

Principles for Protecting Low- and Moderate- Income Consumers by Mitigating the Costs of Climate Change Policy and Investing in Re-building Communities

Policies to address climate change through mechanisms that raise the price of greenhouse gas emissions will directly raise the price consumers pay for the use of energy and transportation, and indirectly raise costs for other products such as food and services such as medical care. Low-income individuals and families will see the cost of basic necessities rise even further beyond their reach and experience severe hardship unless legislation allocates the costs of such initiatives controlling greenhouse gas emissions to those able to pay them.

Any new policy must ensure that all small consumers can afford the quantities of residential and transportation energy, as well as other necessities, required to meet their basic needs. Further, low-income communities must receive their fair share from investments that will ensure a sustainable energy future. New climate change policies should be designed based on the following principles:

THE DESIGN of any Climate Change mitigation policy that raises the cost of energy and other essential consumer goods must be fair to all Americans. Climate Change policies must:

- Ensure that all consumers can afford the quantities of residential and transportation energy that meet their basic needs;
- Ensure that no households experience economic insecurity as a consequence of climate change policies;
- Ensure that vulnerable consumers who lack the capital or credit to reduce or eliminate the use of carbon-based energy in their homes and vehicles have access to weatherization and related energy efficiency programs as well as to clean energy technologies;
- Ensure that disadvantaged communities have access to funds for sustainable investments to adapt their infrastructure and buildings to climate-related change and to a carbon-constrained energy markets; and
- Ensure that emissions of greenhouse gases are subject to regulation by government acting for the public and that any benefits that result from the transfer of the right (or “allowance”) to emit belongs entirely to the public.

THE IMPLEMENTATION of programs and policies and investments that achieve these goals will include resources that are sufficient in size, distributed in proportion to the anticipated impact of cost increases, and available to affected low-income families’ and communities in a timely and efficient manner, as follows:

- **Adequate resources:** Funding must be adequate to hold low-income consumers harmless against costs resulting directly or indirectly from the climate change policy, to reduce the burden of fuel prices to affordable levels, and to support significant reinvestments that adapt low-income homes, community facilities and equipment to lower carbon emissions.
- **Proportional Distribution:** The resources for mitigating costs and adaptation must be distributed in *direct* proportion to the economic burdens of climate change policies on vulnerable consumers and communities and in *inverse* proportion to their ability to afford energy and to make investments in sustainable buildings, equipment and community improvements.

➤ **Timely Distribution**

1. Investments to prevent harm due to changing climate conditions such as the adaptation of low-income family homes and their communities through the low-income weatherization program must be undertaken in advance of the time that added costs will be incurred;

2. Funds that mitigate the loss of purchasing power and unaffordable bills for energy and transportation fuel must be delivered in the period when the damage is sustained; and

- **Efficient Distribution:** Assistance to vulnerable consumers must be managed through proven, efficient mechanisms for serving such populations such as LIHEAP, Weatherization, EITC, Social Security and other programs, provided that such programs are administered so as to distribute these resources proportionately and timely.

THE GOVERNANCE of Climate Change regulation and investment policy shall be fair. Fair governance requires the **establishment of a Low-Income Climate Change Management Board** to implement the provisions of this Act that address the impacts on low-income consumers. The Low-Income Climate Change Management Board will:

- Develop the standards for and oversee the distribution of funds to compensate residential rate-payers for cost increases resulting from carbon-reduction policies.
- Provide analysis of the direct and indirect impacts of increases in the price of energy resources, including but not limited to the costs of residential and automotive fuel, and report on the effectiveness of the mechanisms established by this Act to mitigate such increases.
- Develop standards for and oversee the distribution of funds for investments in adapting buildings, equipment and community facilities to be more energy efficient.
- Develop standards for disclosure and reporting by states and other entities receiving assistance to mitigate the impact of climate change policy costs on low-income households and individuals or to invest in adapting low-income communities to lower green house gas emissions.
- The Board shall provide thorough and transparent government oversight of all agencies, boards and other bodies that collect, allocate or expend funds generated by climate change legislation or programs, and transparent reporting that assures full compliance with climate change program requirements

❖ The Board shall be appointed by the President, by and with the advice and consent of the US Senate.

- The Board shall be appointed by the President, by and with the advice and consent of the Senate. It shall consist of four representatives of national groups representing the interests of low-income consumers including rural energy consumers, a representative of the governors, a representative of the load serving entities, and a representative of developers of sustainable infrastructure in low-income communities.
- The Board will have independent staff for oversight responsibilities.