

## Consumer-Friendly Clean Energy Policy

Our economy's current dependence on dirty forms of energy burdens energy security, the environment, public health, our national security, and worker safety. Transitioning to a cleaner economy can benefit everyone through higher efficiency and less pollution. Consumers Union supports policies that will move us toward a cleaner, more sustainable future without unfairly burdening the public.

Current legislation pending in Congress includes a "cap and trade" program that would place an annual limit or "cap" on greenhouse gas (GHG) emissions that decreases over time. Major emitters of greenhouse gases would be required to purchase or otherwise obtain permits equal to the amount of their annual greenhouse gas emissions. The goal of charging for GHG emissions, which are currently emitted for free, is to encourage industries to replace their existing, pollution-intensive energy sources with cleaner, more efficient alternatives.

**Goal:** Transition to a cleaner economy through cost-effective policies that are fair to consumers. Key elements of comprehensive energy legislation that serves this goal:

- **Universal Consumer Rebate.** When GHG emissions are capped, permits to pollute should be auctioned to polluting companies. Most of the revenue from this auction should be returned to consumers through a consumer rebate. Current product prices exclude the cost of GHG emissions, and in the short-term, prices of energy-intensive goods and services may increase. During this transition, the consumer rebate would help defray these short-term price increases. Low-income consumers require additional resources for weatherization and efficiency programs.
- **Limits on permit allowance trading.** Trading of emission permits should be limited to industries that need permits to comply with the new program, not Wall Street speculators.
- **Limit industry exemptions.** All major polluting industries should be included in a GHG cap. If certain industries are exempted, reducing pollution becomes more expensive because some cost-effective pollution reductions will be missed. In addition, GHG emissions are usually accompanied by other co-pollutants that are damaging to human health. A phased-in approach is reasonable, but all major polluting industries must be covered to implement the program at the lowest cost and to protect public health.
- **Energy efficiency and renewable energy.** Investments in energy efficiency are highly cost-effective. Strong minimum efficiency standards for buildings, appliances, electronics and vehicles will promote efficient products on a mass-scale, lowering the price of efficiency for all consumers. Increasing clean energy is an investment in American jobs, innovation, energy security, and sustained affordability for households, businesses and governments.

### **What You Can Do:**

Legislation to address climate change and build a cleaner economy (H.R. 2454) passed the House last year, and the Senate may vote on climate change legislation as soon as July. Call or write your senators to demand a comprehensive energy bill that protects consumers through the policies outlined above. In addition to cap and trade, comprehensive energy legislation should improve energy efficiency standards, invest in renewable energy and weatherization, and fund the development of cleaner energy technologies.

### **Contact Information:**

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