

Ensuring U.S. Grid Security and Reliability: U.S. EPA's Proposed Emergency Backup Generator Rule

"The Demand Resource actions to reduce load in response to the PJM emergency request helped PJM maintain the reliability of the grid under these dynamic and critical conditions caused by transmission equipment outage conditions coupled with unseasonably hot weather. The ability to utilize Demand Resources as a capacity resource to assist operators in maintaining reliability is an important tool in the PJM market."

– PJM Interconnection, in describing response to May 2010 emergency conditions

- **EnerNOC fully supports the EPA's proposed rule** regarding the continued use of emergency backup generators in demand response programs. The rule would allow properly permitted emergency backup generators to run for up to 100 hours annually to ensure the lights stay on when grid operators determine that electricity demand is going to overwhelm supply and declare an emergency event (this 100-hour operating limit includes all required testing and maintenance).
- Some independent power plant owners and operators are advocating for EPA to take this last-line-of-defense resource away from grid operators' control, which would reduce grid reliability and increase consumer costs.
- Emergency demand response is a **valuable resource for grid operators to prevent blackouts and ensure that electricity is delivered reliably and economically**. The backup generators utilized during emergency demand response events are often located at mission-critical facilities such as hospitals, data centers, water treatment plants, and armed services bases.
- Ensuring the continued use of emergency backup generators is **critical to our national security**. Grid operators utilize emergency backup generators only when they determine that an emergency is imminent. In fact, **emergency demand response events are rarely called**. Over the past decade, there have been less than 44 emergency demand response events called by PJM Interconnection, New York ISO, ISO New England, and the Electric Reliability Council of Texas combined.
- Utilizing backup generation during emergency situations helps **prevent grid failures that jeopardize public health and safety**. If grid failure occurs, it can take days to restore conditions to normal operating levels. It is far better to have a subset of emergency backup generators available to grid operators for dispatch for short periods of time to prevent blackouts from occurring than it is to allow the grid to fail and have every backup generator in the region run until the grid is restored.
- **Air regulators in states with emergency demand response programs widely recognize the value of these programs**, allowing grid operators to dispatch emergency backup generators as a last-line-of-defense to protect grid reliability.
- Businesses and institutions that participate in emergency demand response programs are compensated for their availability to reduce electricity demand from the grid, whether or not they are actually called upon to do so, helping to **improve their bottom lines and create jobs**.
- Emergency demand response has a **net positive impact on the environment**. The proposed rule applies to *existing* emergency backup generators only. As program participants are not building anything new, there is no pollution from construction, no land or water use issues, and no new transmission needed. In addition, because backup generators need periodic testing, in many cases operating these assets for emergency demand response events does not increase runtime or emissions as testing during that period is no longer necessary.
- Demand response **saves billions of dollars for consumers every year**. The PJM Independent Market Monitor credited demand response and energy efficiency for saving ratepayers in the Mid-Atlantic region \$11.8 billion in one year, which equates to approximately \$200 in savings per person. The vast majority of these savings are produced by emergency demand response.
- During the recent comment period, EPA received over 580 comments. 235 of these comments addressed demand response. Of these comments, 85% supported EPA's DR position or asked for more. Only 15% opposed EPA's DR proposal. Entities that have filed comments in support of EPA's proposed emergency backup generator rule include: State air agencies (OH EPA, NHDES, TCEQ, KDHE), the American Public Power Association; the National Rural Electric Cooperative Association; grid operators such as the Midwest ISO; and large utilities such as Progress Energy, Duke Energy, Florida Power & Light, and Southern Company.

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