



REPOWERING AMERICA:
A COMPREHENSIVE ENERGY REFORM PLAN

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Today, more than ever, America needs a comprehensive approach to lowering our energy costs, meeting our energy needs and protecting our environment. We need diverse, affordable and sustainable energy supplies that maximize the use of energy efficiency and renewable energy technologies. We also need to reduce our dependence on fossil fuels for energy production and transportation.

As Massachusetts Attorney General, I serve as the Ratepayer Advocate, working to protect consumers and keep energy prices down. I have worked to increase the use of energy efficiency and renewable energy. I partnered with the Patrick Administration, the business community, Environment Northeast and low income advocates to establish the most aggressive energy efficiency plans in the nation, which will invest more than \$1 billion in low-cost efficiency over the next three years, saving consumers more than \$4 billion. I also collaborated with the Union of Concerned Scientists, the Conservation Law Foundation and NSTAR on the Commonwealth's first long-term renewable energy contracts and an option for NSTAR's customers to purchase this green power. My office also reached a settlement with Western Massachusetts Electric Company to develop six megawatts of solar power.

Throughout my tenure, I have also advocated for and obtained significant energy savings for consumers, while promoting long-term policies that will pave the way to a cleaner, more efficient, lower-cost energy future. In the process, I have saved Massachusetts ratepayers over \$100 million and achieved other ratepayer protections. My office has been successful in opposing multiple rate increases by the natural gas, electric and transmission companies doing business in Massachusetts.

COMPREHENSIVE ENERGY REFORM PLAN

In order to reduce our dependence on foreign oil and increase the use of renewable energy sources, we should prioritize energy efficiency and incentivize renewable development. We should also enact aggressive fuel economy standards, strong electric appliance and motor standards and a strict residential and commercial building code. We should undertake these long-term investments in a cost-effective manner in order to avoid a significant adverse impact on taxpayers and the American economy.

THE NEED FOR CAP-AND-TRADE

As Attorney General, I supported and participated in the implementation of the Regional Greenhouse Gas Initiative (“RGGI”), which is the first mandatory, market-based effort in the United States to reduce greenhouse gas emissions.¹ Under RGGI, states sell nearly all emission allowances through auctions and invest the proceeds in consumer benefits such as energy efficiency, renewable energy and other clean energy technologies.

Pollution from electric generators, oil refineries and other large industrial sources is responsible for a large portion of the global warming emissions in this country. In order to curtail global warming, scientists and environmentalists have determined that America must reduce its emissions by 80% by 2050. Cap-and-trade offers a practical way to significantly curtail greenhouse gas emissions, and reduce our dependence on foreign oil utilizing a market-based approach to control pollution. Cap-and-trade, or emissions trading, is an approach used to control pollution by providing economic incentives for achieving reductions in the emissions of pollutants. A national cap-and-trade program will provide incentives to industries for achieving emissions reductions, allowing for environmental protections while providing businesses with flexibility to find faster, cheaper and more innovative ways to reduce pollution. Revenues generated through these markets can be put toward greater energy efficiency efforts and renewable development, making clean energy readily available and more affordable.

¹ Regional Greenhouse Gas Initiative, <http://www.rggi.org/home>.

Both of the national cap-and-trade programs being considered in the House and Senate would reduce polluting emissions and would generate substantial revenue for the federal government. The Congressional Budget Office and the Joint Committee on Taxation have estimated that the House's American Clean Energy and Security Act of 2009 would increase federal revenues by approximately \$846 billion between 2010 and 2019.² Much of this revenue would be used to spur energy efficiency and clean energy technology deployment. In addition, the program, particularly when combined with strong renewable electricity and efficiency standards, would generate thousands of new jobs, particularly in the flagging manufacturing and construction sectors.³ As Senator, I will support:

- The Global Warming Pollution Reduction Program, as proposed in the American Clean Energy and Security Act of 2009 (Markey-Waxman Bill), and the Clean Jobs and American Power Act of 2009 (Kerry-Boxer Bill);⁴
- A cap that gives our economy the time and flexibility to adjust, but is ambitious enough to provide the clear market signals and incentives that are needed to achieve an 80% emissions reduction by 2050;
- A verification system for carbon offsets that is both transparent and reliable, ensuring that these credits only reward those projects that achieve high-quality, measurable reductions that would not have occurred otherwise; and
- An allowance allocation system that both acknowledges the challenges facing our most energy intensive industries, and also gives these businesses a strong incentive to act early and comprehensively.

