

July 9, 2007

The Virginia State Corporation Commission
Mr. David Eichenlaub
SCC Division of Economics and Finance
P.O. Box 1197
Richmond, Virginia 23218

Dear Mr. Eichenlaub:

GridPoint is a leader in the national effort to bring intelligence to the electric grid. We have created a Smart Grid platform that aligns the interests of electric utilities, consumers, and the environment through an intelligent network of distributed resources that controls load, stores energy and produces power. GridPoint offers a comprehensive, cost-effective, environmentally friendly solution to meet current challenges and the goals of the emerging Smart Grid.

GridPoint's SmartGrid Platform enables utilities to balance demand and supply by discharging stored power during peak periods, reducing customers' non-essential loads, optimizing existing base-load generation assets and relieving stress on transmission and distribution (T&D) lines. For consumers, GridPoint's platform provides protection from power outages, increases energy efficiency and integrates utility-controlled renewable energy, paving the way for the commercial success of solar and wind energy sources.

Given our corporate mission, and the imminent relocation of our corporate headquarters to Virginia, GridPoint would avail itself of the opportunity to provide the Commission with its thoughts on the proper direction for electric energy efficiency and conservation in Virginia.

First, GridPoint believes that it would be helpful for the Commission to further clarify Section (vi) of SB 1416. In particular, it would be useful to know if resources deployed at the customer's premise used to reduce peak loads on the existing generation and transmission system utilizing stored off-peak energy (Supply Side Management) would be an allowable tool to achieve the stated ten percent reduction goal and exactly how "electric energy" would be defined in that context.

Second, GridPoint believes that it would be helpful for the Commission to clarify how cost-effectiveness will be determined under these circumstances – in other words, will the methodology applied be a Total Resources Cost test, a Rate Impact Measure test, a Societal Test, a Participant Test, a Program Administrator test, or some other kind of test? GridPoint would advocate a combination of the Total Resource test and the Societal test as the most efficacious approach for determining cost-effectiveness in Virginia.

Thirdly, GridPoint believes that it will be important for the Commission to establish what financial return would be applied to efficiency and conservation efforts. For instance, would it be equal to that applied to a traditional power plant, or would it exceed that amount? Since SB 1416 assigns up to 200 incentive basis points for renewables, we feel that DSM initiatives should have the same level of incentive. From GridPoint's perspective, it would also make sense for the Commission to consider offering incentive to electric utilities in Virginia to recover from taxpayers any capital, operating

expenditures, or other costs related to the deployment of electric energy conservation and efficiency technologies and, similarly, to recover in a timely manner the remaining book-value costs of any equipment rendered obsolete by the deployment of such technologies.

Fourth, and related to the point above, GridPoint believes that it would be helpful for the Commission to establish rules and procedures related to electric energy conservation and efficiency that demonstrate a long-term commitment to this approach and to create a framework for these initiatives that is dependable, predictable, and stable. In addition to rate recovery and the potential for enhanced return, GridPoint believes that electric utilities in Virginia will be more apt to aggressively invest in conservation and efficiency measures if they can demonstrate that those investments parallel the established life cycle (twenty to thirty years) of traditional generation efforts such as power plants.

Fifth and last, GridPoint believes that measurement and verification will be critical to the success of any energy efficiency or conservation effort in Virginia. At a minimum, it would be helpful to establish metrics for what success would look like, and to gain maximum return from such efforts it would be helpful to establish a process for ongoing monitoring, reporting, feedback, and adjustment.

Many thanks for your kind consideration.

Sincerely,



Peter L. Corsell
CEO
GridPoint, Inc.