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Docket No. RM18-1-000

Honorable Neil Chatterjee
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Thank you for the opportunity to provide comments in response to the U.S. Department of Energy's (DOE's) Notice of Proposed Rulemaking (NOPR) "Grid Resiliency Pricing Rule" (Docket No. RM18-1-000). We provide these comments based on our extensive experience in working to advance cost-effective and bi-partisan national energy efficiency policies for the benefit of more resilient, reliable power systems.

**The Importance of Energy Efficiency to Power Markets**

Energy efficiency—along with efficiency-driving partner technologies like demand response, advanced metering infrastructure (AMI), and microgrids—is the quickest, cheapest, most abundant, and readily-available supply of all energy resources. It has driven the flat-lining of U.S. electricity demand while supporting strong economic growth, allowing the United States to get more economic impact out of each unit of energy consumed. Consider the fact that the United States has doubled its energy productivity (measured as the gross domestic product (GDP) output per quadrillion British thermal units (BTUs) (quads)) since 1980. Electricity demand has decoupled from economic growth, lowering prices for many ratepayers while enhancing their quality of life.

While energy efficiency is relevant to every sector from transportation to buildings, there also are energy efficiency aspects that have direct impacts on electricity markets. The deployment of more efficient technologies and practices reduces energy usage without requiring any dispatch instructions; reduces capacity requirements for system operators; improves reliability; and lowers energy bills. Efficiency-enablers like demand response programs and advanced metering infrastructure incent users to move energy consumption to non-peak periods, all while providing higher-resolution end-use data to inform utility operations and user consumption. Energy efficiency also has underpinned the growing diversity of U.S. resources, including renewable energy, and can defer costly infrastructure upgrades.

Energy efficiency also has resiliency implications in the case of an electricity disruption that can provide benefits before, during, and after a disaster strikes. For example:

- Utility energy efficiency programs have increased reliability and reduced utility costs for decades;

- Efficient buildings, especially those with improved thermal envelopes, can maintain livable conditions for longer periods during disruptions, which is particularly important for health and safety in hot or cold climates;
- Combined heat and power (CHP) facilities can provide backup power during outages;
- Microgrids can sometimes allow vulnerable infrastructure to disconnect from the grid during a power shortage and maintain functions;
- District energy systems can provide heating and cooling during electricity outages; and
- Advanced metering infrastructure has been cited as one of the best tools for utilities to identify and respond to damages.

There are many examples: CHP allowed a water utility in Little Ferry, New Jersey, to safely process sewage from 47 municipalities during and after Hurricane Sandy (2012); the Brooklyn Queens Demand Management Program will defer the investment of costly substations by deploying efficiency and demand response upgrades, saving ratepayers approximately $800 million and reducing the system's vulnerability to outages; and the Hellenic American Neighborhood Action Committee in New York City has constructed buildings for the elderly that can maintain healthy thermal control in units for at least five days.

We recommend that the Commission, in close and robust collaboration with the full community of power sector stakeholders, including businesses and advocates engaged in the energy efficiency sector and our partners, work together through this rulemaking process to determine the best path forward for making the U.S. electric grid more resilient.

The fast-evolving nature of today's electricity grid provides a whole suite of technological opportunities that give system operators unprecedented dynamic control of grid operations, including new opportunities to enhance resilience. We believe it is critical to ensure that the opportunities afforded by energy efficiency are allowed to compete as a part of the solution.

We look forward to a rigorous process to ensure the United States maintains a diversified, affordable, reliable, and resilient power system.

Sincerely,

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