

<b>DOCKETED</b>	
<b>Docket Number:</b>	24-BPS-01
<b>Project Title:</b>	Building Energy Performance Strategy Report
<b>TN #:</b>	267808
<b>Document Title:</b>	California Business Properties Association Comments - Industry Coalition Comments on Building Performance Standards Strategy Report
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	California Business Properties Association
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	12/1/2025 2:36:41 PM
<b>Docketed Date:</b>	12/1/2025

*Comment Received From: California Business Properties Association  
Submitted On: 12/1/2025  
Docket Number: 24-BPS-01*

## **Industry Coalition Comments on Building Performance Standards Strategy Report**

*Additional submitted attachment is included below.*



December 1, 2025

TO: Commissioner McAllister, California Energy Commission  
715 P Street, Sacramento, California 95814

FR: California Business Properties Association  
American Hotel & Lodging Association  
Bay Area Council  
Building Owners & Managers Association of California  
California Apartment Association  
California Association of Realtors  
California Building Industry Association  
California Hotel and Lodging Association  
California Farm Bureau

California Manufacturers and Technology Assn  
California Hotel and Lodging Association  
California Retailers Association  
California Self Storage Association  
Institute of Real Estate Management  
Inland Empire Economic Partnership  
NAIOP of California  
San Diego Regional Chamber of Commerce

RE: **Docket No. 24-BPS-01; Building Performance Standards**

The industry groups cited above, hereafter referred to as the “Industry,” welcome the opportunity to provide the California Energy Commission with comments and suggestions as the CEC develops the Building Performance Strategy Report required by the passage of SB 48 (Becker). Specifically, that legislation requires the CEC, in consultation with other agencies and stakeholders, to “*develop a strategy for using benchmarking data to track and manage the energy usage and emissions of greenhouse gases of covered buildings to achieve the state’s goals, targets, and standards.*”

The following comments are provided in addition to those provided during the recent May 5<sup>th</sup> BPS Technical Advisory Working Group Meeting.

### **The Real Estate Roundtable BPS 20-Point Policy Guide**

In October 2024, The Real Estate Roundtable published “*Lessons Learned to Shape Fair and Reasonable Building Performance Standards (BPS) - A 20-Point Policy Guide.*” This 45-page document presents a well-reasoned and balanced list of issues that should be addressed before implementing a building performance standard, including energy efficiency and emission deadlines, targets, metrics, enforcement, and the need for realistic incentives and compliance options. Industry wholeheartedly supports the recommendations contained in this document. Beyond that document, to follow are issues we want to specifically call out for your consideration.

### **Commonality with other BPS Efforts**

To the extent possible, BPS efforts within California need to be structured similarly to other such programs in the United States. Many companies that own and/or manage commercial and multifamily buildings in California have a national presence. Consistency among BPS programs is vital for compliance and enforcement efficacy.



### **California's Electrical Grid:**

Addressing the GHG reduction component of the BPS, the CEC needs to ensure alternative methods of compliance, allowing for off-ramps if the local utility cannot ensure the necessary capacity for the upgrades will be available. This concern already impacts GHG reduction proposals needed at the micro and macro levels. In a built-out portion of urban San Diego, the utility would not allow the installation of ten fast-charging systems for electric vehicles. In key areas of the Edison territory, builders were told they may need to take a "pause" in construction for at least a year.

Many of California's larger urban regions have grid systems initially designed 70-80 years ago. While vast improvements have been, and continue to be made to these grids, moving away from gas-powered boilers and space heaters, and electrifying the transportation sector in these regions will remain an ongoing challenge for both utilities and policymakers. Building owners should not be penalized for something entirely beyond their control, and the proposed BPS should take this into account.

### **Support for Energy Star:**

With federal discussions underway about defunding ENERGY STAR, California should clearly reaffirm its support for this proven program. ENERGY STAR provides the standardized data platform that underpins California's benchmarking laws and is fundamental to implementing equitable and effective Building Performance Standards.

### **Supply Chain:**

Compounding the grid issue, the Industry and utilities have been plagued by significant supply chain issues associated with key electrical transmission components. In some cases, acquiring transformers for a project takes 18-24 months. Many of these devices or components needed for these devices are manufactured outside the country. The recent implementation of tariffs will only compound this critical problem. Unfortunately, this concern also applies to many of the appliances required for energy efficiency purposes, particularly those needed for GHG reduction measures.

The BPS must provide compliance flexibility that accounts for the serious supply chain issues that will continue to arise.

### **Timing and Incentives:**

The BPS should ensure that the timing of retrofit measures is triggered by the end-of-life of the specific device, rather than occurring at a specific date. In addition, it makes financial sense for the BPS to recognize the need to promote changes that align with the capital cycle associated with the specific building.