² Congressional Budget Office. H.R. 2454 American Clean Energy and Security Act of 2009. Washington D.C.: 2009.

³ Granade, Hannah Choi et al. (2009) Unlocking Energy Efficiency in the U.S. Economy. New York, NY: McKinsey & Company - by simply retrofitting buildings, for example, it is estimated that we can create between 500,000 and 700,000 jobs.

⁴ S.1733 Clean Energy Jobs and American Power Act of 2009.
<http://www.govtrack.us/congress/billtext.xpd?bill=s111-1733>

INCREASING ENERGY EFFICIENCY AND DEMAND-SIDE MANAGEMENT

Investments in cost-effective energy efficiency represent the quickest and least expensive way to mitigate our country's growing energy demand. Cost-effective energy efficiency measures are much less expensive than investments in new energy infrastructure – typically efficiency investments cost roughly 3 cents per kWh saved while electricity supply fluctuates but can cost up to 12 cents per kWh.⁵ For every dollar invested in energy efficiency, consumers can expect over three dollars in savings.⁶ In addition to cost savings for consumers, greater energy efficiency can help avoid future investments in new energy infrastructure, lower the price of electricity in wholesale markets by driving down demand and contribute to emission reductions.

As Attorney General, I helped create and develop the Commonwealth's three-year energy efficiency plans, which will reduce electricity demand by approximately 2.4%, natural gas demand by approximately 1.2% and save Massachusetts consumers more than \$4 billion.⁷ This nation-leading plan will allow the Commonwealth to meet 30% of its electricity needs through improved energy efficiency, rather than expanded generation and will create thousands of new jobs in Massachusetts.⁸

Building on Massachusetts' leadership in energy efficiency, I will support:

- Requiring at least one third of allowances allocated to consumers or utilities for consumer benefit under a federal carbon cap-and-trade legislation be committed to state energy efficiency programs to lower energy bills, reduce carbon prices and create jobs;
- Establishing a National Energy Efficiency Portfolio Standard where each state is required to procure all cost-effective energy efficiency to meet a percentage of its energy demand;

⁵ Environment Northeast. New England Energy Trends and Policy Solutions, February 2009. http://www.environmentne.org/public/resources/pdf/New_England_Energy_Trends_and_Policy_Solutions_P1.pdf.

⁶ New England Clean Energy Council. Overview of Federal Policy Recommendations for Accelerating Innovation, Renewable Energy and Energy Efficiency. March 30, 2009. <http://www.cleanenergycouncil.org/files/NECEC%20Clean%20Energy%20Policy%20Proposals%20040109.PDF>.

⁷ Cape Light Compact, http://www.cpaelightcompact.org/documents/5.5.09-StatewideEEplanPressReleaseFinal_000.pdf.

⁸ Cape Light Compact, http://www.cpaelightcompact.org/documents/5.5.09-StatewideEEplanPressReleaseFinal_000.pdf.

- Making cost-effective smart meter and dynamic pricing technology available to customers who can and will benefit from managing their energy consumption;
- Providing more financial incentives for direct demand reduction/response programs and technology;
- Pursuing stronger energy efficiency requirements for building codes, appliances, industrial and commercial heating and cooling equipment with corresponding tax credits for such purchases; and
- Helping consumers overcome the high up-front capital costs of energy efficiency improvements by making loan guarantees and other innovative financing mechanisms more widely available.

