April 15, 2013

The Honorable Kevin Brady
Energy Tax Reform Working Group
House Committee on Ways and Means
301 Cannon House Office Building
Washington, DC 20515

The Honorable Mike Thompson
Energy Tax Reform Working Group
House Committee on Ways and Means
231 Cannon House Office Building
Washington, DC 20515

Dear Chairman Brady and Vice Chairman Thompson:

The GridWise Alliance (GWA) is working to advance national and state electric grid modernization policies that will enhance the reliability and resilience of the grid, and transform the nation's electrical system to help it comport to its twenty-first century needs. Founded in 2003, the GridWise Alliance (GWA) represents the broad and diverse stakeholders that design, build and operate the electric grid. Our members include: investor-owned, municipal and public power utilities; information technology, telecommunications and other service and equipment providers; Independent System Operators (ISOs) & Regional Transmission Organizations (RTOs); colleges and universities; and, energy consultants.

The GridWise Alliance appreciates the opportunity to submit comments to this Energy Working Group of the House Ways and Means Committee.

A "twenty-first century" economy will require a different kind of electrical grid, that is, a "smarter" one, and one that is more flexible, adaptable, efficient, and resilient. To this end, GWA supports an "all of the above" energy policy. GWA urges Congress not only to continue, but to make some critical revisions, to some long-standing clean energy and energy efficiency tax provisions.

To ensure the broad deployment of clean energy and energy efficient technologies, it is critical – and will be more so going forward – to have a modern, efficient, reliable, and resilient grid that can handle these different types of resources.

In addition, as we face more extreme weather events and other human and/or natural threats to our electric power system, on which our entire economy increasingly depends, our grid must be sufficiently resilient to meet these changes, including the ability to manage and leverage vital advances, such as "microgrids," and/or combined heat and power (CHP) or waste heat recovery (WHR) systems. Otherwise, the impacts to our economy could be quite severe.

GWA is focusing on the following five categories of policy drivers for the near, medium, and long term to maintain a reliable electric power system on which our economy depends and to help promote growth in the energy and related telecommunications, Internet, alternative vehicle and related sectors:

(1) Increase the delivery efficiency (or reduce losses);
(2) Enhance the capacity of the electric grid;
(3) Grow the grid's ability to accommodate changing/new technologies;
(4) Expand the "situational awareness" of the state of the grid, including ability to determine field and equipment conditions, as well as improved automated control(s) of the grid; and,
(5) Increase the security and resiliency of the grid.

GWA echoes the comments of groups, such as the Business Council for Sustainable Energy (BCSE), in supporting clean energy and energy efficient tax policies that do promote growth and will continue to do so, given the appropriate market signals to manufacture and invest here in the United States. Such incentives need to be in place long enough to create market certainty, but could sunset at a point "down the road," i.e., a number of years out – when a technology reaches adequate market "penetration" – as determined by industry experts along the way, in conjunction with your Working Group and this Committee. GWA especially wishes to underscore the need for revisions to, and extension of, the 179D Commercial Building Efficiency Tax Deduction until such time as market penetration of true and new energy efficient technologies occurs, as reflected in bi-partisan legislation introduced in the previous Congress by Senators Bingaman, Snowe, and others, including a shift to a performance-based, technology neutral approach.

GWA believes and would hope that such an approach would enable building owners/operators to avail themselves of this Deduction for grid modernization or, "smart grid," equipment, such as energy monitoring and management systems installed in a commercial building or multifamily residential building that use a combination of computers, computer software, control equipment, and instrumentation to monitor and manage or sub-meter the energy use of a building, such as heating, ventilation, air conditioning, and lighting, and that provides reporting of information to the building owner or operator to enable refinement of building operation and energy usage, thereby enabling substantial energy savings. Such equipment, along with upgrades of other "traditional" types of energy efficient equipment, including windows, lighting, HVAC systems, and more, would help building owners and operators achieve even greater energy savings than would be achieved with the "traditional" equipment alone. And, as noted above, in order for the entire electric system to maximize such efficiencies across the entire electrical system, such energy monitoring and management systems become all the more important. Owners/operators of commercial and/or multi-family residential buildings who install charging stations for plug-in electric vehicles (PEVs) also should be able to avail themselves of this Deduction.

GWA also echoes the comments of the Electric Drive Transportation Association (EDTA). Here, too, though, the GWA brings its unique perspective to emphasize the need for the infrastructure of the electric grid to support the capacity for Electric Vehicles (EVs) to charge and potentially to store power or even supply power back to a home or business, to help reduce our nation's dependence on foreign oil, enhance our national security, and help promote growth in the alternative vehicle and related markets. In addition, the ability for

utilities, consumers, and the grid to manage and leverage these resources is critical and can ultimately enhance the capability of the grid and also help reduce fuel and electricity costs for consumers. In this respect, GWA urges the Committee to:

1. Continue federal tax incentives for the purchase of Plug-in Electric Drive Vehicles (PEVs) and to do so on a predictable basis, as reiterated above (i.e., longer term vs. expiring and having to renew from year to year), for example, the Section 30D Plug-in Electric Drive Vehicle Credit.

2. The related infrastructure is vital, as noted throughout this document. Another way to incentivize the recharging infrastructure for PEVs (other than through the Section 179D Deduction, which is for building owners/operators) is through the Section 30C Alternative Fuel Vehicle Refueling Property Credit which, importantly, helps businesses and individuals invest in this needed infrastructure, and helps accommodate today's and tomorrow's grid-connected fleets.

3. Provide tax incentives to businesses that invest in demonstration and pilot projects to enable the growth of "vehicle-to-grid" technology. That is, there is a need to continue developing infrastructure and technology that would communicate with the PEV and manage charging and discharging. A "twenty-first century" grid or "smart grid" with these types of technologies can balance resources and ensure "loads" are used most effectively, i.e., keeping costs down and reliability up, for example, by ensuring PEVs for residential consumers charge at night during "off-peak" hours. Such technologies also can turn grid-connected vehicles into a grid asset and potentially an asset for consumers and fleets who want provide electricity to the grid, as briefly noted above.

We look forward to working together as you move through this process. Should you have any questions, please contact our Policy Director, Ladeene Freimuth, at: Ladeene@freimuthgroup.com.

Sincerely,

Becky Harrison

Becky Harrison
CEO
GridWise Alliance