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August 1, 2005

MEMORANDUM

TO: Power Committee

FROM: Ken Corum

SUBJECT: Second Workshop on Demand Response

Demand response offers the possibility of reductions in demand for electricity when the power system is stressed. Demand reductions are undertaken voluntarily by customers who are compensated for their actions. Demand response could be used to meet the kind of short-term shortage BPA faced on July 18, as well as other situations, and could save significant cost in doing so.

As part of the effort to confirm the existence of a significant demand response potential in the region and to encourage its development, Council staff has initiated a series of workshops on demand response. This effort was called for in Action DR-8 of the 5th Power Plan's Action Plan.

We now have nearly 60 people on our distribution list. The first workshop was held on March 9, with about 25 attendees. We heard a number of status reports from utilities in our region and from representatives from the California Energy Commission and the Demand Response Research Center at Lawrence Berkeley Lab. We also began a discussion of issues around the measurement of cost effectiveness of demand response.

The second workshop will be held on August 2, when we expect to continue with the discussion of cost effectiveness and we will hear several reports on new developments from utilities and research organizations.

At the Power Committee meeting in Missoula the staff will report on progress made at this workshop and next steps.