

November 19, 2004

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Dear Council Members:

Thank you for the opportunity to submit comments concerning the Council's draft Fifth Power and Conservation Plan. The undersigned businesses and organizations believe that the Council's plan is an important tool to help build the growing region-wide opportunities in end-use energy efficiency and "smart energy" technologies. Smart energy refers to advanced digital technology that improves the efficiency of electrical networks and links new, small-scale distributed generators to the grid.

We applaud the Council's comprehensive analysis of the region's electric energy efficiency potential. Approximately half of the region's forecast growth over the next 20 years can be met with 2,600 average megawatts of efficiency costing an average of just 2.4 cents per kilowatt-hour. The Council's cost and risk analysis demonstrates the critical need for substantial, stable pursuit of this exceptionally cost-effective resource. Two decades of roller-coaster investment in energy efficiency must give way to steady, predictable investments that provide bill reductions and rate stability to electricity consumers, growth opportunities to energy efficiency product manufacturers and service providers, and thousands of local, permanent family-wage jobs.

We also support the Council's inclusion of demand response as a resource. Demand response technologies and strategies such as advanced metering, communications and control systems can do much to moderate prices and enhance grid reliability. The Northwest's smart energy technology sector already comprises at least 225 firms with \$2 billion in annual revenues. Implementation of the Council's plan can only help to expand this industry.

While the Council's draft Plan treats both energy efficiency and demand response as resources, we believe it fails to examine emerging smart energy technologies and the role they can play in enhancing the region's electrical system.

One of the strongest drivers of smart energy technologies is the need to modernize an aging, overstressed, and unreliable power grid. The Council's draft Plan acknowledges that current transmission systems cannot meet growing energy demand. Smart energy technologies can address this critical issue. The "smart network" uses information technology to distribute control and generation of electricity to smart devices throughout the power network. Better utilization of information technology can optimize grid operations, improve system reliability, lessen outage expenses, and reduce the need for upgrades that will prove more costly over the long-term.

A smart, efficient grid also opens the door for increased use of clean distributed generation, with

its associated efficiency and security benefits. A distributed power network with thousands of small, clean generators requires far more sophisticated communications and control systems than a radial grid focused on a few big plants. The smart energy network is key to integrating distributed resources.

By aggressively pursuing smart energy technologies, the region would reap significant economic development benefits. We recommend the Council include in its final Plan at least a qualitative analysis of opportunities to pursue emerging smart energy technologies, and the concept of a smart grid.

As Northwest businesses, organizations and government entities, we are acutely aware of the burden that higher energy prices place on our operations. Through expanded energy efficiency programs, demand response initiatives, and new smart energy technologies, the Council can provide a much-needed package for enhancing system reliability, lowering overall costs, creating new and expanded business opportunities, and improving our long-term energy security while protecting our health and the environment. We look forward to working with the Council and others in the region to make this a reality.

Sincerely,

City of Portland Commissioner Dan Saltzman

Mike Lawrence, Battelle Northwest

Denis Du Bois, Principal Partner, P5 Group, Inc.

Brian Reidy, CEO, MicroPlanet, Ltd.

Dave Chase, Venture Partner, Altus Alliance

Jesse Berst, President, Center for Smart Energy

David Dusseau, Director, Energy Technology Alliance of the Pacific Northwest

Stan Price, Executive Director, Northwest Energy Efficiency Council

Tony Usibelli, Director of Energy Policy Division, Washington State Department of Community, Trade and Economic Development

Jabe Blumenthal, Vice Chair, and Rhys Roth, Co-Director, Climate Solutions

Alan Durning, Director, Northwest Environment Watch

Sara Patton, Executive Director, NW Energy Coalition