



# Impact of Energy Diversity on U.S. Consumers





# About Consumer Energy Alliance

## **Mission:**

*Consumer Energy Alliance is the voice of the energy consumer. We provide consumers with sound, unbiased information on U.S. and global energy issues. Our affiliates comprise a range of sectors from the energy industry, academia, small businesses, conservation groups to travel-related industries.*

## **Organization:**

- 250 Corporate Members
- 400,000+ Individual Members
- 20 state-based chapters
- Offices in Florida, Houston, Chicago, DC and Denver

# Who We Are. What We Do.

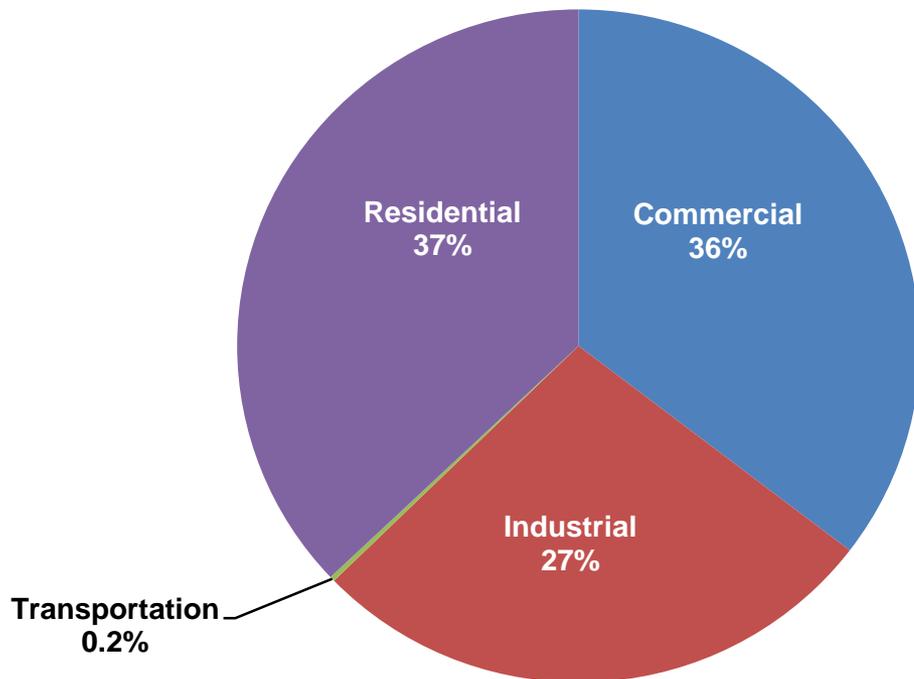
- The “Voice of the Energy Consumer”
- Expand dialogue between energy producers & consumers to increase production, lower energy prices and spur economic growth
- Work with elected leaders, stakeholders and consumers to create balanced energy policy & maintain stable energy supplies & prices
- Create mechanisms for broad public input on crucial energy issues
- Share facts & move debate outside the Beltway





# U.S. Energy Consumers

## Electricity Use by Sector



*Data from U.S. Energy Information Administration*



## Energy Consumer Concerns

### **Top Factoring Affecting Energy Consumers:**

- Affordability of Energy
- Reliability of Energy
- Predictability of Energy Costs



# Energy Consumer Concerns

## ***Gallup Poll, 2013***

- Price of energy **hurting 79% of family finances:**
  - Food costs hurting 76% of those polled
  - Healthcare costs hurting 68% of those polled
- Price of energy **hurting 77% of small business owners:**
  - Healthcare costs hurting 73% of small business owners polled
  - Taxes hurting 80% of small business owners polled



