

Customers

Climate change customer letter – 5/27/08 draft

Dear Representative (Senator)_____:

Protecting jobs and our fragile economy must be central to the debate in Congress about how to address global climate change. Continued access to reasonably-priced energy is critical to ensuring these goals are met.

The “Lieberman-Warner” climate change legislation would require Duke Energy to purchase a significant amount of emissions allowances from day one of the program. This could result in a substantial increase in electricity rates beginning in 2012 and rising over time. Power bills would go even higher if Duke Energy must purchase all of their allowances in an auction, as some advocate. Similar cost increases could occur in all 25 states that rely on coal.

This is unacceptable to (name of your company or organization). The cost of electricity is one of our primary business expenses. Higher power bills bring higher production costs. Manufacturing and many other businesses are already struggling. This approach will needlessly make things far worse.

The best approach to address climate change would be to allocate emission allowances as Congress and the federal EPA did under the Clean Air Act. Utilities were given allowances to operate power plants at the beginning of the program resulting in a lower cost to customers. Those allowance allocations gradually declined, and utilities installed scrubbers as technology was developed and improved. Sulfur dioxide and nitrogen oxide emissions in our region will be reduced by about 70 percent to remove acid rain and smog.

Auctioning emission allowances needlessly pits one region of our nation against another. Consumers in 25 states in the Midwest, the Great Plains and the Southeast that receive more than 50 percent of their power from coal would pay twice. They would pay immediately for the allowances – and pay again to retrofit or replace the power plants with new technology when it becomes available. This would result in an unfair and counterproductive “double hit.”

The goal of climate change legislation and allowance allocations must be clear: to provide a bridge to a low carbon economy until we have the new technology we need to transform our power plant fleets.

The Clean Air Act shows us how we can successfully reduce emissions with limited economic shock – and protect American businesses. Let’s leverage those principles to fairly and effectively address global climate change.

Sincerely,