



the business voice of advanced energy

May 23, 2016

Chairwoman Lisa Murkowski
709 Hart Senate Building
Washington, D.C. 20510

Sen. Maria Cantwell
511 Hart Senate Office Building
Washington, DC 20510

Chairman Fred Upton
2183 Rayburn House Office Building
Washington, D.C. 20515

Rep. Frank Pallone
237 Cannon House Office Building
Washington, DC 20515

Dear Chairman Upton and Murkowski, and Ranking Members Pallone and Cantwell:

On behalf of Advanced Energy Economy (AEE), I would like to congratulate the House and Senate for passing broad energy legislation in H.R. 8 and S. 2012, respectively. AEE applauds the effort by Congress to craft comprehensive energy legislation. As you consider convening a conference committee to resolve differences between the House and Senate bills, AEE and its members would like to highlight the particular sections that would have an impact on our businesses, both positively and negatively.

There are numerous positive provisions in the House and Senate energy bills that AEE supports.

In S. 2012, AEE supports Title I, Subtitle F that would include expected energy savings when determining the value of homes in the mortgage underwriting process used by federal mortgage agencies. This provision would remove an artificial barrier to investment for residential energy efficiency and lower utility bills to households by 30% or more. Advanced energy businesses support this language as removing investment barriers can help drive job growth for the industry.

AEE also supports several other energy efficiency measures within S. 2012 including:

- Section 1006, that would improve the energy and water efficiency in federal buildings;
- Section 1016, that would require new federal buildings to meet International Energy Conservation Code standards for residential buildings and ASHRAE Standard 90.1 for commercial buildings;
- Section 2017 that would codify an Executive Order for federal buildings to reduce building energy intensity by 2.5% annually;
- and Section 1021 that would require a study and report on energy savings and benefits of operational efficiency programs and services.

Similarly, in H.R. 8, AEE supports Sections 3116 and 3117 that would create energy performance requirements and standards for federal buildings.



AEE also supports Title I, Section 1107 (21) in H.R. 8, which would require state Public Service Commissions to consider providing cost recovery and a rate of return on cloud-based software deployments to utilities. Currently, regulatory accounting practices allow utilities to earn recovery and a return only on “hosted” software-based services, which are increasingly outdated and costly relative to cloud based services. This provision levels the playing field so that the more prudent investment is made.

AEE also believes both bills can be improved by making certain provisions technology-neutral, instead of technology-specific. Specifically, Section 1110 of H.R. 8 and Section 4302 of S. 2012 require an analysis by several Regional Transmission Organizations (RTOs) and the Federal Energy Regulatory Commission (FERC) regarding generation resources in capacity markets. AEE is concerned that the provisions could send a signal to grid operators that they should favor fuel-based resources in their markets, when the signal, if any, should be encouraging a fully diverse portfolio of supply-side and demand-side resources that competes to provide reliability at the lowest cost. We therefore recommend deletion of these sections from a final bill. However, if a section were to be included in a final bill, AEE recommends including the Senate section and an amendment ensuring that the RTOs consider all technologies, on both the supply and demand side as it performs its analysis.

Additionally, in Section 2309 of S. 2012, AEE is concerned that the definition of “distributed energy resource” does not include demand response and energy efficiency, when those resources have been included in the definition in certain jurisdictions. We recommend either modifying the definition of “distributed energy resource” to include these resources or “distributed energy resource” should be changed to “zero-emitting distributed generation resource.”

AEE and its members support Congress’ effort to modernize the U.S. energy system. We look forward to participating in the finalization of the bill and providing feedback to Congress in the development on a final bill.

Sincerely,

Arvin Ganesan
Vice President, Federal Affairs
Advanced Energy Economy