



Consumer Federation of America

**Consumers
Union**

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HISTORIC ENERGY BILL PASSED TODAY -- IMPACT DEPENDS ON AGENCIES

Implementation of New Efficiency Standards will Determine Whether Consumers Benefit

Washington, D.C., December 18, 2007 – The *2007 Energy Independence and Security Act* (H.R. 6) just enacted by Congress has the potential to lower consumer costs, reduce oil consumption and imports, and cut global warming green house gas emissions, but only if these new standards are aggressively implemented by executive branch agencies, two major national consumer groups concluded today based on a report by the Consumer Federation of America (CFA).

“Congress deserves an initial ‘A’ for enacting a good new energy law, but their final grade will be determined by how the executive branch implements the new standards,” said Gene Kimmelman, Vice President, Federal and International Policy at Consumers Union. “Unfortunately, two of the agencies charged with implementing the new law have a miserable energy efficiency track record,” he said.

“Over the past couple of years the National Highway Transportation Safety Administration, which implements fuel economy standards, and the Department of Energy, which implements appliance efficiency standards, both have lost court cases based on the fact that they undervalued energy savings,” Dr. Mark Cooper, CFA’s Director of Research, and author of the report said. “How these agencies implement the new law will be critical to consumer savings.”

“Energy expenditures have become a huge consumer pocketbook issue and that alone demands aggressive implementation to achieve the goals in the Act,” Cooper added. “Our opinion polls show that the public is also deeply concerned about the national security implications of our oil import dependence and the impact of global warming,” he said. “This law can be a win-win-win for the American people.”

The report entitled *A Step Toward A Brighter Energy Future*, evaluates the energy policies included in the recently passed bill by applying a framework developed by McKinsey and Company and the Conference Board to assess global warming abatement strategies.

“This business-oriented analysis developed a cost curve for options to reduce greenhouse gas emissions,” Cooper said, “so it is useful for evaluating both the consumer and environmental impact of policies. The areas Congress targeted, such as increasing vehicle fuel economy, raising appliance efficiency standards, and improving the energy efficiency of buildings are among the lowest cost options available,” he said. “In fact, since these measures save more by reducing energy expenditures than they cost to implement, they are negative cost options.”

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The report estimates that between now and 2020, the vehicle fuel economy, appliance and building efficiency, and biofuels provisions in the bill could:

- save consumers as much as \$250 billion;
- cut gasoline consumption by 60 billion gallons, and
- reduce greenhouse gas emissions by as much as 1 billion metric tons.

The report also notes that many cost effective options and important policies were not included in the final bill, even though they passed at least one of the houses of Congress. It specifically calls attention to:

- Renewable electricity standards. Electricity is too large a source of greenhouse gas emissions to be excluded. The overwhelming majority of studies of renewable standards show they will lower consumers' total utility bills. This is because such standards reduce demand for fossil fuels used by utilities to generate energy and by consumers to heat their homes.
- Re-targeting of tax incentives. The balance of tax breaks and financial incentives must be shifted away from conventional fuels to alternative sources of energy, efficiency, and new carbon sequestration approaches and technologies.

The report recommends that these issues be taken up in the next session of Congress.

“When Ronald Regan was confronted with a dramatic shift in the approach to nuclear arms reduction he coined the phrase ‘trust but verify,’” Cooper noted. “That will be our approach to the National Highway Transportation Safety Administration and the Department of Energy, who will be the lead agencies in setting standards. We “trust” that they will do the right thing, but we will “verify” that they actually do, AND we intend to hold their feet to the fire.”

A copy of the report is available at:

http://www.consumerfed.org/pdfs/Brighter_Energy_Future_12-18-07.pdf

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CFA is a non-profit association of some 300 pro-consumer groups, which seeks to advance the consumer interest through research, education and advocacy.

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