DOCKETED	
Docket Number:	24-BPS-01
Project Title:	Building Energy Performance Strategy Report
TN #:	272071
Document Title:	Comments of the American Council for an Energy-Efficient Economy (ACEEE) on the CEC Building Energy Performance Strategy Report
Description:	N/A
Filer:	System
Organization:	American Council for an Energy-Efficient Economy
Submitter Role:	Public
Submission Date:	8/20/2026 10:25:22 AM
Docketed Date:	8/20/2026

Comment Received From: American Council for an Energy-Efficient Economy
Submitted On: 8/20/2026
Docket Number: 24-BPS-01

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Additional submitted attachment is included below.

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Comments of the American Council for an Energy-Efficient Economy (ACEEE) on the CEC Building Energy Performance Strategy Report, CEC Docket 24-BPS-01

ACEEE is a non-profit research, education and policy organization with nearly 50 years of experience working on energy efficiency issues. We are incorporated in California and work in California and many other states. ACEEE has worked on Building Energy Performance Standards (BEPS) for nearly 10 years, including preparing a 2023 report titled "Mandatory Building Performance Standards: A Key Policy for Achieving Climate Goals" and a 2026 report titled "Designing Utility Programs and Credit Models for BPS Support."[1]

In order for California to meet its climate and energy-saving goals, a BEPS will be an important policy. The majority of buildings that will be in place in California in 2050 are in existence today. A BEPS will require these buildings to be upgraded to cost-effective levels of performance. Webb and McConnell (2023) estimate that BEPS policies can on average reduce the annual energy use of covered buildings by 25–45% .[2] We know of no other program or policy that can achieve such large energy savings in all or nearly all large buildings in California.

We have reviewed the draft CEC report and find it to be a thoughtful review and discussion of BEPS issues and approaches.

Regarding the recommendations in Chapter 5 of the report, we think they generally make sense. In the bullets below we comment on the recommendations for which we have specific opinions and expertise.

1. **BEPS Coverage.** In order to develop BEPS targets by building type it is very helpful to have benchmarking data and thus we support the recommendation for a California BEPS to have the same coverage as the existing benchmarking policy. If the BEPS program works well, a potential next step could be to expand benchmarking to additional buildings, but there are many buildings covered by the existing benchmarking policy, providing a good starting point.

2. **Trajectory structure.** We support using a trajectory structure as CEC recommends. This approach allows customizing a BEPS compliance strategy for a building around planned equipment replacement and other planned building renovations, reducing compliance costs.

3. **Metrics.** We agree that both energy and greenhouse gas (GHG) metrics should be used. The energy metric will help to ensure good levels of energy efficiency, reducing energy waste, energy costs and needed investment in HVAC equipment and clean electricity generation. The greenhouse gas metric will encourage building owners to minimize on-site use of fossil energy. We note that the Maryland BEPS includes both energy and GHG metrics.

4. **Data verification.** We agree that data verification will be useful for key years where BEPS targets take effect. We recommend that a broader group of data verifiers be used than just licensed engineers and architects. Options might include energy auditors and building energy modelers, both subject to some type of certification requirement.

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[1] Nadel, S. and A. Hinge. 2023. *Mandatory Building Performance Standards: A Key Policy for Achieving Climate Goals*. ACEEE. www.aceee.org/research-report/b2303. The second report is cited in footnote 3 below.

[2] Webb, A. and C. McConnell. 2023. "Evaluating the Feasibility of Achieving Building Performance Standards Targets." *Energy and Buildings* (288). June 1. www.sciencedirect.com/science/article/abs/pii/S0378778823002190 .

5. **Alternative compliance strategies.** We support having several alternative compliance strategies to provide building owners with several compliance options. These alternative pathways should provide similar energy and GHG reductions by 2050 as the prime pathway but the trajectory of savings and emissions reductions can be different.

6. **Technical assistance.** Many jurisdictions with BEPS have technical assistance (TA) and resource hubs to assist building owners to understand the BEPS and individual building compliance options. We recommend that CEC set up such a hub, working with existing technical assistance providers such as cities, utilities and other energy efficiency program implementors.

7. **Incentives.** Funding will be very important to help affordable housing and other under-resourced building owners implement building improvements so they can comply with the standards, such as installing heat pumps to replace fossil fuel systems when existing systems need to be replaced. We recommend that CEC work with utilities and the CPUC to explore how utility funding might be harnessed, with the utilities given some credit for the savings achieved. Sims and Malinowski (2026) outline some examples and suggestions on how this credit could be structured.[3] In addition, the legislature could be asked to provide complementary funds targeting energy efficiency and emissions reduction upgrades to affordable housing from California's Cap and Invest program.

8. **Administration.** CEC should provide the overall statewide administration structure so that implementation is consistent across the state. However, it would be worth exploring whether some cities are willing and able to lead on implementation within their boundaries, perhaps with financial assistance from the state. Colorado, Maryland and Washington State, for example, use large local governments with complementary BPS policies to lead on implementation of both local and state BEPS within participating city boundaries.

9. **Enforcement.** Enforcement should emphasize technical assistance and support, but where these do not achieve compliance, penalties will be needed. Penalties should phase in over time (e.g. small to start) and be based on typical costs of compliance (so paying penalties will not be a low-cost compliance option). Funds collected should be used in particular to help fund improvements in covered affordable housing. A potentially useful model is the Equitable Emissions Investment Fund established under Boston's BEPS law.[4]

10. **Tenant protections.** Tenant protections will be very important as CEC elaborates on in the draft report. We support asking the legislature to write in tenant protections into any BEPS law they enact.

Conclusion

The CEC BEPS report is an excellent starting point for BEPS discussions in California. BEPS can be a critical strategy to help California reach its decarbonization goals. With careful attention to detail, a California BEPS can modestly reduce housing costs in covered buildings by reducing energy use and energy costs. Financing and grants can often be structured so that energy cost savings are greater than the carrying costs to finance building upgrades, particularly if upgrades are scheduled for when existing building equipment needs replacement. We recommend that the CEC expeditiously complete the report and forward to the legislature so that the legislature and new Governor can consider passing BEPS legislation in 2027.

[3] Simms, E. and M. Malinowski. 2026. *Designing Utility Programs and Credit Models for BPS Support*. ACEEE. www.aceee.org/white-paper/2026/01/designing-utility-programs-and-credit-models-bps-support.

[4] Described in the report referenced in footnote 1.