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Senator Christopher Bray
Chair
Vermont Senate Committee on Natural Resources and Energy

March 22, 2018

RE: H. 410/appliance efficiency standards

Dear Sen. Bray:

Rep. Curt McCormack, one of the legislative sponsors of Vermont House bill 410, asked the National Consumer Law Center (“NCLC”) to provide our reaction to this proposed legislation. We appreciate your consideration of our views, which we offer below.

In order that you and others may better understand the perspective we bring to this topic, NCLC is a non-profit organization with a broad mission of seeking economic justice for low-income consumers in the marketplace. Outside of the energy area, we work on a broad range of issues regarding credit cards, mortgages, bankruptcy, consumer protection, foreclosures, and criminal justice.¹ In the energy area, our work primarily focuses on ensuring that low-income households can afford the energy they need to keep their homes warm in the winter (for those in cold climates, like Vermont) and are able to keep the lights on year round. For more than a decade now, we have been strong proponents of the type of standards proposed by H. 410 because – among other reasons -- standards have provided significant pocketbook savings for consumers, including low-income consumers. The model bill which formed the basis for H. 410 was drafted by the Appliance Standards Awareness Project, a group that NCLC has worked with for many years and which we rely on to do the important analytic work of determining which standards make economic sense.

NCLC believes that H. 410 would provide substantial benefits, both for the individual consumers (residential and commercial) who purchase the covered products, and for the Vermont economy as a whole. As 9 V.S.A. § 2792 found:

- (1) Efficiency standards [result in consumers] saving money on utility bills. . . .(2) [E]fficiency standards save energy and thus reduce pollution and other environmental impacts associated with the production, distribution, and use of electricity, natural gas, and oil. . . .(3) [E]fficiency standards can make electricity systems more reliable by reducing the strain on the electricity grid during peak demand periods. Furthermore, improved energy efficiency can reduce or delay the need for new power plants, power transmission lines, and power distribution system upgrades. . . .(4)Energy efficiency

¹ More information about our work can be found at www.nclc.org.

standards contribute to the economy of this State by helping to balance better energy supply and demand, thus reducing pressure for higher natural gas and electricity prices.

In our work on efficiency standards, we have found all of these legislative findings to be true.

First, in the absence of standards, consumers spend more over the life of the purchased product, given the higher energy or water consumption. As to some standards (e.g., furnaces or water heaters, faucets, water closets), this often places a particular burden on low-income consumers, because they are disproportionately renters. When the owner (not the tenant) purchases these products, he or she will often choose the product with the lowest initial costs, saddling the tenant with the higher energy or water bills for the life on the appliance or product.

Second, Efficiency standards unquestionably play an important role in reducing pollution, and help states in the region, including Vermont, meet their greenhouse gas reduction goals. The more efficient appliances are, the less energy consumed and the lower emissions are.

Third, energy efficiency efforts across New England, including through state appliance standards efforts and programs like Efficiency Vermont, have helped lead to the deferral of expensive new transmission lines in New England. ISO-New England now incorporates expected installation of efficiency measures into its load forecasts. ISO-NE currently projects essentially flat summer peak loads for the next decade, and declining winter peak loads. This helps avoid expensive investments that would otherwise raise rates.

Fourth, appliance standards keep more dollars in the state of Vermont. Like much of New England, Vermont has virtually no indigenous fossil fuel resources, although it does of course have the wind and the sun. But in the near and intermediate term, the more efficient use of energy resulting from appliance standards means fewer dollars shipped out of state to purchase energy, and more dollars recirculated in the local economy.

In simple terms, H. 410 presents a “win-win” opportunity for energy consumers and the state as a whole.

Please feel free to contact me if you have any questions.

Sincerely,



Charles Harak, Esq.

Manager, NCLC Energy Unit