

**New Efficiency Standard for Electric Water Heaters**

**Issue: Over 250 electric cooperatives in 34 states conduct demand response programs using electric resistance water heaters that are able to lower system peaks, store wind and hydro energy during the night, enhance grid efficiency, and most importantly save consumers money.** Electric resistance water heaters allow co-ops to reduce demand for electricity during peak hours by remotely turning them off for short periods with no noticeable impact on water temperatures. These peak periods occur when electricity is produced by the most expensive and least efficient generators. Reducing the peak demand reduces emissions and fuel use, while saving cooperatives’ consumer members tens of millions of dollars each year. Through their capacity to store energy like a battery, electric water heaters allow co-ops to integrate renewable wind energy by heating water when the wind blows at night and storing it for use during daytime peak hours. The storage also allows cooperatives to defer building new peaking generation and transmission lines.

In the Public Utility Regulatory Policies Act of 1978, the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007, Congress has repeatedly declared promoting demand response an important federal policy. The Energy Policy Act of 2005 requires FERC to publish reports regarding the expansion of demand response programs in the utility industry. In its February 2011 report, FERC recognized co-ops’ continued leadership on demand response. Large capacity electric resistance water heaters are one of co-ops’ best tools for meeting this federal goal.

**Status:**

* On March 22, 2010, DOE issued a new energy standard requiring nearly **200 percent efficiency for large capacity electric resistance water heaters**. This standard applies to water heaters manufactured starting in April 2015**. It threatens our very successful demand response programs.**
* The new standard will require the use of heat pump technology for water heaters of 55 gallons or larger capacity. While heat pump water heaters have a place in the market, they do not work with co-ops’ demand response programs.
* NRECA has worked with Members of Congress and stakeholders to reach consensus language, which is presently included in House and Senate legislation in various forms. We need this legislation enacted into law.
* This legislation would permit the continued manufacture of electric resistance water heaters above 75 gallons for use in demand response programs.  This would allow co-ops’ beneficial demand response and thermal storage programs to continue. To prevent water heaters produced for this purpose from being diverted to unauthorized use, the amendment requires a specified label, an activation key to be used by the utility operating a demand response program, and annual reporting requirements for manufacturers and utilities.
* Supporters of this legislation include: utilities, water heater manufacturers, energy efficiency and environmental groups.

**NRECA position:** NRECA supports bipartisan legislation that includes language to allow the continued usage of electric resistance water heaters for demand response programs.

In the Senate, NRECA supports S. 2074, the reintroduced Energy Savings and Industrial Competitiveness Act (“Shaheen-Portman”). NRECA also supports the stand-alone Senate bill, S. 1739 introduced in November 2013 by Sens. Hoeven (R-ND) and Pryor (D-AR).

* **Please ask your Senators to contact Majority Leader Reid and Minority Leader McConnell and urge them to bring the Shaheen-Portman bill to the floor … NOW.**

In the House, NRECA supports H.R. 4066, introduced by Reps. Whitfield (R-KY), Latta (R-OH), Matheson (D-UT) and Welch (D-VT). H.R. 2126, the “Better Buildings Act of 2013,” introduced by Reps. McKinley (R-WV) and Welch (D-VT), which included H.R. 4066, passed the House on March 5, 2014 by a vote of 375-36.

* **Please thank your Members of Congress for passing water heater legislation in March.**

for more information:

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