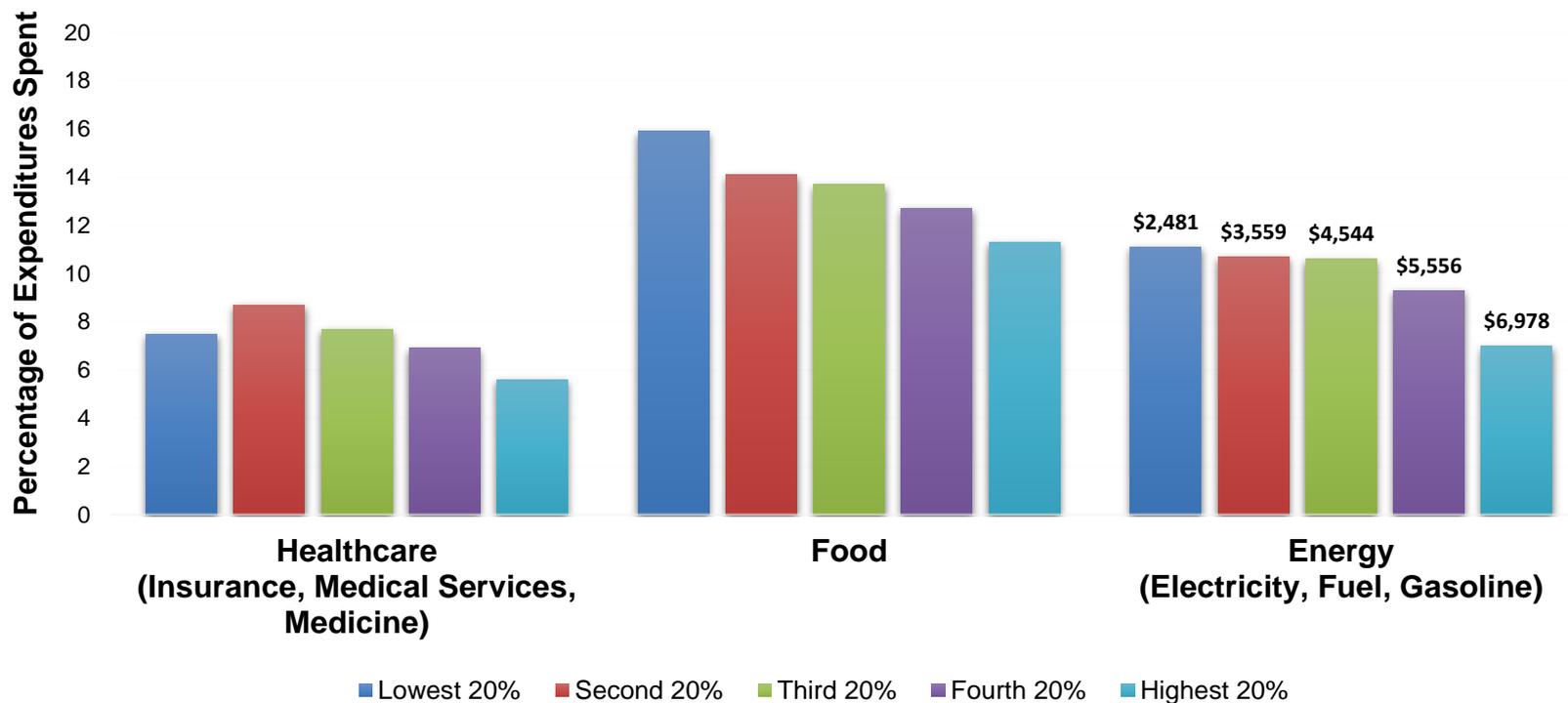
# How Energy Costs Affect Consumers

## ***Manufacturers***

- Steel, Paper, Chemical, Automotive, Plastics, Food Processors and other manufacturers consume **845 billion kWh** of electricity annually:
  - Equal to the amount of electricity to power 78 million American households
  - Average U.S. household uses 10,837 kWh per year
- Manufacturers sensitive to unpredictable prices:
  - Decisions on plant locations, expansions very complicated and energy costs are a factor
  - Anecdote from Nucor: A one-cent increase in the price per kilowatt hour costs \$300 million annually in additional energy expenses for the steel manufacturer.