Most importantly, incentives should encourage compliance by building owners and managers, rather than imposing economic penalties. As pointed out in the Real Estate Roundtable Policy Guide, incentives should be actual and easily accessible, rather than vague references to programs or theoretical possibilities. Once again, certainty will play a vital role in encouraging industry compliance with the BPS forward.

### **Tenant Protections and Long-term Certainty:**

The Industry recognizes the difficulty the CEC faces in complying with the SB 48 provision that seeks to minimize the impact of BPS implementation on building tenants, and we look forward to working closely with the CEC in the effort to achieve this goal.

Regarding the economic impact, the BPS needs to accurately focus on the impact of upfront costs and the benefits of measures over time. In many cases, analysis involving manufacturers and building owners will be necessary for the CEC to establish the upfront costs accurately. Just as importantly, the benefits from the retrofit measures must be accurately calculated and verified through in-field measurement to the extent feasible.

Unfortunately, the CEC's BPS needs to recognize the fluid and uncertain nature of electricity and gas prices within the Investor-Owned Utility (IOU) regions in terms of long-term certainty. This concern is especially relevant to the application of renewable energy and energy storage in the IOU territories.

For example, given the Public Utilities Commission's (PUC) changing net energy metering (NEM) rules for solar and storage, what would the cost-benefit of placing (say) 100kW of solar on an apartment parking lot trellis with battery storage be in 2020, 2026, and 2032? That is not good if you have three significantly different cost-benefit values for those 12 years. The Industry realizes that the PUC NEM and numerous rate proceedings are outside the CEC's control, but this highlights a significant issue for business owners, apartment managers, and tenants.

There are enormous GHG reduction benefits to be achieved through peak-load moderation. Is it naïve to think that the PUC should prioritize load flexibility measures by incentivizing them in the NEM and rate structure proceedings? And, as mentioned earlier, when we say "incentivize," we mean positive incentives that will encourage building owners to make these changes rather than taking the "stick" approach via costly penalties.

Regarding the Life Cycle Assessment (LCA) of carbon in building materials, the Governor signed AB 2446 (Holden) in 2022, which, among other things, established definitions for "feasible" and "significant cost impact." For consistency with efforts already being developed by other agencies, the CEC may want to consider the use of the following definitions as it considers policy recommendations for the BPS strategy report:

*Health & Safety Code Section 38561.3 (e):*

*"Feasibility," in regard to the use of a material, means all the following:*

- The material is capable of being installed in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors.*
- The material does not harm the health or safety of those who install the materials or occupy the building.*
- The building using the material can be designed to provide an equivalent function and at a minimum, the same useful life, performance, and durability as the building made with baseline materials.*
- The material is commercially available to the region of the project.*
- The material has not been involved in a claim for a construction or design defect, breach of express or implied warranty, fraud, or misrepresentation.*
- The material provides an equivalent function and at least the same useful life, performance, and durability as the baseline material.*

*"Cost impact" means a significant overall material or operational cost increase or schedule delay resulting from incorporating the lower-carbon material. "Significant" means an increase of 5 percent or more in the operational or overall material cost at the location of the project or time schedule delay that is attributable to incorporating a lower carbon material compared to the baseline material for which it is a substitute in the project.*

### **Streamlining Compliance Documentation:**

During the May 5<sup>th</sup> Working Group Meeting, there seemed to be unanimous support for the CEC's desire to streamline compliance documentation. This is a valuable goal, and the industry strongly supports any efforts to achieve it.

### **Metrics:**

There is a need to address energy efficiency and GHG reduction reasonably and rationally. What may work well for new construction may be extremely difficult or impossible to implement in the existing building stock. The industry believes that advancing the energy efficiency bar in the existing building stock, without necessarily complying with the standards required for new construction, can be a valuable step forward. This will certainly require a detailed analysis of the specific building.

Lastly, there is growing concern about the effect of the CEC's Long System Cost (LSC) metric on summer peak load measures. Specifically, during the development of the CEC 2025 Building Energy Efficiency Standards, it became apparent that applying the new LSC metric would significantly reduce compliance credit for measures that significantly reduced summer peak load energy consumption, in favor of those that would address the winter peak loads anticipated in the coming decades. While this anomaly was constructively addressed before the new standards were adopted, the concern remains that future proceedings will have to confront the same issue, namely, we will still have very hot summer months, and consumers will need measures that address those very high peak load electrical rates.

Will LSC be part of this BPS effort?

Thank you for taking these comments into consideration. If you have any questions or comments, please contact Bob Raymer on behalf the California Business Properties Association, [r-raymer@cbia.com](mailto:r-raymer@cbia.com).