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CA-IOUs Comments on CEC's Draft Building Energy Performance Strategy Report

Additional submitted attachment is included below.

California Energy Commission
Docket Unit, MS-4
Docket No. 24-BPS-01
715 P Street
Sacramento, CA 95814

Docket Number: 24-BPS-01

Topic: Draft California Building Energy Performance Strategy Report

Dear California Energy Commission staff,

This letter comprises the comments of the Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric (SDG&E), and Southern California Edison (SCE), collectively referred to herein as the California Investor-Owned Utilities (CA IOUs), in response to the California Energy Commission's (CEC) Draft California Building Energy Performance Strategy Report (SB 48 Report). The CA IOUs comprise some of the largest utility companies in the nation, serving over 32 million customers in the Western U.S. We are committed to helping customers reduce energy costs and consumption, while striving to meet their evolving needs and expectations. Therefore, we advocate for policies that accurately reflect the climate and conditions of our respective service areas.

The CA IOUs commend the CEC for developing a detailed and thoughtful recommendations report on the potential design and administration of a statewide Building Performance Standard (BPS). The report provides a strong foundation for continued policy development by addressing key issues such as performance metrics, policy structure, alternative compliance pathways, benchmarking and data verification, evaluation, enforcement, tenant protections, and implementation needs.

We respectfully submit the following comments to the CEC:

1. **The CA IOUs recommend the CEC consider including a defined transition pathway and opportunities for collaboration between state and local BPS.**

By the time a statewide BPS takes effect, some local requirements may already cover buildings above 50,000 ft^2, cover a different scope of buildings than proposed for a statewide BPS, use different metrics, establish earlier deadlines, or require more stringent performance levels. Local jurisdictions may be able to drive significant cost-effective emission and energy reductions through locally adopted BPS before a statewide BPS takes effect, allowing their communities to reap early benefits from these policies. Lessons learned from these early adopters can help inform state rulemaking, reduce implementation risks, and support successful statewide deployment.

Given the local BPS investments and policy development efforts and their contributions to statewide goals, the CA IOUs recommend that the CEC consider including recommendations about how the state can support jurisdictions that have adopted or are actively pursuing a local BPS ordinance during the transition to a statewide standard. For example, the final report could include a defined transition pathway and assurances that the CEC will collaborate with local governments to minimize disruption, preserve progress already made, and maintain regulatory certainty. Specifically, the report could clarify how existing ordinances will be recognized or transitioned, how policies adopted before completion of statewide rulemaking will be treated, and whether the CEC would evaluate equivalency.

The CA IOUs also recommend that the CEC consider defining a framework for state and local responsibilities for reporting, compliance review, and enforcement at the same time as the adoption of a statewide BPS. This is especially important for local jurisdictions that adopt complementary policies to a statewide BPS to streamline administration and reduce building owner and utility burden.

Finally, the CA IOUs recommend the CEC consider making recommendations in the report that would allow the CEC to provide support to local governments before and after implementation of a statewide BPS to reduce local time, cost, and technical expertise and allow local governments to support statewide or local climate goals. These include:

- **Develop and publish a model ordinance** that aligns with the statewide policy structure while providing optional provisions that local jurisdictions can use to establish more ambitious targets, earlier deadlines, and a broader building coverage.

- **Develop statewide covered-building lists that extend coverage to buildings of 20,000 ft2 and larger.** These lists would help jurisdictions evaluate their building stock and develop policies covering buildings below the statewide threshold without duplicating state data-development efforts. The CA IOUs acknowledge the fact that this might require changes to Assembly Bill 802 (Williams, Chapter 590, Statutes of 2015) and might not be as straightforward a solution.

- **Providing local governments access to the same data management platform used for a statewide BPS.** While building owners benchmark their buildings in ENERGY STAR Portfolio Manager (ESPM), having access to a consistent reporting, compliance, outreach, and program administration software tool could support local government implementation and reduce administrative costs.

2. The CA IOUs support the CEC's overall framework for a BPS and offer additional information on specific components for the CEC's consideration.

2.1. The CA IOUs support the dual-metric approach and recommend consideration of alternative metrics to encourage load flexibility.

The CA IOUs generally support the two primary building performance metrics—the energy used by the building and the greenhouse gas emissions emitted directly from the building—and the criteria used to select them. The CA IOUs recommend prioritizing cost-effective efficiency measures—including insulation, windows, controls, and appropriate gas-efficiency improvements. Reducing heating and cooling loads, due to internal gains and building envelope heat transfer, can lower required equipment capacity, reduce electrical-upgrade needs, and materially decrease the upfront cost of equipment

replacement. The CA IOUs acknowledge that the dual-metric framework will require additional clarification regarding how the two metrics interact and how compliance will be determined when an action improves performance under one metric but worsens performance under the other. Without clear rules, building owners may face conflicting compliance signals or avoid otherwise beneficial projects because they are uncertain how tradeoffs will be treated. These issues could be further discussed through the SB 48 Report working groups and addressed through a later BPS rulemaking.

