



December 4, 2009

Senator Dick Durbin
Senate Assistant Majority Leader
United States Senate
309 Hart Senate Building
Washington, D.C. 20510

Re: S. 1733, Clean Energy Jobs & American Power Act

Dear Senator Durbin:

The anticipated consideration of climate legislation by the Senate is a crucial step in controlling greenhouse gas emissions. With well-designed policies in place, we believe that the important long-term goals of the legislation can be achieved without inflicting harm on low-income families who otherwise will suffer a significant loss in purchasing power as a result of higher prices for energy and other goods. Climate legislation can also create important opportunities to create green jobs and invest in energy efficiency, particularly in subsidized housing. Both the House and Senate climate bills include such protections, and we hope you will use your influence as Senate Assistant Majority Leader to work with Senator Kerry and leadership on the Senate's bipartisan climate negotiations, as well as Chairman Baucus of the Finance Committee, to retain and improve the protections for low-income Americans as the Senate continues to craft comprehensive climate change legislation.

Consumer Relief

The targeted low-income consumer relief provisions in the House bill (H.R. 2454) provide the consumer relief low-income households need to fully offset the increased costs of energy and energy-related goods. Although S. 1733 includes low-income consumer relief, it falls short of the necessary consumer relief provided in H.R. 2454. S. 1733 and H.R. 2454 both ostensibly dedicate 15% of the emissions allowance value for low-income consumer relief. However, the Senate bill reserves 15% of the allowance value that remains *after* a significant portion of the total allowance value is taken off the top to ensure deficit neutrality and other purposes. As such, the 15% dedication is not of the total allowance value, but rather this reduced amount. In fact, according to a report issued by the Center on

Budget and Policy Priorities, during the period between 2012 and 2019, S.1733 actually only dedicates 12.6% of the total allowance value to low-income consumer relief (<http://www.cbpp.org/cms/index.cfm?fa=view&id=2971>). This is about one-sixth less than is provided for this purpose in H.R. 2454, and is short of what low-income consumers need to make ends meet.

Consumer relief is also provided in H.R. 2454 through free allowances to local distribution companies (LDCs). The value of these free allowances is meant to be used for utility-based relief to all consumers. Similarly, the allocation for this relief in S. 1733 is a percentage of the allowance value after the required skimming off the top to ensure deficit neutrality and other purposes. In order to make up for the reduction in LDC relief, the Senate bill should reserve *more* than the House's 15% of total allowance value for targeted low-income relief; instead, it reserves less. In short, under S. 1733 as it currently stands, low-income consumers will get less substantially consumer relief through direct refunds and through LDCs than they would under H.R. 2454. The consumer relief provided by S. 1733 should be modified to match the level provided in H.R. 2454 and low-income consumers should be fully protected from increased costs. We hope that you will convey the importance of these protections to Chairman Baucus of the Finance Committee, which is expected to craft this portion of the legislation.

Energy Efficiency and Green Jobs for Low-Income Workers

Energy efficiency also plays a major role in offsetting the increased costs associated with this legislation. Representative Rush recognized this potential and worked with the House to ensure that such investments would benefit low-income households. As a result of Representative Rush's efforts, H.R. 2454 ensured that 10 percent of the allowance value allocated to "Retrofit for Energy and Environmental Performance (REEP)" energy efficiency programs would fund energy efficiency improvements in subsidized housing. S. 1733 builds on that set aside by also requiring that states use 8 percent of the allowances they receive for "State and Local Investment in Energy Efficiency and Renewable Energy" for investments in subsidized housing. The S. 1733 set aside is substantially larger than the House bill, setting aside 0.43 percent of allowances (compared to 0.06 percent in H.R. 2454), and would be sufficient to improve efficiency in a large number of subsidized housing developments. It will be important that the Senate retain this expanded set-aside as the bill moves forward and we urge you to work with Senate leadership in the bipartisan climate negotiations to ensure this is done.

The move to cleaner energy and heightened efficiency will also trigger the creation of an untold number of green jobs. It is essential that low-income individuals and other non-traditional workers be fairly included in these job opportunities. The Rush Amendments provide for this fair inclusion by providing \$1 billion in funding for energy-related jobs and job training for low-income workers.

Thus, H.R. 2454 not only provides important protections for low-income individuals by providing adequate consumer relief, it also provides a substantial opportunity for low-income people and communities to prosper in our country's new green economy. We urge you to use your influence to work with Senator Kerry and leadership on the Senate's bipartisan climate negotiations, and Chairman Baucus of the Finance Committee, to improve S. 1733's low-income consumer relief provisions to match those of H.R. 2454, to ensure enough funding is set aside for energy efficiency programs for subsidized

housing communities, and to make sure low-income individuals and other non-traditional workers are included in the opportunities provided by green jobs.

Sincerely,

John M. Bouman, President

Dan Lesser, Senior Attorney

Jessica Sklarsky, Attorney

Sargent Shriver National Center on Poverty Law