

The Honorable Daniel B. Poneman
Acting Secretary
U.S. Department of Energy
1000 Independence Ave. SW
Washington, DC 20585

Dear Acting Secretary Poneman:

We are writing to comment on the Department of Energy's (DOE) February 15, 2013 Notice of Proposed Rule Making (NOPR) regarding the proposed waiver for large capacity electric resistance water heaters capable of being used in demand response and thermal storage programs. It is important that DOE act to permit manufacturers to continue producing the water heaters used by hundreds of utility load control programs across the country.

We appreciate DOE's recognition of the importance of demand response and thermal storage to electricity consumers, to the reliability of the electric grid and to the integration of renewable resources into our nation's power supply. We also appreciate DOE's recognition of the need to mitigate the impact of its 2010 efficiency standard on those programs. However, we believe DOE's current proposal falls well short of the mark. An annual waiver allowing the manufacturing of only a limited number of electric water heaters with the restrictive conditions in the proposal will not meet the needs of manufacturers, utilities, or their consumers – our constituents.

We support demand response and the development of alternative energy resources as a means of achieving energy efficiency standards. Utilities' demand response programs use large-capacity electric-resistance water heaters to increase the integration of renewable resources, decrease peak demand, and help stabilize the grid, all while lowering the cost of electricity to our constituent consumer-members. Used in this manner, electric resistance water heaters are helping achieve multiple energy objectives -- something that would be all but eliminated with the proposed annual waiver of the new standard.

DOE's proposed annual waiver in the recent NOPR provides insufficient certainty to ensure continued manufacturing capacity for demand response products, and will preclude new thermal storage programs to integrate additional renewable energy sources. A separate product class for grid interactive water heaters, as expressly supported by numerous utilities, manufacturers, associations and several other members of Congress, would provide such certainty. In the alternative, a more realistic, 5-year waiver, without the limitations imposed in the NOPR, should be considered.

We urge DOE to reconsider the proposed annual waiver process and reach a solution that is practical, allowing electric cooperatives and other utilities to continue to operate and

expand their demand response programs while providing consumers with affordable hot water. On behalf of our constituents, manufacturers, and utilities, we appreciate your consideration of our views and look forward to your response.

Sincerely,