The CA IOUs recommend the CEC also consider load flexibility metrics that encourage demand reduction and grid interaction. Load flexibility contributes to lower customer bills when load management strategies are paired with the right program and tariff, assists with system reliability, and can reduce unnecessary electric grid expansion or adjustments. Annual metrics like energy use intensity (EUI) and greenhouse gas intensity (GHGI) are unlikely to credit demand flexibility, load shifting, or other grid benefits of moving consumption away from high-impact periods. We discuss hourly and coincident peak demand metrics at greater length in comment 4, below.

2.2. The CA IOUs recommend further exploring the trajectory approach in the Technical Working Group (TWG).

The CA IOUs recommend additional discussion on the target setting approach and the trajectory approach with the TWG to ensure the final targets are feasible and the trajectory approach is the ideal solution for California.

2.3. The CA IOUs recommend a normalized approach to target-setting.

The CA IOUs recommend that the CEC consider a normalized approach to targets in lieu of setting statewide targets only by property type. A normalized approach can appropriately account for localized variations associated with California's diverse building stock and climate zones and ensure that a building owner is not unfairly penalized for locational factors outside of their control. For example, the statewide benchmarking program currently uses weather normalized site EUI values for its annual benchmarked data submissions.

Additionally, the CA IOUs recommend conducting feasibility studies to identify Site EUI and Site GHGI targets as the final targets of the statewide policies. These assessments would ideally be repeated at a regular cadence to account for changes in technology, financing, and other considerations.

2.4. The CA IOUs generally support the use of alternative compliance pathways (ACPs).

ACPs can address legitimate technical, financial, operational, and capital-planning constraints while ensuring that buildings make meaningful progress toward California's energy and greenhouse gas emission reduction goals. ACPs also add complexity and administrative cost, and so should include clear eligibility criteria, standardized documentation, independent review for completeness, measurable milestones, and data verification. We offer specific comments on different types of ACPs in this section.

2.4.1. Prescriptive Compliance Pathway

The CA IOUs agree with the CEC's recommendation to not include this suggested pathway for all property types, but we recommend additional consideration for its effectiveness for a limited set of building types. Few jurisdictions nationwide offer a prescriptive pathway, and those that do generally limit it to defined measures, specific building types (e.g., affordable housing), building sizes (e.g., small buildings), or a limited number of compliance cycles. For example, New York City's Local Law 97, Article 321, offers a one-time prescriptive pathway only for certain affordable or rent-regulated housing and houses of worship.[1] Chula Vista allows multifamily properties constructed before 2006 to install a prescribed number of measures instead of following the audit and retro-commissioning option.[2] Seattle permits multifamily buildings to use specified prescriptive options instead of meeting their GHGI target during the 2031–2035, 2036–2040, or 2041–2045 compliance intervals.[3] In the case of New York City, this pathway did not result in measurable performance improvements. It is too early in the implementation cycle for Chula Vista and Seattle to evaluate the effectiveness of the prescriptive approach for multifamily properties. As more information comes out of these jurisdictions on the effectiveness of prescriptive pathways, the CA IOUs recommend reviewing that information and discussing prescriptive compliance pathways with the TWG to evaluate the benefits of this approach against its limitations for specific building types.

2.4.2. Standard Target Adjustments

The CA IOUs recommend distinguishing target normalization from building-specific target adjustments that are part of an ACP. Separating these processes would increase transparency, reduce administrative burdens, and prevent routine operational characteristics from being treated as hardships.

Target normalization would be part of the initial statewide target setting approach to provide a mechanism to adjust the standard target(s) based on building operation, process-specific energy uses, and/or local conditions. Target normalization factors may be established for common and measurable operating characteristics, such as occupancy hours, occupant density, weather/climate, operating hours etc. Buildings meeting established criteria would automatically qualify for a normalized target without additional discretionary approval. ANSI/ASHRAE Standard 100-2024 discusses target normalization and includes adjustment factors for hours of operation.[4] Insights from jurisdictions that have implemented target normalization might be helpful in understanding how effective these have been in supporting compliance. For example, Washington State and Denver include target normalization factors for occupancy hours.[5] Denver extends the normalization to buildings with swimming pools, data centers and restaurants.[6]

A building-specific target adjustment would address exceptional circumstances, such as financial distress, historic-building restrictions, or demonstrated technical infeasibility. Because these circumstances are typically unforeseeable at the time a BPS is established, these adjustments could be

[1] https://www.nyc.gov/assets/buildings/pdf/ll97_energy_conserve.pdf
[2] https://www.chulavistaca.gov/home/showpublisheddocument/30623/639113461533300000
[3]https://www.seattle.gov/documents/Departments/OSE/Building%20Energy/BEPS%20Rulemaking/TRWG%20Meeting%20%233%20Slides_fordistibution.pdf
[4] https://www.ashrae.org/technical-resources/bookstore/standard-100
[5] https://app.leg.wa.gov/WAC/default.aspx?cite=194-50-070
[6] https://www.denvergov.org/files/assets/public/v/1/climate-action/documents/buildings-and-homes/energize-denver/rules-and-tg/energize-denver-technical-guidance-buildings-25k-sf-v4.0-7-16-2026-draft-clean-ada.pdf

addressed through a clear process that includes an application, supporting documentation, demonstration of eligibility, and agency approval.

