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June 28, 2007

MEMORANDUM

TO: Power Committee

FROM: Ken Corum

SUBJECT: Pacific Northwest Demand Response Project working group on cost effectiveness

This is an update on the Pacific Northwest Demand Response Project (PNDRP), which we've discussed in the Power Committee previously. The project is an effort to encourage demand response in our region, with the assistance of the Regulatory Assistance Project (supported by funding from the U.S. Department of Energy) and based on priorities expressed by the four states' public utility commissions.

The kickoff meeting for PNDRP was held on May 2, 2007. In that meeting, we discussed the priority topics to be addressed in the project (pricing structures, measurement of cost effectiveness and the inclusion of transmission and distribution in the treatment of demand response in power planning). We decided to pursue cost effectiveness first.

The first meeting of the working group on cost effectiveness will be in Olympia on July 11. We expect 12-15 people to participate. We'll update the Power Committee on progress made at this meeting in at the Council meeting in August.

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