# How Energy Costs Affect Consumers

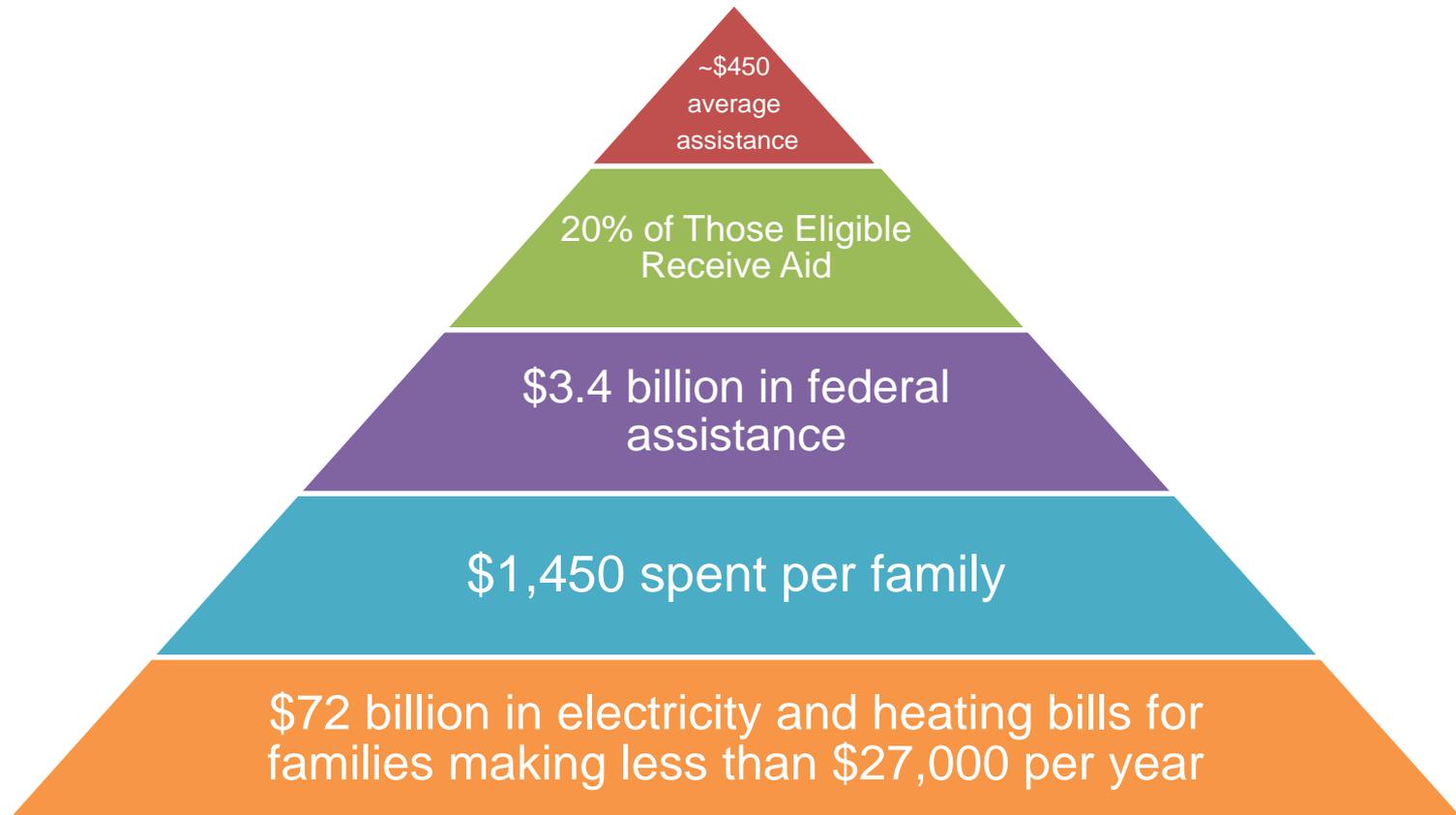
## Percentage of Budget Spent on Expenditures By Quintiles of Income Earners



Data from Bureau of Labor Statistics,  
Consumer Expenditure Survey, 3Q 2012-2Q 2013

# How Energy Costs Affect Consumers

Those living near or below the poverty line have little assistance available to help with electric and heating bills.



Data from Bureau of Labor Statistics,  
Consumer Expenditure Survey, 3Q 2012-2Q 2013;  
Department of Health and Human Services



## Importance of Electricity Diversity

### *Benefits of Diverse Supply:*

- Lowers electricity costs by \$93 billion per year
- Halves the potential variability in bills

### *Consequences of Losing Diversity:*

- Increase average power bill from \$65 to \$72 per month or about 9.3%
- Reduce U.S. GDP by \$200 billion
- Loss of 1 million jobs
- Reduce household income by \$2,100 per year



# Feasibility of Cost Increases

## **New England & the Polar Vortex:**

- 11.9% increase in New England residential electric rates (year-over-year)

## **California & Closure of San Onofre Nuclear Facility:**

- 59% increase in wholesale electric rates in first half of 2013

## **Germany & Phasing Out of Nuclear Facilities:**

- 15% increase in electricity prices from 2011-2013

## **United Kingdom & Policy Changes:**

- 22% increase in electricity prices from 2011-2013



## Impact of Higher, Unstable Prices

### **Energy 20/20 White Paper:**

### ***Indicators of American Energy Insecurity:***

A 10% increase in the cost of household energy costs will result in:

- 840,000 people pushed into poverty
- 7 million additional homes spending more than 10% of gross household income on energy
- 65% of families spend additional money on energy equal to 1-3 weeks' worth of groceries



## Recommendations

### **Evaluate Consumer Impact Upfront**

- Policy decisions on infrastructure, generation mix set forth plans that are hard to undue

### **Engage Federal Officials on Consumer Impact:**

- Voice constituent concerns in federal regulatory, legislative proceedings

### **Promote State-Level Actions that Ensure Diverse Mix of Resources:**

- Seek balance in energy, infrastructure programs



Questions???

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