2.4.3. Timeline Adjustments

The CA IOUs support timeline adjustments as an ACP for the statewide BPS. Time extensions can help align improvements with equipment replacement, major renovations, financing, utility infrastructure, and capital-planning cycles. Timeline adjustments should be limited and supported by a justifiable implementation plan with enforceable interim milestones. An extension may delay a deadline, but it should not eliminate or reduce the underlying performance obligation.

2.4.4. Baseline Adjustments

The CA IOUs support baseline adjustments for circumstances in which benchmarking data are missing, inaccurate, or unrepresentative because of vacancy, construction, unusual occupancy, meter errors, or significant operational changes. Since a baseline adjustment changes the slope of a building's trajectory and its interim targets, adjustments should use standardized criteria, verified data, and transparent calculation methods.

Section J3.2 of ANSI/ASHRAE Standard 100-2024 recommends preliminary data exploration to better understand the data's characteristics and verify the data set's accuracy and consistency. To reduce the need for baseline adjustments, the CA IOUs recommend implementing data quality control during the benchmarking process as described further in comment 5, below. Additionally, alignment between the CEC and local jurisdictions on standardizing benchmarking templates would help improve data quality.

2.4.5. Building Performance Action Plans

We recommend the CEC consider allowing Building Performance Action Plans (BPAP) as an ACP for a defined set of buildings. One model of a BPAP is a Strategic Decarbonization Plan, such as what is described by the U.S. Green Building Council.[7] A Strategic Decarbonization Plan requires the development of an engineered, phased pathway based on an in-depth assessment of building systems, capital cycles, financial constraints, equipment interactions, and project sequencing as well as implementation of the identified measures based on a timeline which is most financially viable for the building. A Strategic Decarbonization Plan could provide a viable option for large, complex, or particularly difficult-to-decarbonize buildings. Strategic Decarbonization Plans are also proposed as an ACP for ASHRAE Standard 100.[8] To implement a Strategic Decarbonization Plan, the CEC could define accepted credentials for qualified professionals, establish minimum reporting requirements, interim milestones and expected energy and emissions outcomes, and require independent technical review of the plan. The CEC could also leverage an advisory-board model, similar to Boston's review of Hardship Compliance Plans, for technical oversight of such a pathway.[9] Washington State has some experience

[7] https://www.usgbc.org/resources/guide-strategic-decarbonization-planning-0

[8] Addendum f to ASHRAE Standard 100 (open for first publication public review in August-September of 2026) identifies SDP as an ACP in Standard 100 and ASHRAE Standard 211, Standard for Commercial Building Energy Audits and Decarbonization Assessments is defining procedures and reporting requirement related to decarbonization assessments.

[9] https://www.boston.gov/departments/environment/berdo-review-board

with similar decarbonization plans, although these policies are still in early stages with limited data available on verified savings.[10]

The CA IOUs also recommend the CEC consider BPAPs to demonstrate portfolio compliance. Portfolio compliance can allow owners to coordinate projects with capital cycles and prioritize cost-effective improvements. However, portfolio compliance requires guardrails as it could lead owners to defer investments in inefficient buildings or properties serving disadvantaged communities—an equity concern identified by the CEC. To address these concerns, the CEC could require portfolio plans to demonstrate equitable investment and minimum progress at every building and to be reviewed by an independent advisory board.

2.4.6. Alternative Compliance Fee

The CA IOUs support the CEC's recommendation against treating fees or payments as a compliance pathway. An alternative fee, which allows payment to constitute compliance, may permit owners to offset all required reductions without improving their buildings, undermining program goals. The CA IOUs also support the CEC's recommendation to use the funds to assist building owners with compliance and dedicating a portion to under-resourced communities, low-income tenants, and small commercial tenants.

2.4.7. Percent Reduction Pathway

The CA IOUs recommend the CEC consider a percentage-reduction pathway as an ACP. This pathway would allow an eligible building to demonstrate compliance by reducing on-site energy use or on-site GHGI by a specified percentage from the building's baseline. Addendum f to ANSI/ASHRAE Standard 100-2024 proposes an ACP for a 20% site EUI reduction within 5 years over an individual building's established baseline, offering flexibility for buildings that have constraints in meeting the standard target.[11] The CEC could develop reasonable percent reductions by property type that are most representative of the building stock in the CEC's benchmarked data and the benchmarked data for local jurisdictions in California. This approach is straightforward for owners and provides measurable near-term progress. However, it should be limited in duration and should not become a permanent substitute for convergence toward the statewide target.

2.5. The CA IOUs support clearly defined qualifying circumstances for ACPs and considering additional circumstances that were not identified in the report.

