




**National Rural Electric
Cooperative Association**

A Touchstone Energy® Cooperative 

Jo Ann Emerson
Chief Executive Officer

January 20, 2015

Dear Senator:

The National Rural Electric Cooperative Association strongly supports the Portman-Shaheen Amendment (#3) to S. 1, a bill to approve the Keystone XL pipeline. The amendment is identical to H.R. 2126, the Energy Efficiency Improvement Act as passed by the House overwhelmingly in March 2014. NRECA urges your support for the amendment which provides critical regulatory relief for co-ops and other stakeholders.

Electric cooperatives are particularly interested in Title II of the amendment that provides urgently-needed regulatory relief from a water heater efficiency standard that will greatly impact co-ops nationwide. At least 250 co-ops in 35 states operate voluntary demand response programs using electric resistance water heaters that allow co-ops to reduce demand for electricity during peak hours, saving approximately 500 megawatts a year and hundreds of millions of dollars. In parts of the country, these water heaters also allow co-ops to integrate renewable energy sources like wind and effectively store that energy.

In 2010, the Department of Energy (DoE) issued a new efficiency standard for water heaters that will diminish our very successful demand response programs. Starting April 16, 2015, the new standard applies to the manufacture of these water heaters. In anticipation of the new, stricter rule, in October, some water heater manufacturers announced they will no longer take orders on certain water heaters. We are now 3 short months in advance of the April 2015 deadline, and co-ops do not know what product replacements they will have. The uncertainty is detrimental to co-ops, their successful demand response programs, all stakeholders, and ultimately to consumers.

The Portman-Shaheen amendment will allow co-ops and their consumers to continue to use large water heaters to save energy and money by establishing a new category of efficiency standard for water heaters used in demand response programs. We have worked closely with Congressional leaders, DoE, other utilities, energy efficiency and environmental advocacy groups, and water heater manufacturers over the past several years to develop this common-sense approach to help continue the beneficial use of electric resistance water heaters.

On behalf of over 900 not-for-profit rural electric co-ops that provide electric energy to over 42 million people across the country, NRECA urges your support for the amendment to protect these critical energy-saving and cost-saving demand response programs. If you have any questions or need more background information, please do not hesitate to have your staff contact Julie Barkemeyer by email at julie.barkemeyer@nreca.coop or by phone at 703-887-9635.

Sincerely,

A handwritten signature in black ink, reading "Jo Ann Emerson".

Jo Ann Emerson
NRECA, CEO