

ADVANCED ENERGY BUYERS GROUP

the policy voice of advanced energy purchasers

The Honorable Lisa Murkowski
Chairman
U.S. Senate Committee on Energy &
Natural Resources
Washington, DC 20510

The Honorable Frank Pallone, Jr.
Chairman
U.S. House Committee on Energy &
Commerce
Washington, DC 20515

The Honorable Joe Manchin
Ranking Member
U.S. Senate Committee on Energy &
Natural Resources
Washington, DC 20510

The Honorable Greg Walden
Ranking Member
U.S. House Committee on Energy &
Commerce
Washington, DC 20515

January 23, 2018

RE: Policy priorities of the Advanced Energy Buyers Group, for the 116th Congress

Dear Chairman Murkowski, Ranking Member Manchin, Chairman Pallone, and Ranking Member Walden,

As you consider legislation in the 116th Congress, the Advanced Energy Buyers Group (AEBG or Buyers Group) respectfully requests your consideration of the perspective of large energy users seeking advanced energy. We are pleased to submit this letter outlining policy priorities to expand access for customers to purchase clean and renewable energy as well as other advanced energy options, to avoid raising costs for consumers and disadvantaging clean energy technologies, and to support cost-effective and technology-neutral emission reduction policies.¹

The AEBG is a business-led coalition of large energy users focused on expanding opportunities for our companies to procure clean energy that is secure and affordable. Members of the Buyers Group are market leaders and major employers spanning different industry segments, including technology, retail, and manufacturing. Buyers Group members share a common interest in expanding our use of advanced energy, such as renewable energy like wind, solar, geothermal, and hydropower; demand-side resources like energy efficiency, demand response, and energy storage; and onsite generation from solar photovoltaics, advanced natural gas turbines, and fuel cells. These clean resources allow our companies to meet electricity needs for our businesses cost-effectively, and help us achieve clean energy and sustainability goals.

Use of advanced energy technologies and services by AEBG members has made our companies more competitive, our operations more resilient, and our footprints more sustainable. AEBG

¹ This letter represents the consensus view of the Advanced Energy Buyers Group (information and membership available at <https://www.advancedenergybuyersgroup.org/>). However, this document does not necessarily reflect the position of any specific member of the AE Buyers Group, and these comments should not be attributed to any individual company or companies participating in the AE Buyers Group.

members are among the 71% of Fortune 100 companies and 43% of Fortune 500 companies that have established renewable and/or energy-related targets as part of our corporate sustainability commitments.² In 2017, members of the AE Buyers Group totaled over \$1 trillion in revenue, collectively consumed the equivalent of North Dakota's electricity sales, and purchased renewable electricity for our operations equivalent to the electricity usage of Delaware.

For the 116th Congress, we encourage you to consider the following three priorities of the Advanced Energy Buyers Group:

- 1. Oppose unnecessary out-of-market solutions and unwarranted cost increases, especially when they disadvantage advanced energy options and preference resources that large consumers of energy do not want.**

Large electricity customers rely on cost-effective electricity to serve our business needs, and we support competitive market principles to deliver affordable and reliable electricity service. At the same time, members of the Buyers Group are committed to procuring our energy needs from clean, secure, and affordable resources. Purchasing advanced energy enables our companies to achieve long-term price certainty and cost savings while also allowing us to meet the shifting demands and expectations of our consumers, employees, investors, and local communities. In addition, our voluntary pursuit of renewable energy aligns with our long-term interests by supporting a more diverse energy system with reduced risk and increased innovation.

Over the past two years, the Buyers Group and a diverse group of energy market participants – including large manufacturers and energy associations representing natural gas, renewable energy, energy efficiency, demand response, and energy storage – opposed out-of-market solutions to help preserve uneconomic power plants in the market in the name of “improved grid resilience.” One proposal was estimated to cost nearly \$34 billion over just two years, with costs ranging up to two or three times that figure depending on the impact on energy markets. The Buyers Group has also opposed policies, including unduly costly tariffs on imported solar equipment, that would raise the cost of advanced energy for downstream customers.

The Buyers Group undoubtedly supports grid reliability and security improvements that are truly needed and that deliver robust and quantifiable benefits to the system, as our businesses require a highly reliable grid for operations; for example, an outage at a data center costs an average of \$9,000 per minute.³ However, Congress should oppose energy policies that use out-of-market measures and that increase the cost of electricity for consumers across the United States when such policies provide no real benefit to the grid. Policies designed to improve electric grid reliability and resilience should instead embrace market-based technology-neutral solutions, and should reject command-and-control approaches with all cost and no benefit.

- 2. Create opportunities and market rules that allow large energy consumers to have greater control of their energy decisions.**

As energy users with a diverse portfolio of resources, members of the AEBG support competitive, technology-neutral markets that allow consumers to purchase energy from all

² Advanced Energy Economy, *2016 Corporate Advanced Energy Commitments* (December 2016) <https://info.aee.net/growth-in-corporate-advanced-energy-demand-market-benefits-report>.

³ Ponemon Institute, *Cost of Data Center Outages* (January 2016), available at https://www.vertivco.com/globalassets/documents/reports/2016-cost-of-data-center-outages-11-11_51190_1.pdf.

technologies. Policymakers should recognize the increased role of consumer participation in energy markets, including organized wholesale markets (regional transmission organizations / independent system operators). As such, policymakers should ensure market rules allow for electricity customers to pursue innovative projects without undue barriers. This is essential to allow large energy customers, such as members of the Buyers Group, to take advantage of existing and emerging technologies to meet our energy needs.

Congress should encourage regulators, including the Federal Energy Regulatory Commission, to properly implement and finalize rules that allow greater participation of energy storage and distributed energy resources in organized wholesale markets. Specifically, we encourage Congress to provide proper oversight on the implementation of Order 841 and to ensure that FERC quickly finalizes a Notice of Proposed Rulemaking on the participation of aggregated distributed energy resources. We also encourage Congress and FERC to look into greater participation of advanced transmission technologies and non-wires alternatives to increase efficiency on the grid to enable increased renewable energy penetration and to lower overall costs on the system.

3. Support greenhouse gas policies that rely on technology-neutral, market-based approaches to deliver emission reductions at the lowest cost to consumers and with no adverse impact on voluntary consumer activity or efficient market function.

AEBG members have keenly considered the short-term costs and long-term risks associated with increased carbon emissions, and our companies are currently addressing our own environmental and sustainability goals through procurement of cost-competitive renewable energy projects and energy efficiency upgrades. The recent report by the National Climate Assessment only further demonstrates the economic risks and potential adverse impacts of climate change to our country, and to our businesses.

As Congress considers legislative action to address the risks posed by climate change, the Buyers Group supports policies that would accelerate adoption of cleaner energy resources, particularly policies that complement and support our own progress toward our corporate sustainability goals. Any legislative or regulatory actions should follow the same principles that we have followed in our own sustainability efforts, seeking least-cost solutions to reduce climate impacts. Specifically, such policies should be market-based, and allow all advanced energy technologies to compete to provide the most cost-effective approach to addressing the challenge of climate change. Congress should work with corporate buyers of renewable and other advanced energy resources, such as members of the Buyers Group, to ensure that Federal action will complement, and not interrupt, our progress toward our own sustainability goals.

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The AE Buyers Group appreciates your consideration of our policy priorities, and welcomes action by Congress to enable greater access to clean, secure, and affordable energy resources.

Sincerely,

The Advanced Energy Buyers Group
<https://www.advancedenergybuyersgroup.org/>