The CA IOUs recommend that ACPs be available under clearly defined qualifying circumstances to preserve the integrity of the standard compliance pathway while providing flexibility for buildings facing legitimate constraints. In addition to the qualifying circumstances listed in the report, the CA IOUs recommend considering additional factors and conditions that may prevent standard compliance:

[10]https://app.leg.wa.gov/ReportsToTheLegislature/Home/GetPDF?fileName=Decarb+Legislative+Report+v12.31.25_Final_10883d3e-f58f-4ea6-ae2d-ce480032031c.pdf

[11] Addendum f to Standard 100-2024 adds a set of ACPs to Standard 100, to address circumstances where meeting the EUI and/or GHG target in a short timeframe is cost-prohibitive and/or technically infeasible. This includes: Energy Audit Compliance Pathway, Percent Reduction Compliance Pathway, Strategic Decarbonization Plan (SDP) Pathway. https://osr.ashrae.org/Online-Comment-Database/ShowDoc2/Table/DocumentAttachments/FileName/4856-100-2024%20Addendum%20f%20PPR%201%20draft.pdf/download/false

- **Utility infrastructure or interconnection constraints.** Although the CA IOUs are investing significantly in infrastructure expansion and improvements, other factors like supply chain constraints and geographic limitations can affect capacity upgrade timelines. These are factors largely outside of a building owner's control. Relief could be available when adequate electrical service or interconnection approval is unavailable. For example, Denver's Energize Denver program[12] expressly permits timeline extensions where utility service capacity is insufficient for building electrification, where upgrades to a building's electrical capacity are needed, or where district steam-system limitations affect compliance. Applicants for the exception should document timely collaboration with the utility, the constraint, and provide a compliance plan that includes feasible near-term measures.

- **Permitting or approval delays.** A timeline adjustment could address significant delays in permits. For example, Boston's Building Emissions Reduction and Disclosure Ordinance (BERDO)[13] includes denial or significant delay of government permits and approvals.

- **Equipment or technology availability.** Temporary relief may be appropriate where necessary equipment is not reasonably available, such as delays due to documented supply-chain constraints. This is an identified circumstance under Boston's BERDO framework.

- **Critical health, safety, or community services.** The CEC could consider whether compliance would disrupt hospitals, emergency services, essential government functions, or other services critical to human health and safety. Boston recognizes this circumstance, and New York City[14] identifies critical health-and-safety operations as a special-use condition.

- **Natural disasters and declared emergencies.** Compliance schedules could be adjusted where disaster damage or an emergency delays planned improvements. For example, Boston expressly includes delays caused by natural disasters or declared states of emergency. Denver expressly recognizes natural or human-caused disasters—including fires, tornadoes, and floods—that interfere with a building's ability to meet a target deadline.[15]

2.6. The CA IOUs recommend considering an Equity Priority Buildings Index to prioritize support for equity communities.

The CA IOUs recommend the CEC consider working with local jurisdictions on standardized eligibility criteria that identify buildings that should be prioritized for additional compliance support, incentives, and technical assistance. Factors could include affordable housing status, tenant income characteristics (signifying naturally occurring affordable housing (NOAH) tenants), locations within disadvantaged or low-income communities, environmental justice indicators, and other relevant socioeconomic metrics. An Equity Priority Buildings Index would not exempt buildings from compliance obligations. Instead, the index provides a predictable framework for identifying buildings and communities that need more technical, financial, and policy support to achieve compliance. This increases the benefits of energy

[12] https://www.denvergov.org/files/assets/public/v/1/climate-action/documents/buildings-and-homes/energize-denver/rules-and-tg/ed-technical-guidance-buildings-25k-sf-v3-april-2025-clean.pdf

[13]https://www.boston.gov/sites/default/files/file/2024/02/2.14.24%20BERDO%20Flexibility%20Measures%20III_%20Hardship%20Compliance%20Plans.pdf

[14] https://www.nyc.gov/assets/buildings/local_laws/ll97of2019.pdf

[15] https://www.denvergov.org/files/assets/public/v/1/climate-action/documents/buildings-and-homes/energize-denver/rules-and-tg/ed-technical-guidance-buildings-25k-sf-v3-april-2025-clean.pdf

efficiency, greenhouse gas emission reductions, and load flexibility in these communities without imposing inequitable burdens. Some examples of jurisdictions currently prioritizing this topic are:

- Bay Area's Metropolitan Transportation Commission currently maintains a database of equity priority communities in the San Francisco Bay Area.[16]

- The Southern California Association of Governments currently maintains a dataset to assess impacts of Connect SoCal 2024 on priority populations, with the intent that the framework could be built upon to target transportation investments in communities who need it the most.[17]

- The City of Seattle's Office of Sustainability & Environment (OSE) is required to develop a Racial Equity Toolkits (RET) as part of the City's Race and Social Justice Initiative. Policy-specific RETs issued by OSE lay out a process and a set of questions to guide the development, implementation and evaluation of policies, initiatives, programs, and budget issues to address the impacts on racial equity. The City issued a RET in 2021 for the City's Building Energy Performance Standards (BEPS).[18]

3. The CA IOUs support BPS as a cost-effective strategy for managing statewide building energy performance for existing large buildings.

