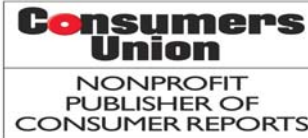




NATIONAL
CONSUMER LAW
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October 27, 2009

The Honorable Barbara Boxer
Chair, Environment and Public Works Committee
United States Senate
Washington, DC

Dear Senator Boxer:

We are writing to commend you for continued leadership on protecting residential consumers in the Clean Energy Jobs and American Power Act, S. 1733. Reducing greenhouse gas emissions presents both a challenge and an opportunity that could transform the lives of many consumers. One of our organizations' top priorities for climate change legislation is to mitigate the cost impact on consumers, particularly low and fixed income households. S. 1733 includes several significant consumer protection provisions advocated by our organizations.

Both the Chair's mark for S. 1733 and H.R. 2454 allocate emissions allowances for free to various entities, including "local distribution companies" (LDCs). The LDC allocations are intended to benefit utility customers. However, H.R. 2454 includes provisions that guarantee that the value of LDC allowances be used to reduce utility bills for industrial customers only, and does not provide a similar explicit guarantee for residential customers. Your inclusion of language giving parity to residential ratepayers on the direct pass-through of free allowances helps to ensure more transparent and robust cost mitigation to ratepayers, including those on low and fixed incomes.

We understand that a portion of the value of the allowances given to LDCs may be used for energy efficiency initiatives. We urge you to include language requiring such initiatives include low-income ratepayers and be cost-effective, measurable and verifiable to ensure true consumer benefit.

We are very pleased that S. 1733 strengthens the establishment of the Office of Consumer Advocacy that is included in the House bill. We agree that this office should be empowered to address long-term climate change policy and its impact on consumers and intercede on their behalf as needed. However, we are concerned that an assured funding stream is needed to guarantee this important consumer protection, and we urge you to include a dedicated funding source in your legislation

We believe the need to provide and preserve a strong, transparent, and meaningful role for consumer participation in federal and state utility commission proceedings requires new provisions for intervener compensation. This substantial consumer benefit could be funded with less than a portion of the proceeds from one allowance already set aside for consumer benefit

Finally, we ask that you lend your vigorous support and voice to expand the auction set-aside for direct relief to low-and moderate-income consumers. The Chair's mark states that the Energy Refund Program is for low- and moderate-income households, which we applaud, but the allowances for the program are less than 13% of the total emission allowances versus the 15% in H.R. 2454, which was dedicated solely to cover the lowest income households. It is important that sufficient funding be made available to adequately cover these low-and moderate-income households.

We look forward to continuing to work with you to develop climate change legislation that provides meaningful mitigation of utility cost increases for all consumers, especially those on low and fixed-incomes, seniors and the working poor.

Sincerely,

David P. Sloane
Senior Vice President
Government Relations and Advocacy
AARP

Olivia Wein
National Consumer Law Center
On behalf of its low-income clients

Tyson Slocum
Public Citizen

Shannon Baker-Branstetter
Consumers Union

cc: Senator Ben Cardin