



November 24, 2008

The Honorable Barack Obama  
<http://www.change.gov/page/s/contact>

Dear President-elect Obama,

On behalf of the American Public Power Association (APPA), we applaud your determination to make curbing greenhouse gas emissions a top priority in your administration. In so doing, we urge you to insure that any climate change legislation passed by Congress reflect a series of core principles that will assure the legislation is balanced and does not harm consumers and the economy.

The American Public Power Association is the national service organization representing the interests of more than 2,000 not-for-profit, publicly owned electric utilities throughout the United States that collectively serve more than 45 million customers.

The issue of climate change is one of APPA's highest priorities and we support federal legislation to address it. We concur with the November 20<sup>th</sup> letter to you from the National Consumer Law Center, the Consumer Federation of America, Consumers Union, and the National Association of State Utility Consumer Advocates, in which they state:

“In reality, there is only one great challenge facing energy policymakers: How to achieve required greenhouse gas emission...reductions while at the same time ensuring an affordable and reliable supply of energy to meet the needs of a growing economy. In fact, we believe that care and attention to ensuring reliable and affordable electricity is indispensable to an effective long-term reduction of greenhouse gas emissions...because policy that fails to keep the lights on or drives prices to unacceptably high levels will not enjoy public support. From the consumer and national economic points of view, ensuring an adequate, affordable supply of electricity must be a primary constraint on energy policy moving forward.”

As consumer-owned utilities that operate on a not-for-profit basis, we must pass all costs directly to our consumers. Because our customers are already faced with rising utility rates due to other factors such as the cost of fuel and construction materials, we have been deeply concerned about the additional costs imposed by climate change legislation. We join the aforementioned consumer groups in urging that this issue receive the same high level attention as rising gasoline prices in order to avoid a conflict between affordable electricity and greenhouse gas reductions.

For this reason, we strongly urge that you consider a set of principles we believe should guide proposals to reduce greenhouse gas emissions. These principles assert that any federal program to address climate change must:



- Be designed from the outset to slow, stop and reverse U.S. greenhouse gas emissions over a reasonable period of time. This period should be sufficient to maintain the reliability of electricity to consumers while developing and implementing low carbon generation technologies on a commercial basis;
- Avoid over reliance on any single fuel by promoting a diverse mix of electricity generating fuels, including coal, nuclear, natural gas, and all renewable energy sources including hydro;
- Place an enhanced and immediate economy-wide focus on energy efficiency for all energy uses;
- Ensure that tax-based or other incentives for the development and deployment of renewable and clean energy facilities and programs are provided on a comparable basis to all electric industry sectors including public power;
- Include additional and expanded federal support for research, development, and deployment of cost-effective technologies to reduce, capture, transform, transport or sequester greenhouse gases;
- Ensure affordability and predictability for the consumer in any cap and trade program by including a safety valve (which sets a maximum allowance price) or other stringent cost control mechanisms that mitigate price volatility and protect consumers;
- Minimize the initial auction amount of any cap and trade program to no more than five percent of total allowances to allow time for efficient markets to develop. In addition, the structure and operation of such an auction should be as transparent, simple and straightforward as possible.

We hope you will give these principles strong consideration as you develop legislative proposals to reduce greenhouse gas emissions. We look forward to working with you so that balanced, strong and sustainable climate change legislation is enacted that provides a roadmap for a cleaner environment without jeopardizing our economic security.

Sincerely,

Mark Crisson  
President & CEO