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American Hotel & Lodging Association and California Hotel + Lodging Association Joint Comments

Additional submitted attachment is included below.



California Energy Commission
Building Energy Performance Standards
1516 Ninth Street
Sacramento, CA 95814

RE: Docket #: 24-BPS-01 Project Title: Building Energy Performance Strategy Report

Dear Commissioners,

On behalf of 6,800 hotels comprising California’s hotel industry, the American Hotel & Lodging Association (AHLA) and the California Hotel + Lodging Association (CHLA) write to urge the Commission, as it drafts the Building Energy Performance Strategy Report, to incorporate forward-looking “life-cycle investment” plans which acknowledge the diverse facility and use characteristics of our industry and support system retrofits as they are undertaken.

California hotel owners and operators have long dedicated themselves to reducing their carbon emissions and lowering energy usage, giving guests innovative and sustainable experiences and events. Through our combined sustainability efforts — from energy-efficient lighting, smarter climate controls, improved mechanical systems, and other operational improvements — California’s hotels are making strides to significantly reduce their carbon footprints, with many working toward a net zero future. However, these improvements take time and sometimes require significant capital investment.

As an industry, we share the Commission’s goals of increasing building performance and urge the Commission to pursue a thoughtful and measured approach in setting targets for California’s hotel and lodging properties which reflects the real-world conditions in which we operate. Our members are already actively engaged in helping the state achieve its energy efficiency and climate goals and look forward to an open and collaborative dialogue to develop reasonable and achievable standards that take the diversity of our industry into account. To that end, our organizations offer the following comments.

Consider differences between new construction and retrofits, allow for “life cycle investment”

Not all hotels are in the same position to implement new design standards. New construction hotel and lodging properties are better positioned than legacy hotels when it comes to limiting energy use and reducing carbon emissions, with many meeting net zero emissions or even being carbon negative. Planning for specific operational requirements for new construction is a much more straightforward process than redesigning existing infrastructure to achieve new standards in a building built to code many years prior to today.

Comparatively, existing buildings face unique challenges including physical constraints and legacy systems which, in some cases, may render them unable to implement new standards without substantial impact to property facilities, short term revenue, and long-term earning potential (conversion of gas boilers to electric systems poses significant issue for older facilities and may necessitate removing entire rooms from service). Further, hotels can only implement technology as it becomes commercially available and even then, properties will encounter challenges accommodating the space required for new equipment. This is particularly impactful as infrastructure ages.

As existing systems are examined, we encourage the Commission to take the end of useful life of existing systems and equipment into consideration. As part of that process, retrofits should be supported through a capital budgeting based on “life cycle investment,” allowing for the equipment to reach the end of its useful life before replacement, limiting any unnecessary waste of existing infrastructure and increasing the building’s embodied carbon footprint. However, as discussed below, guardrails must be put in place which recognize the reasonableness of modifications as applied to existing properties.

Consider the unique characteristics of the industry

Based on the nature of the industry, there are a variety of factors that can limit a building owner’s ability to manage or decrease energy use at a property. All hotels are subject to seasonal demand, based on weather, tourism seasons, or other factors that impact the fluctuations in energy use and carbon emissions. Hotels have base energy needs which can be affected by operations and design considerations, but also face challenges managing guest energy use for which they have little direct control.

In addition, the Commission should consider the variation of our industry as a whole – resort, luxury, full-service, airport, limited service, extended stay, and so on. Our industry boasts a wide array of options available to consumers, and each hotel type has different attributes, including but not limited to: spas, pools, restaurants, large-scale banquet operations, athletic facilities, in-room kitchens, on-site laundry operations, etc. The energy use and emissions profiles at hotel properties will vary widely based on the offerings at each property. We encourage the Commission to recognize these variations and avoid any one-size-fits-all standards for the industry.

Allow an exemption for historic hotels

Historic hotels are vital to California’s cultural heritage and form a vital niche within our tourism economy. Imposing uniform efficiency mandates to these iconic structures risks undermining their character and integrity and could jeopardize their ability to continue to attract visitors. Further, as noted above, some modifications may be impossible to implement without undermining long-term operations and financial viability. Indeed, the economic burden and implementation impossibilities are driving industry participation in litigation against a range of regulations. The Commission should ensure that qualified historic hotels are exempt from BPS requirements that would necessitate alterations incompatible with their historic status.

Establish incentive programs to help building owners reach compliance

Before mandating building performance requirements, we urge the Commission to assess existing local, state and federal incentives available to building owners to lower energy use and reduce greenhouse gas emissions. This assessment should take into consideration the utilization of each available incentive and whether education and awareness efforts should be undertaken by the Commission to reach owners. This

assessment should also include the potential creation of new programs to help owners, especially smaller, family-owned businesses, reach compliance within a reasonable timeline. We also suggest that any fines or penalties assessed for noncompliance should be applied to an assistance fund to support any new incentive programs to help owners reach compliance.

Consider policy revisions from working groups

For a comprehensive industry discussion, we strongly encourage the Commission to also review the Real Estate Roundtable's recently published "[BPS Policy Guide](#)." This 50+ page document outlines a thorough list of considerations policymakers should make before implementing BPS within their jurisdictions and incorporates leading efficiency guidance which balance efficiency achievability with the business community's capacity to implement those changes.

Summary

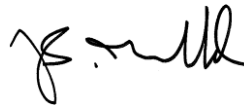
AHLA and CHLA thank the Commission for its consideration as members and staff begin drafting the building performance standards. We recognize that designing building performance standards is technical and complex and requires a tremendous amount of stakeholder engagement. To that end, we stand willing to engage throughout this process to pursue meaningful, achievable standards that support improvements on a realistic timeline.

Thank you for your time and consideration.

Sincerely,



Rosanna Maietta
President & CEO
American Hotel & Lodging Association



Lynn Mohrfeld
President & CEO
California Hotel + Lodging Association