conservation over the life of the plan. In years past, well intentioned, but frequently inaccurate predictions of short term power market forecasts resulted in a disastrous start-again, stop-again roller coaster that was difficult for the energy efficiency

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industry and resulted in an under performance of the conservation potential in the region. With a more consistent pursuit of this resource, the utility-private sector partnership can deliver conservation at a lower cost and likely find ways to achieve levels of conservation beyond those that the plan currently identifies as "achievable." In so doing, the region can contribute significantly to job growth and positive economic development opportunity through this investment. Moreover, as greater levels of conservation are achieved, there may be less need to turn to some of the traditional generation resource options identified in the plan. On a related note, the incorporation of decentralized renewable technologies with energy efficiency may also help the region avoid the need for more carbon emitting thermal generation construction.

Finally, NEEC would like to observe that the two decade history of conservation acquisition in the region has resulted in increasingly lower costs in the capture rate of the resource. The synergistic opportunities available in mechanisms like direct acquisition, market transformation, and codes and standards coupled with greater sophistication in the use of locally driven programs and coordinated regional programmatic efforts give rise to the probability that the dollar cost per average megawatt will continue to decline. That said, it is very important that the region adequately and consistently fund the efforts to achieve the cost effective conservation forecast in the plan. It seems prudent – and definitely speaks to commitment - to use reasonable estimates of conservation acquisition costs based on the recent experience of utilities and organizations such as the Energy Trust of Oregon. Funding levels should be a function of these reasonable cost assumptions multiplied by the acquisition target of 700 aMW. The region should avoid establishing an arbitrary budget cap on conservation and simply hope that the cost of acquisition will decline sufficiently to achieve the targets. As the Council plan clearly points out, the cost of missing the conservation targets sentences the region's electricity system to being more expensive and less reliable than it otherwise would be.

NEEC thanks the Council for this opportunity to provide input to the Fifth Power Plan.

Sincerely,

Stan Price, Executive Director
on behalf of the NEEC Board of Directors