BPS is a cost-effective strategy for managing statewide building energy performance for existing large buildings, taking into account all costs and benefits of the policy. In addition to the cost analyses identified in the draft report, analysis by Lawrence Berkeley National Laboratory (LBNL) and Pacific Northwest National Laboratory (PNNL) for the Colorado Department of Public Health and Environment found that the direct costs of administering Colorado's BPS program were less than 0.14% of the total savings in energy costs and avoided social costs of GHG emissions.[19] At the building-stock level, the analysis found the policy to be cost-effective, with average savings of $5.34 per square foot, including $2.10 in energy savings for every $1 in cost.

4. The CA IOUs support the CEC's recommendation to explore demand-management metrics as part of a statewide BPS.

Peak demand affects generation, transmission, and distribution needs, while customer maximum demand can contribute significantly to utility bills, especially for commercial customers. A coincident peak demand metric could encourage behaviors that reduce demand during peak periods supporting both grid reliability and decarbonization goals. The draft SB 48 Report recognizes that coincident peak demand can encourage reductions when the electric system is most constrained but also notes that the metric is more difficult to understand and is not currently available in ESPM.
The CA IOUs acknowledge the challenges of a peak demand metric, but we recommend adding a coincident peak demand metric to the EUI and GHGI metrics at the appropriate time, rather than

[16] https://mtc.ca.gov/planning/transportation/access-equity-mobility/equity-priority-communities
[17] https://hub.scag.ca.gov/datasets/daa7cbaf5b064399800f3426cbb64270_0/about
[18] https://www.seattle.gov/documents/Departments/OSE/Equity/RETs/RETSummarySheet_BPS_2021.pdf
[19] Colorado Department of Public Health and Environment, Air Pollution Control Division, "Regulatory Analysis: Regulation Number 28: Building Benchmarking and Performance Standards," August 10, 2023, PDF, downloaded August 6, 2026, https://www.google.com/goto?url=CAESfwHuR6pNJj0cAsYqqMnQ7SNklvCzTpu6MDfklNfTsgJcqB37mHheA4_IzDZwReMUr8TOCB8c94JxXTsvDUznto3HV0o2MjMHZQjcyo7lytXOHJb6rHV6QOW9MW-qy75bYUUUdN7KYmP2Fuz4_DB1H6LyUNzWBMWoR9pPdkwP0Lg=.

replacing one of them, given the significant benefits that the metric could offer. Flexibility to add this metric or additional important metrics over time will allow the regulations to adjust to the market conditions and key policy priorities. The TWG may be an appropriate place to evaluate a metric and approach based on coincident peak demand. Development of peak demand or load flexibility metrics should not delay the report or beginning of BPS development.

5. The CA IOUs recommend additional consideration related to the topics listed below.

5.1. The CA IOUs recommend the CEC consider a Lead-by-Example BPS.

The CEC could consider a Lead-by-Example BPS for large state-owned and state-operated buildings, as a pilot for the statewide BPS. State-owned buildings can demonstrate energy-efficient technologies, advanced controls, load flexibility strategies, and operational best practices, serving as case studies for private commercial buildings. Lessons from this initial phase could be incorporated into the statewide BPS and reveal where additional guidance, data corrections, target adjustments, funding, or alternative compliance pathways are needed.

Other jurisdictions that have implemented Lead-by-Example BPS include:

- **Washington State.** Executive Order 12-06 (2012) required state agencies to maintain current ESPM accounts, document building energy performance, and continue implementing energy-efficiency measures in state facilities prior to Washington's adoption of a mandatory statewide BPS.[20]

- **Maryland**. A 2019 executive order created the "Maryland Leads by Example" initiative, establishing an energy-savings goal for state-owned buildings and requiring ongoing tracking of state-building performance, prior to the adoption of legislation enabling a statewide BPS.[21]

- **New York City**. The city government launched One City: Built to Last in 2014, committing to a 35 percent reduction in emissions from municipal operations, efficiency improvements in significant-energy-use city buildings, and development of interim performance targets for existing buildings.[22]

5.2. The CA IOUs support a benchmarking data verification process that is implemented both before and during a statewide BPS.

The CA IOUs support the recommendation to verify energy benchmarking data to support fair, accurate, and consistent implementation of a statewide BPS. Errors in floor area, space-use classifications, occupancy characteristics, meter assignments, or reported energy consumption could materially affect a building's calculated performance and compliance obligations. Verification by a qualified, independent third party before the program begins and at major BPS milestones would improve confidence in the reported data, promote consistency across building owners and jurisdictions, and reduce disputes during compliance periods. Early implementation would provide time to establish standardized verification procedures, define professional qualifications, develop quality-control protocols, and

[20] https://governor.wa.gov/sites/default/files/exe_order/eo_12-06.pdf
[21] https://dgs.maryland.gov/Annual%20Reports/EOAnnualReport2022.pdf
[22] https://www.nyc.gov/site/builttolast/goals/goals.page

identify common reporting problems before the data are used for regulatory purposes. Risk-based or targeted verification could supplement scheduled verification by focusing on buildings with significant year-to-year data changes, incomplete information, or unusual energy-use patterns.

