



Consumer Federation of America

March 31, 2021

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Yellen,

On behalf of America consumers, the Consumer Federation of America strongly supports the Biden Administration's American Jobs Plan. We agree that addressing our nation's infrastructure and climate policy is key to reshaping and revitalizing our economy. CFA believes that our nation's energy policy is currently one of the most important aspects of future economic policy, and it is evident that the Administration shares this view. As described below, over the past decade we've strongly supported this approach and look forward to working with you on its implementation.

Historically, we have approached energy and climate issues from the perspective of the consumer's pocketbook. As we have proven over the years, improvements in energy efficiency go hand in hand with addressing climate change while simultaneously benefitting the American consumer's pocketbook.

We believe that the energy sector is one of the most important parts of our nation's infrastructure, with electricity as its most important element. As such, focusing on both efficiency and distribution issues will be critical to any improvements in the energy sector. We have shared our view with Energy Secretary Granholm but feel it is equally important to convey this message to all of the senior administration officials crafting the nation's economic and infrastructure policies.

The potential transformation of the energy sector into one based on efficiency in demand and low cost, clean energy in supply is one of the most important steps to ensuring economic growth over the next quarter century. The technological revolution in energy consumption and production, as well as revolutions in digital communications, data processing, and advanced control technologies — all of which have been led by the United States — have set the stage for an entirely new, 21st century energy sector.

These new technologies lower consumer costs directly by lowering the operating costs of energy consuming durable goods. They increase consumer welfare (and benefit the economy) by enabling consumers to “re-spend” those energy savings on higher value uses. They indirectly

expand jobs and stimulate economic growth because this shift in spending employs more people and new technologies create new manufacturing opportunities.

Relying on clean resources will also help America's households indirectly by lowering public health and environmental costs. In fact, low-income households will benefit disproportionately from these technologies because these groups have historically suffered most from a lack of access to health care and live-in areas and occupy housing that is more vulnerable to pollution. This effort will improve housing, reduce pollution, and increase access to more efficient energy consuming durables, which will significantly address the Biden Administration's stated goal to improve the lives of America's most disadvantaged people.

The electrification of the vehicle fleet, a transformation that CFA was early to support based on our analysis, cuts across the energy sector. Although initial costs may seem high, at scale, vehicle costs will quickly become competitive and the technology of electric vehicles will result in significantly lower operating costs. With the sensible use of data and communications, driving will become more efficient (delivering pocketbook benefits) and safer (delivering indirect social benefits). In fact, the electrification of personal transportation will be a good model for much of the economy.

The underlying tools for a new energy system are already in hand. The technologies are available and the capacity to expand output exists. The opportunities to invest are widely dispersed because the relevant technologies are distributed in both homes and commercial buildings. The economic multiplier that results from the consumer spending money saved from lower energy bills is much larger than the economic benefit associated with the consumer spending those same dollars on energy. Ironically, the effort to promote an energy transformation may have suffered from a history of being tagged solely as an environmental issue. While improvements in public health and the environment are critically important benefits of the transformation, the first and largest benefits are economic.

We believe now is the time for substantial resources to be devoted to the transformation of the infrastructure sector that has grown up around the 19th century energy infrastructure. We need a transformation of the physical infrastructure to support these lower-cost, cleaner alternatives. Equally important is a transformation of institutional structures and federal regulatory policies. Ultimately, federal funding of efficiency and renewable resources, and a reoriented attitude toward these resources, will also have an impact on state policies.

We are concerned because the necessary physical and institutional transformation will be resisted by the dominant incumbents, who have historically been resistant to change. This is why demonstrating the enormous economic benefits of a renewed energy infrastructure will be critical to bringing about change. The goal is not simply to remove coal and petroleum from our

economy, but to add a new energy sector with decentralized facilities that can be managed to dynamically match supply and demand, shifting away from central station facilities.

In conclusion, we applaud the Biden Administration's focus on energy as key to addressing infrastructure and climate issues and reshaping economic policy. We welcome the opportunity to offer our expertise and perspective in greater depth and look forward to working with you as you develop tomorrow's energy sector. And the greatest beneficiaries of this effort will be both the American consumer and our nation's economic welfare.

Sincerely,



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