



July 12, 2021

## **Imperative that Decarbonization Policies Focus on Renewables, Efficiency & Smart Grid Management – Doing so Results in Greatest Benefits for the Least Cost to Meeting Decarbonization Goals**

To Energy Policy Leaders,

On behalf of the Consumer Federation of America (CFA), I am writing to you as a decades long leader on energy and climate policy. At a recent workshop conducted by the California Energy Commission's workshop on *Consumers and Decarbonization*,<sup>1</sup> CFA<sup>2</sup> explained why consumers benefit from and support the decarbonization of the economy, especially in the electricity sector.<sup>3</sup>

A brief description of CFA's presentation, entitled [\*Building a Least-Cost, Low-Carbon, Electricity System with Wind, Solar, Efficiency, & Intelligent Grid Management: Electricity is the Core Infrastructure of the 21<sup>st</sup> Century, Digital Economy\*](#), which is based on three research reports published by CFA,<sup>4</sup> follows:

The technological revolution of the past quarter century has dramatically lowered the cost of four important resources that constitute a 21<sup>st</sup> century electricity system. There are: two supply-side options, onshore wind and utility photovoltaics (PV), and two demand-side approaches, efficiency and intelligent management of the grid to match supply and demand by utilizing digital communications, computational capacity and advanced control technologies.

The presentation identifies six advantages of the emerging electricity system:

- (1) **Least Cost**
- (2) **Low Carbon**
- (3) **Large Macroeconomic Expansion**
- (4) **Millions of New Jobs, Dispersed Across the Nation**

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<sup>1</sup> California Energy Commission, IEPR Workshop on Consumers, Financing, and Workforce, July 12, 2021.

<sup>2</sup> [\*The Consumer Federation of America\*](#) is an association of more than 250 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education

<sup>3</sup> The slide presentation is available [here](#).

<sup>4</sup> 2021: <https://consumerfed.org/wp-content/uploads/2021/04/Building-a-21st-Century-Electricity-Sector-Report.pdf>;  
2017: <https://consumerfed.org/wp-content/uploads/2017/12/two-trillion-dollar-mistake.pdf>  
2013: [https://consumerfed.org/pdfs/Energy Efficiency Performance Standards Report.pdf](https://consumerfed.org/pdfs/Energy_Efficiency_Performance_Standards_Report.pdf)

- (5) **Improvement of Public Health and Safety**
- (6) **Greatest Decarbonization at the Least Cost**

Even if the public did not care one bit about climate change, the environment and decarbonization, they should be fully supportive of the transformation of the electricity system and the technologies. Moreover, according to recent public opinion polls, it turns out that they do care.<sup>5</sup> They are quite concerned about the environment and climate change, perhaps because of the negative effects that have become obvious. They strongly prefer efficiency and renewables as the solution over central station approaches.

With all this going for the transformation of the electricity sector, the presentation asks and answers the question, “**why it needs a boost from public policy.**”

- (1) The need for speed is urgent. Alternatives will not be deployed fast enough on their own without a significant policy push.
- (2) The rules that have been put in place over the past century favor central station approaches that are hostile to the alternative.
- (3) The powerful interests that have grown up around the existing, 20<sup>th</sup> century approach, will resist and frustrate change that threatens to reduce their power.

The presentation also explains why the focus on buildings is so important.

- (1) Buildings represent about two-fifths (40%) of the primary energy consumption in the U.S.
- (2) Best practices could cut that in half and aggressive implementation of efficiency measures could increase the energy savings by another 10%.
- (3) Efficiency is among the lowest cost approaches to decarbonization.
- (4) Building efficiency relieves the pressure on supply-side sources.
- (5) Commercial and industrial buildings are particularly important for the dynamic matching of supply and demand.
- (6) (6) Rooftop generation provides “behind-the-meter” benefits that are increasingly being recognized in utility regulation which must be carefully developed over the course of the next decade.

Yet, energy efficiency in buildings confronts numerous market barriers and imperfections that inhibit investment, research and deployment of efficiency enhancing technology – 30 specific imperfections were identified by McKinsey and Company over a decade ago.

CFA’s analyses over the past decade have shown that a “command-but-not-control” approach to implementing policies is best to accelerate efficiency and decarbonization. This is a

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<sup>5</sup> Source: Gallop, Historical Trends: Energy. <https://news.gallup.com/poll/2167/energy.aspx>

“pragmatic, progressive capitalist approach,” that relies on markets and innovation by adhering to six principles. It must be:

- (1) long-term,
- (2) technology neutral,
- (3) product neutral,
- (4) responsive to industry needs,
- (5) responsive to consumer needs, and
- (6) procompetitive.

The result is to give consumers the maximum range of choices that comply with the standards, while capitalists are driven by consumer sovereignty to do what they do best, minimize cost.

CFA welcomes the opportunity to provide our expertise and perspective in greater depth and look forward to working with you as you develop policies affecting decarbonization, climate change and the role of the energy sector.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Mark Cooper". The signature is written in a cursive, slightly slanted style.

Mark Cooper  
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CC: Ms. Gina McCarthy, National Climate Advisor  
The White House

Mr. Brian Deese, Director  
National Economic Council, The White House

Janet Yellen, Secretary of the Treasury  
U.S. Department of Treasury

Catherine Wolfram, Deputy Assistant Secretary  
Climate and Energy Economics Office, U.S. Department of Treasury

Pete Buttigieg, Secretary of Transportation  
U.S. Department of Transportation

Steven Cliff, Acting Administrator  
National Highway Traffic Safety Administration

Michael Regan, Administrator  
U.S. Environmental Protection Agency

Chris Grundler, Director  
Office of Atmospheric Programs, U.S. Environmental Protection Agency

Bill Charmley, Director  
Assessment and Standards Division, U.S. Environmental Protection Agency

Karl Simon, Director  
Transportation and Climate Division, U.S. Environmental Protection Agency

Chair and Ranking Member of Senate

Members of the Senate Committee on Energy and Natural Resources

Members of the Senate Committee on Environment and Public Works

Members of the Senate Special Committee on the Climate Crisis

Chair and Ranking Member of House

Members of the House Committee on Energy and Commerce

Members of the House Energy Subcommittee on Environment and Climate Change

Members of the House Select Committee on the Climate Crisis