EXPANDING USE OF RENEWABLES

Increased renewable energy sources such as wind power and solar power will help our country wean itself off of foreign fossil fuels and are central to meeting national carbon reduction goals. However, renewable energy generation remains expensive compared with conventional generation. In order to overcome this high cost, we should ensure that rules governing renewable development do not distinguish or promote one technology over another. In addition to providing the right incentives and ensuring a level playing field for all renewable generation to compete, we must also ensure that renewable projects can be reasonably sited, balancing the projects' impacts with their potential benefits.

As Attorney General, I supported the Commonwealth's first long-term contracts for renewable energy development and worked with Western Massachusetts Electric Company to secure the approval of the Commonwealth's first utility-grade solar project.

I will further renewable energy development by:

- Increasing funding for energy research and development, including electricity storage and distribution technologies that can make renewables more viable today;
- Establishing a National Renewable Portfolio Standard that would mandate all entities providing electricity to customers (load serving) be required to purchase a percentage of that electricity from renewable sources;
- Helping overcome existing market barriers to commercialization by using innovative programs that bring together the scientific and investment communities;
- Providing federal loan guarantees, encouraging the availability of economic long-term contracts and ensuring the long-term availability of the renewable production and investment tax credit to spur private capital investment in renewable technology; and
- Constructing offshore wind power in New England including Cape Wind.

IMPROVING OUR ELECTRICITY TRANSMISSION GRID

Our electric transmission system is the backbone of our energy infrastructure. Over the past ten years, we have made great strides in New England toward improving the reliability of the region's electric grid. However, we must continue to invest in our transmission system. Because this investment will cost billions of dollars in New England and nationwide, we must be prudent in determining what should get built and who should pay for it.

Recently, states and the federal government have increased efforts to expand and improve reliability and accommodate electricity generated from renewable sources. As Attorney General, I pushed for reforms in New England's multibillion dollar energy market and transmission planning process to ensure more transparency, more emphasis on costs and better access for ratepayer and consumer groups. In addition, I supported interstate transmission projects to bring clean, cost-effective power to Massachusetts customers financed initially by private capital and supported by long-term contracts if cost-effective. As a result of my experience, I believe that states, along with regional transmission operators and stakeholders, should continue in their

traditional roles of siting transmission projects. The regional system operators, planners and stakeholders are in the best position to make determinations on what should be built, whether there are least cost, non-transmission alternatives and how each state's customers should pay for their share of a project. By requiring an interregional planning process, we can assure a cohesive national grid infrastructure, while taking into account the cost to taxpayers and the impact of transmission projects on the environment.

In order to ensure a reliable and least cost transmission grid, I support:

- Investing in lowest cost transmission projects to ensure regional and national reliability and facilitation of regional and least cost renewable projects;
- Regional transmission planning and cost allocation with interregional coordination;
- Limiting incentives to build transmission that will be paid for by consumers and rigorous cost controls and review of cost overruns by the Federal Energy Regulatory Commission; and
- Continuing state siting of transmission projects with limited federal siting backstop authority to address national reliability concerns.

ENCOURAGING CLEANER TRANSPORTATION

America is addicted to oil for its energy and driving needs. With 5% of the world's population, America accounts for approximately 25% of the world's oil usage.⁹ The nation spends more than \$200,000 per minute on oil imports to keep up with demand. In 2007, the U.S. imported 3.6 billion barrels of crude.¹⁰ This creates economic, environmental and national security concerns for Americans, since most of the world's oil reserves are concentrated in the Middle East, and about two-thirds are controlled by OPEC members.

⁹ Natural Resources Defense Council. Safe, Strong and Secure: Reducing America's Oil Dependence. <http://www.nrdc.org/air/transportation/aoilpolicy2.asp>.

¹⁰ Energy Information Association. How Dependent Are We on Foreign Oil? April 2009. http://tonto.eia.doe.gov/energy_in_brief/foreign_oil_dependence.cfm.