5.3. The CA IOUs support the CEC's recommended enforcement structure.

The CA IOUs support a penalty structure as part of a statewide BPS. A well-designed penalty framework is necessary to support consistent enforcement, protect compliant building owners from losing business to noncompliant building owners, and ensure that the BPS produces meaningful improvements in building performance. In addition to the mechanisms identified by the CEC, the CA IOUs would also support:

- Scaling penalties to the violation, considering building size, performance shortfall, duration, repeat violations, and documented good-faith efforts; require corrective action in addition to payment.

- Including equity safeguards and stakeholder engagement so penalties do not disproportionately affect medium- and low-income tenants or affordable housing. For instance, Seattle's maximum performance penalty is $2.50/ft² for affordable housing, compared with $7.50/ft² for other multifamily buildings and $10/ft² for nonresidential buildings.[23]

5.4. The CA IOUs recommend a standardized verification framework to support using utility-provided data to verify benchmarking submissions.

The CA IOUs support the CEC's recommendation to use utility-provided energy data to verify benchmarking submissions. Utility-data verification could significantly improve completeness and confidence in statewide benchmarking data. However, risks include:

- Verifying utility-provided data requires a structured and reliable method for mapping utility meters to individual buildings. Without such a framework, matching meters to covered properties could be time-consuming, administratively burdensome, and prone to error. The process may be particularly complex for campuses, mixed-use properties, and facilities with multiple buildings and meters.

- ESPM allows owners to identify parent and child properties,[24] but the CEC does not currently require use of this functionality. Requiring or standardizing parent-child property relationships would improve reporting for campus configurations, but it may place additional burden on building owners and program administrators.

- The CEC has access to utility data unavailable to local jurisdictions, which could create inconsistency in the verification results between state and local jurisdictions.

The CA IOUs recommend a standardized verification framework, where each covered building is verified either by the state or by the applicable local jurisdiction and applying the same procedures, data standards, and correction protocols, to help address these potential challenges with the use of utility

[23] https://www.seattle.gov/environment/climate-change/buildings-and-energy/building-emissions-performance-standard/faqs
[24] https://www.energystar.gov/sites/default/files/asset/document/How_to_Benchmark_a_Campus_20140908_508.pdf

data for verification. The framework would also be able to consider potential burdens placed on building owners due to inconsistent data or additional reporting requirements.

5.5. The CA IOUs encourage the CEC to clarify how the statewide BPS can complement existing and planned regulations and ordinances.

The CA IOUs support a statewide BPS that complements rather than replaces other laws affecting existing building energy efficiency and decarbonization. Having a deeper understanding of the interaction of these different laws from the building owner's perspective could greatly improve the success of the BPS. For example, the CEC could more explicitly explain its plans to integrate the statewide BPS with its existing California Energy Code (Title 24, Part 6) for both newly constructed buildings and for additions and alterations in existing buildings. It would also be helpful to understand how local air district rules, state and federal appliance efficiency standards, local building codes, and the California Air Resources Board's Clean Space and Water Heater Standards proposal might affect the costs or pathways for complying with a statewide BPS.

5.6. The CA IOUs encourage the CEC to consider a training and education program as a core activity throughout BPS implementation.

Educational efforts will be crucial for increasing compliance, especially at the beginning of BPS implementation. The CA IOUs recommend treating building-owner training and education as a core activity for a statewide BPS rather than as a one-time outreach event.

New York City provides a particularly useful model. Local Law 97 requires the Office of Building Energy and Emissions Performance to conduct outreach and education regarding emissions limits and compliance. The City implements this requirement partly through NYC Accelerator,[25] which provides free, personalized guidance, online training, technical assistance, connections to qualified service providers, and help identifying incentives and financing. The New York City Department of Buildings also offers training on building coverage, ESPM property types, emissions calculations, reporting procedures, and available compliance pathways.[26] For the first Local Law 97 reporting year, approximately 93 percent of covered privately owned properties—representing 91 percent of covered buildings—submitted required compliance reports. The high filing rate supports the value of providing extensive guidance and education before and during implementation.[27]

As additional examples, Washington State maintains a centralized training hub with materials addressing benchmarking, exemptions, compliance requirements, investment criteria etc. Its Building Efficiency and Clean Operations Network (BEACON) initiative trains technical fellows and connects them with building owners needing individualized assistance.[28] Denver provides a centralized help desk, pathway guides, trained service-provider resources, and longer-term coaching for Equity Priority Buildings.[29] Boston

[25] https://accelerator.nyc/
[26] https://www.nyc.gov/assets/buildings/local_laws/ll97of2019.pdf
[27] https://www.nyc.gov/site/buildings/dob/pr-ll97-improve-sustainability.page
[28] https://www.commerce.wa.gov/cbps/cbps-support-and-resources/beacon/
[29] https://www.denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Climate-Action-Sustainability-and-Resiliency/Cutting-Denvers-Carbon-Pollution/Efficient-Buildings-and-Homes/Resources-for-Multifamily-Housing-and-Small-Biz/Energize-Denver-Compliance-Assistance

offers recurring BERDO workshops and webinars, along with one-on-one virtual assistance covering reporting, compliance options, and hardship pathways.[30]

5.7. The CA IOUs recommend incorporating additional incentive and financing programs and how they can be combined as part of the report's recommendations.

