

# Essential Consumer Protections:

## Critical Improvements to HR 2454

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# The National Consumer Law Center

Since 1969, the National Consumer Law Center has functioned as a lawyer's lawyer for legal services and consumer law attorneys. NCLC helps advocates and policy makers use the powerful and complex tools of consumer law for just and fair treatment in the economic marketplace.



Why do national consumer groups care about climate change policy?





# National climate change policy:

- Will directly and indirectly increase costs to consumers, and low-income consumers will be hardest hit.
- Will not affect consumers in different regions of the country in the same way.

However, there are also costs to delay and/or to doing nothing.



## 2008 Coalition

Back in 2008, NCLC joined with other consumer, environmental and community action agencies and developed principles for fair climate change policy (Public Citizen, National Community Action Foundation, Friends of the Earth, along with state, regional and local associations including OP&AE).



# Summary of the Fair Climate Change Principles

- The design of any climate change mitigation policy that raises the costs of energy and other essential goods must be fair.
- The implementation of programs, policies and investments to mitigate the harm must be adequate in size, distributed in a manner proportionate to the cost impacts, and be made available to low and moderate income families in a timely and efficient manner.
- The governance of climate change regulation and policy must be fair and responsive to emerging conditions.



## **2009 National Consumer Groups Focus on Fixes to HR 2454: Where we are today.**

- NCLC, AARP, Consumer Federation of America and Public Citizen share similar concerns about the lack of adequate consumer protections in HR 2454. The National Community Action Foundation also shares these concerns.
- We came together to hammer out a list of our joint priorities for fixing HR 2454 as the Senate EPW began working on its climate change bill.
- We found that there were many grassroots environmental groups that believe that it's critical to take care of consumers, especially vulnerable consumers, in order to have a sustainable climate change bill.



## The Essential Consumer Protections To Improve the House Climate Change Bill

- The preference is to provide a greater percentage of allowances for auction with more of the revenues used for direct consumer relief.
- However, when taking HR 2454 as a starting point, there are four main areas that need improvement to protect consumers.

# The Four Fixes: The First Fix

- The electric and n. gas distribution companies (LDCs) must pass through the value of emission allowances dedicated to residential consumers to reduce cost impacts on residential energy consumers.
- HR 2454's LDC provision is vague about how the allowances are to be used to "benefit" the ratepayers, so there is no assurance that there will be direct relief.
- A portion of the funds could be used for measurable and verifiable, least-cost efficiency measures.



# Second Fix: Consumer Representation

- Climate Change policy will affect how we obtain, use and pay for energy. Consumers have a stake in federal and state agency implementation of comprehensive and long-lasting climate change policy.
- There must be an Office of Consumer Advocate within the federal agencies tasked with implementing the bill.
- In order to facilitate consumer advocacy at the federal and state utility commission proceedings, intervenor fees funded through revenue from the sale of emission allowances are essential.



## Third Fix: Need to Take Care of Fixed-Income Households and Struggling Working Families

- HR 2454 has a mechanism in place to assist households in the bottom 20<sup>th</sup> percent of income.
- Additional emissions allowance revenues must be dedicated to helping out more struggling households.



## Fourth Fix: Avoid Windfall Profits and Better Target the EA Revenues

- The Senate must improve protections against windfall profits in their version of a climate change bill.
- NCLC supports the recent analysis by CBPP and Resources for the Future that look to scaling back the EA to LDC business customers and using the revenues to help struggling families.



# Thank You.

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