In *Massachusetts v. EPA*, the Massachusetts Attorney General's Office and others challenged the U.S. Environmental Protection Agency's refusal to regulate greenhouse gas emissions from motor vehicles pursuant to the federal Clean Air Act. The Supreme Court ruled that it was the responsibility of the EPA to regulate greenhouse gas emissions.¹¹ In order to achieve a sustainable energy independent economic future, America must reduce its dependence on foreign oil and invest in creating and fostering innovation in domestic energy alternatives. Congress recently passed legislation to decrease our dependence on oil by increasing corporate average fuel economy ("CAFE") standards on new cars and trucks to 35 mpg by model year 2020.¹² Experts suggest that this could reduce our petroleum use by 25 billion gallons by 2030.¹³

I believe that we can make progress toward reaching long-term goals and real solutions through a combination of the following:

- Developing advanced vehicle technologies that use energy more efficiently;
- Using new energy sources that can replace petroleum cleanly and cost-effectively;
- Extending incentive programs such as hybrid and plug-in vehicle tax credits to continue to encourage more fuel-efficient purchasing behavior;
- Investing in improved public transportation and the energy efficient infrastructure, such as plug-in fueling stations, that will help pave the way for electric vehicles and the transportation systems of tomorrow; and
- Requiring that the federal government procure energy efficient hybrids and plug-in vehicles for its own use, reducing our government's carbon footprint and creating an instant market for these new technologies.

¹¹ *Massachusetts, et al., v. Environmental Protection Agency, et al.*, 549 U.S. 497 (2007).

¹² Energy Information Association. *New NHTSA CAFE Standards*.
http://www.eia.doe.gov/oiaf/aeo/otheranalysis/aeo_2009analysispapers/cape.html.

¹³ U.S. Department of Energy. *Reduce Oil Dependence Costs*. <http://www.fueleconomy.gov/FEG/oildep.shtml>.

INCREASING LOW-INCOME ASSISTANCE

The federal Low Income Heating and Energy Assistance Program (“LIHEAP”) is an essential lifeline to many Massachusetts residents. This year, the Commonwealth is expected to receive approximately \$213.5 million that will be distributed to eligible Massachusetts residents.¹⁴

While this year’s LIHEAP funding sustains last year’s increases, the funding can change dramatically year to year. In order to ensure that our most vulnerable are protected during the winter, LIHEAP needs permanent expansion whereby available benefits are indexed to energy costs. State officials and residents should not spend the summer and fall months guessing on the available funding.

In addition to providing heating assistance for our low-income customers, we also need to address the energy inefficient nature of much of the low-income housing stock. Often home heating assistance provides energy to the most inefficient homes. In essence, this means that those who can least afford it are overpaying to heat these homes. We should address these inefficiencies through a permanent and robust low-income weatherization and housing improvement program. The recent stimulus bill only begins to address this problem. A permanent weatherization program will help save money in the long-term and can be partially funded with a dedicated portion of the proceeds from a federal carbon cap and trade program.

To address low income energy needs, I propose and will support:

- Ensuring consistent LIHEAP funding and the indexing of available funding to energy costs;
- Extending existing federal weatherization and energy efficient mortgage programs, setting a goal of addressing inefficiencies in 100,000 low income homes per year;¹⁵ and

¹⁴ <http://www.liheap.org/liheap%20fact%20sheet/MA/liheap-MA.pdf>.

¹⁵ United States Department of Energy Weatherization Assistance Program. *Goals and Metrics*. http://apps1.eere.energy.gov/weatherization/prog_goals.cfm.

- Increasing awareness of existing loan, rebate and subsidized loan programs, such as the Energy Star Rebate program, that can help consumers make informed decisions and lower their electricity bills.

REPOWERING AMERICA

Looking ahead, the environmental and economic challenges before us are great – but so are the opportunities. As we develop the technologies that will power our future, we have a chance to protect our planet, create thousands of domestic jobs, make America a global leader in clean energy technologies and help Americans secure the necessary energy resources and reasonable prices. To do this, we will need an energy plan that provides consumers the energy security and price stability that they require, while making the bold technology and efficiency investments that can restore our global competitiveness now and in the future.