The CA IOUs recommend potentially broadening the report's incentive recommendations beyond traditional energy-efficiency rebates to develop an integrated implementation strategy combining incentives, financing, applicable tax credits, technical assistance, and private-sector delivery models. The report could expand on its discussion of various available tools to explain how building owners could coordinate or combine these resources to support BPS compliance. For example, a centralized resource and technical-assistance platform that identifies available incentives, tax-credits, or other financial support and in what combinations could help building owners identify options for audits, engineering, design, construction, and utility-service upgrades.

The CA IOUs also suggest recognizing the potential role of energy service companies (ESCOs). ESCOs can provide turnkey audits, project design, financing, installation, commissioning, maintenance, and measurement and verification. Performance contracting and energy service agreements can also shift some project-performance risk away from building owners and allow shorter-payback efficiency measures to help support deeper decarbonization investments.

In addition, the CA IOUs' On-Bill Financing (OBF) programs can support commercial-building measures such as battery storage and heat-pump space and water heating to help scale BPS implementation. Decision 23-08-026 under the Clean Energy Financing Offerings Proceeding, R.20-08-022, the California Public Utilities Commission (CPUC) authorized PG&E, SCE, SDG&E, and Southern California Gas Company to expand nonresidential OBF beyond energy efficiency to technologies supporting CPUC-endorsed clean-energy policies, including building decarbonization, resiliency, distributed energy, and greenhouse-gas reduction.

The CEC could also consider an evaluation to identify whether the current financing options are sufficient to support statewide BPS implementation at scale or if additional support will be needed. The CA IOUs would welcome coordination with CEC, CPUC, implementers, local governments, and financing providers to create an accessible, customer-facing delivery model that helps owners identify measures, assemble funding, and sequence investments across compliance cycles. The evaluation could also address utility savings attribution for CA IOU-led financing.

Other jurisdictions have examples of additional financing options that have lent support to their BPS. For example, Washington and Oregon have had relative success with early adopter incentive programs. These encourage owners to begin planning and implementing improvements before mandatory deadlines.[31] New York and Colorado have implemented incentives for large-building demonstration projects that test and publicize replicable decarbonization strategies.[32,33]

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[30] https://www.boston.gov/news/upcoming-berdo-workshops-and-webinars

[31] Washington provides incentive payments for buildings that demonstrate early compliance with its Clean Buildings Performance Standard, while Oregon offers incentives for early compliance planning, benchmarking, audits, and energy-efficiency measures. https://www.commerce.wa.gov/cbps/cbps-grants-incentives/tier-1-incentives-program; https://www.oregon.gov/energy/save-energy/Pages/BPS-Incentives.aspx

[32] https://www.nyserda.ny.gov/All-Programs/Empire-Building-Challenge

[33] https://energyoffice.colorado.gov/large-building-decarbonization-showcase-grant-program

6. **Various policies can support BPS compliance for buildings facing technology challenges.**

To help inform the CEC's consideration of a BPS, the CA IOUs offer perspectives on how existing policies have addressed specific policy types and highlight how policy decisions can impact outcomes for those building types. The CA IOUs recommend exploring these issues in more depth through the TWG.

- **Multifamily housing.** Challenges faced by this property type include limited capital, long refinancing cycles, central heating and hot-water systems, tenant disruption, and the risk of rent increases or displacement. For instance, Seattle BEPS gives multifamily buildings a longer path to net zero than most nonresidential buildings. Low-income housing, low-rent housing, and qualifying human-service uses may receive an extension from the first 2031–2035 emissions-target interval while remaining subject to benchmarking verification and reporting. Seattle also provides multifamily prescriptive and alternate-target pathways.[34]

- **Office buildings.** Major challenges include extended operating hours, tenant-controlled loads, server rooms, mixed-use spaces, parking, and changing occupancy. For instance, Energize Denver assigns offices a distinct site-EUI target and allows the target to increase where weekly operating hours are higher. Denver also permits standardized adjustments for Class B data centers, parking, pools, EV charging, mixed uses, and errors or changes in building type, floor area, and high-intensity spaces. Its guidance gives examples of office targets adjusted for embedded data centers, medical offices, restaurants, and enclosed parking.

