DRAM

DEMAND RESPONSE *and* ADVANCED METERING *Coalition*

1615 M STREET, NW
SUITE 900
WASHINGTON, DC 20036
www.dramcoalition.org
202.441.1420

Demand Response and Smart Grid Group Tells Congressional Panel that "Smart" Meters are "Green" Meters

(Washington, DC, May 24, 2007) In testimony before the Senate Finance Committee today, the Executive Director of the Demand Response and Advanced Metering Coalition (DRAM) urged Congress to spur the faster deployment of demand response, smart meters and other components of a smart electricity grid. The invitation to address the Senate Panel follows DRAM's testimony before the Energy and Commerce Committee of the House of Representatives on May 3.

DRAM Executive Director Dan Delurey briefed the members of the Senate Committee on the benefits of demand response and smart grid technologies and what steps the Congress can take to provide financial support to the industry such that smart technologies are deployed by utilities and other parties as soon as possible and so that demand response resources become a greater part of the nation's electricity mix.

In terms of the benefits of demand response and smart grid technologies, Delurey put forth the case for linking demand response and the smart grid to efforts to address and mitigate climate change. "It is common in energy policy for issues to be compartmentalized and for them to develop along different paths without the relationship between them being properly examined or understood," said Delurey. "This is currently the case with demand response and the environment. Yet, the fact is that Congressional support for demand response, smart meters and other smart grid technologies and policies will actually be a step towards addressing climate change."

DRAM's testimony before the Senate will focus on the following benefits of demand response and smart grid technologies such as smart meters:

- With smart meters, consumers get information on their electricity usage that they have never had before. Receiving this information has been demonstrated to result in customers better managing their electricity usage and reducing their overall consumption.

- The ability to dynamically dispatch demand response — and to precisely measure and verify that it was delivered — allows it to be used during peak periods instead of additional power plants. Plants dispatched at peak are often the highest cost and least environmentally friendly plants available. In this vein, demand response has potential for use as a dynamic emissions management tool.

- With much of the nation's renewable energy resources being intermittent in nature, and not always available during peak demand periods, demand response can be coupled with such renewable resources to make the latter more viable. The result would be an expansion and acceleration of the overall development of renewable energy resources.

- Demand response technologies and practices will not only lead to greater energy efficiency but also to greater accountability of energy reductions, something that will be increasingly important under any policy where emissions are constrained and reduction-based offsets are monetized.

"The smart electricity meter, while not an energy efficiency device in and of itself, is not only a smart meter, but also a green meter," said Delurey. "It is the platform that will allow the next great era of energy efficiency to arrive, where better energy management becomes institutionalized and sustainable among electricity customers. With efficiency and renewable energy being accepted by everyone as cornerstones of a climate change strategy, demand response is set to play a role in helping both of those areas reach their full potential."

In his Senate testimony, Delurey outlined four steps that the Congress could take to increase demand response and the deployment of smart technologies:

- Accelerate the depreciation schedule for smart metering systems to bring such systems in line with the tax treatment of other high-technology hardware and software-based systems.

- Institute an Investment Tax Credit (ITC) to stimulate the capital investment needed to modernize the electricity system and create a smart grid.

- Create a Reduction Tax Credit (RTC) that would be based on electricity savings that have been specifically verified using smart metering and other smart grid technologies. The objective would be to support the growth of demand response in a manner similar to the way that the federal Production Tax Credit (PTC) has helped the renewable energy industry grow and mature over the past decade.

- Institute a Federal System Benefits Charge (SBC) on electricity that raises funds that could be used to support smart grid investments. The model would be the many State System Benefits Charges that are in place which raise funds for expenditures on energy efficiency and renewable energy.

DRAM is the trade association for companies that provide technologies, products and services in the electricity industry segments known as demand response and smart grid. Its members include the leading providers of smart metering systems, communications and control technologies, meter data management systems, smart thermostats and other "smart" technologies. Its members also include companies that use these technologies to aggregate customers and provide "blocks" of demand response capacity to utilities and other parties. Its members are Cellnet, Comverge, Echelon, Elster Electricity, eMeter, EnerNOC, EnergySolve, Esco Technologies, Itron, Landis + Gyr, Sensus, Silver Spring Networks, SmartSynch, and Trilliant. More information on DRAM is available at www.dramcoalition.org.

For more information, contact:

Dan Delurey
202.441.1420