

September 15, 2015

The Honorable Fred Upton
U.S. House of Representatives
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Frank Pallone
U.S. House of Representatives
Committee on Energy and Commerce
2322A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton and Ranking Member Pallone,

We are writing to support Section 1107 (21) of H.R. ____, the North American Energy Security and Infrastructure Act of 2015, which would encourage states to allow utilities to earn a rate of return on their investments in advanced energy analytics software, taking advantage of modern Internet-based and cloud computing technologies and licensing models. Our companies have each developed technologies that help energy consumers reduce their bills and help utilities better manage the grid, all of which improves the safety, reliability, efficiency, affordability and emissions profile of the electricity and gas sectors. By passing this section, Congress would address an outdated regulatory barrier that stands in the way of large-scale use of our technologies and, in turn, increased economic benefits for all Americans.

Section 1107 (21) is the result of months of work from the House Energy and Commerce Committee. This started with a hearing on March 4, 2015. At that hearing, Chairman Upton said,

“Greater transparency and new technologies increasingly allow consumers and businesses to have more control over their electricity use. For homeowners in Michigan and across the country, that means help where it matters most - the bottom line with lower electric bills. And for businesses, that means less spending on energy and more available for hiring. Lower bills and more jobs – the future is certainly bright... We do need to identify and address regulatory barriers to entry, market-distorting incentives, and artificial constraints on competition that will be critical to further innovation.”

Our companies agree with Chairman Upton that new energy technologies are a bright opportunity for the United States.

On July 22, the Energy and Power Subcommittee marked up a bill that grew out of this hearing. That bill included substantively identical language to Section 1107 (21). The bill passed out of the subcommittee unanimously.

By addressing a problem in current regulation, the language in Section 1107 (21) is a perfect example of what Congress needs to do to help households, businesses, and energy companies more rapidly enjoy the benefits of modern energy analytics technologies and more cost-effective business computing models. The software industry has evolved significantly in recent years, and instead of software solutions being physically possessed by a client in the form of a disk or CD, software companies now also offer “cloud-based” software solutions. This is known as “software-as-a-service” (SaaS). SaaS is delivered through a web browser and purchased via a virtual license, and customers do not purchase disks in a box and physically take ownership of the software. The SaaS approach reduces maintenance costs, facilitates the installation of software upgrades by vendors and simplifies operations for their clients.

Unfortunately, regulatory ratemaking has not evolved at the same pace. Many utilities still have an incentive to take physical ownership of software instead of using SaaS, because they earn a rate of return on investments in physical assets (“capital investments”). In many states, that historically has meant that the software had to be purchased on pre-packaged disks and run on expensive computer hardware on company premises. When utilities choose non-SaaS software, they may spend more on software and their customers may miss out on the latest technology.

Notwithstanding the fact that Internet-based and cloud-based solutions can provide identical and continually improving functions and benefits to utility operators and their customers – and may do so at a fraction of the cost – questions have arisen in some states as to whether utilities can earn a rate of return on such investments when procured by subscription instead of ownership. Section 1107 (21) encourages states to level the competitive playing field, and accelerate the adoption of modern technology solutions and licensing models by allowing utilities to earn a rate of return on Internet-based and cloud-based software technology procurements. This also recognizes that the challenges faced by our modern electric grid can be increasingly solved by software, and not always new poles and wires, for which utilities can earn a rate of return. Allowing utilities to earn a similar rate of return on SaaS as they would on poles and wires will level the playing field, and ensure that the more cost-effective, prudent investment is made.

Our companies are leading providers of cloud-based energy analytics software:

- C3 Energy provides big data analytics enterprise software for the global energy industry across more than 50 million households and businesses. C3 Energy's cloud-based SaaS and PaaS technology applies the latest advancements in cloud computing, machine learning, and data analytics to provide the "operating system for the smart grid," enabling energy companies to enhance the security, safety, reliability, and efficiency of power generation and delivery.
- EnerNOC is a leading provider of cloud-based energy intelligence software (EIS) and services to thousands of enterprise customers and utilities globally. EnerNOC is proud to have saved its customers nearly \$1.1 billion since being founded in 2001.
- FirstFuel provides software-as-a-service to large utility companies and government agencies across North America and Europe. With an industry-leading combination of building science, data science, and software, FirstFuel serves over half a million end customers, with analysis across nearly 2 million meter points, and has identified five terawatt-hours of energy savings.

- Opower is an enterprise software company that is transforming the way utilities engage with their customers. Opower's cloud-based software has been deployed to more than 95 utility partners around the world, reaches more than 50 million households and businesses, and has helped consumers save more than \$1 billion on their energy bills.
- Siemens is a global technology provider of hardware and software for the production, distribution, and management of electricity, including being a leader in renewable energy and building energy efficiency. Siemens proudly employs over 50,000 Americans in a variety of high-tech and clean-tech jobs.

Because of the impact that Section 1107 (21) of the North American Energy Security and Infrastructure Act of 2015 would have in helping us manage America's energy usage, we ask that you support this section without amendment.

Thank you for your leadership.

Sincerely,



Thomas M. Siebel
Chief Executive Officer
C3 Energy



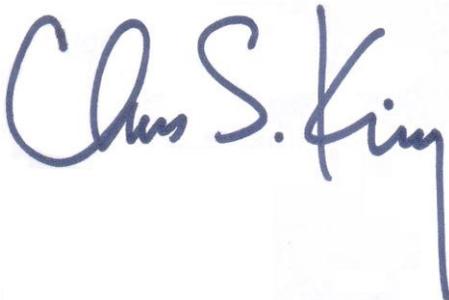
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