- **Restaurants, retail, and grocery stores**. Restaurants combine HVAC with cooking, exhaust, make-up air, dishwashing, and large hot-water loads. High process loads, mostly using fossil fuel, may make meeting GHGI targets cost prohibitive and detrimental to business. Grocery stores also have large refrigeration loads and refrigerant-leakage risks. Seattle BEPS allows specified end-use emissions to be deducted from compliance GHGI, including fossil-fuel cooking equipment. This gives restaurants time-limited relief for difficult process loads while retaining the whole-building emissions standard.[35]

- **Hotels**. Challenges include continuous operation, high domestic-hot-water demand, high intensity loads including pools, kitchens, and commercial laundry. Seattle BEPS includes end-use deductions for fossil-fuel high-intensity laundry equipment in hotels and healthcare facilities. The rule recognizes commercial gas dryers and dedicated laundry hot-water equipment as difficult near-term loads; the deduction is time-limited rather than permanent.[36]

- **Hospitals and laboratories**. Challenges include 24-hour operations, infection control, high ventilation, steam and sterilization loads, emergency heat, research process loads, and reliability requirements. New York City created a dedicated adjustment for qualifying not-for-profit hospitals and healthcare facilities. Approved limits for 2024–2029 are based on 85% of the

[34] https://www.seattle.gov/documents/departments/ose/building%20energy/boma%20beps-presentation%2010.02.24.pdf
[35] https://www.seattle.gov/documents/departments/ose/building%20energy/beps%20rulemaking/ose%20director%27s%20rule%202025-01_final%20-%20signed.pdf
[36] https://www.seattle.gov/documents/departments/ose/building%20energy/beps%20rulemaking/ose%20director%27s%20rule%202025-01_final%20-%20signed.pdf

facility's 2018 emissions, tightening to 70% of 2018 emissions for 2030–2034. This replaces the ordinary property-type cap with a facility-specific reduction path.[37]

- **Schools, universities, and campuses**. Challenges include limited capital budgets; the desire for energy improvements to align with bond cycles, facility modernization programs, and deferred maintenance needs; challenges related to seasonal schedules; varied space types; central steam or chilled-water plants; and difficulty allocating campus energy to individual buildings. Washington's Clean Buildings Performance Standard includes participating campus district-energy systems, grouped-building rules, campus energy-flow definitions, and dedicated compliance forms. This allows energy serving multiple connected buildings to be evaluated as a system rather than forcing artificial building-level allocations.[38]

- **Data centers**. Challenges include very high process loads, rapid IT-load growth, cooling requirements, and reliability constraints. Energize Denver divides data centers into two categories. A Class A data center occupying at least 15% of the building is treated through the manufacturing, agricultural, and industrial pathway rather than the standard office pathway. A smaller Class B data center can receive a standardized target adjustment within another building type. Under the industrial pathway, qualifying facilities improve relative to their own baseline or use a prescriptive pathway, rather than being required to meet a conventional office target.[39]

- **Industrial and manufacturing building**. Challenges include production-dependent process loads, high-temperature heat, compressed air, refrigeration, continuous operations, and weak correlation between building EUI and production efficiency. Energize Denver provides a dedicated manufacturing, agricultural, and industrial alternative compliance option. Rather than applying only a standard property-type target, it permits performance relative to the facility's own baseline, a prescriptive pathway, plant performance indicators where available, and submetering or blended treatment for mixed-use buildings.[40] Seattle BEPS takes a different approach and exempts buildings used primarily for industrial or manufacturing purposes.[41]

7. The CA IOUs recommend combining tenant-specific efficiency, financing, and technical assistance programs with statewide tenant protections to support tenants in the implementation of a BPS.

A combination of program specific owner/tenant agreements for efficiency, financing, and technical assistance programs, alongside clear and effective updates to statewide rental protections, can provide a multi-pronged approach that ensures energy efficiency upgrades do not lead to harassment, eviction, unfair rent increases, or other negative consequences. The CEC's draft SB 48 Report includes helpful findings on this topic to inform the CEC's recommendations.

[37] https://www.nyc.gov/site/buildings/codes/REMOVE-greenhouse-gas-emission-reporting.page?
[38] https://app.smartsheet.com/b/form/afe2c3330ac74846997805c55194b121
[39] https://www.denvergov.org/files/assets/public/v/1/climate-action/documents/buildings-and-homes/energize-denver/rules-and-tg/energize-denver-technical-guidance-buildings-25k-sf-v4.0-7-16-2026-draft-redline-ada.pdf
[40] https://www.denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Climate-Action-Sustainability-and-Resiliency/Denver-Climate-Regulations/Energize-Denver-Building-Performance-Policy/Buildings-25000-sq-ft-or-Larger/Manufacturing-Agricultural-and-Industrial-MAI-Buildings
[41] https://www.seattle.gov/documents/Departments/OSE/Building%20Energy/BEPS-Policy-Guide.pdf

In addition to what is described in the draft SB 48 Report, some energy efficiency and electrification programs or pilots, such as in the TECH Clean California program, San Joaquin Valley Pilots (SJV), and the Equitable Building Decarbonization (EBD) Direct Install Program, make funding contingent on signed customer agreements which lay out terms for any pass-through costs and rent increases. Washington D.C. requires relocation assistance, which SCE supported in its SB 48 RFI comments.

The CA IOUs appreciate the opportunity to provide these comments regarding the draft SB 48 Report. We thank the CEC for its consideration. We look forward to the next steps in the process.

Sincerely,

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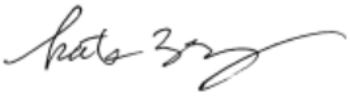

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