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StopWaste Energy Council Comments on AB 758 Draft Action Plan

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

COMMENTS OF

StopWaste: Energy Council

ON
DRAFT EXISTING BUILDINGS ENERGY EFFICIENCY ACTION PLAN

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For **StopWaste: Energy Council**

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Introduction

StopWaste: Energy Council is pleased to provide these comments on the March 2015 draft of the California Energy Commission's ("CEC") *Existing Buildings Energy Efficiency Action Plan* ("Draft Action Plan"). The Energy Council is a public Joint Powers Agency created in 2013 by the County of Alameda and 12 cities in the county to assist them with developing and implementing programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean, efficient and renewable resources, and help create climate resilient communities. The Energy Council's initiatives are carried out by StopWaste, a public agency whose staff and programmatic work are governed by the Alameda County Waste Management Authority (established in 1976) and the Alameda County Source Reduction and Recycling Board (established in 1990). The Energy Council's activities are an extension of StopWaste's pioneering work over more than two decades helping local governments, businesses, schools and residents solve critical waste, water, energy and climate issues.

Since the 1990s our green building team has been working with our member jurisdictions and the building industry to develop programs, policies and tools that can, and have been, replicated and scaled throughout the state. We agree with the plan's identification of the urgency for programs to dramatically accelerate in order to get to the scale necessary for meaningful impact. To that end, we offer the following comments in the areas of **code implementation by local governments, benchmarking and disclosure policies, green labeling/real estate, zero net energy, and multifamily sector strategies.**

Code Implementation by Local Governments

We appreciate that the plan recognizes various issues related to the increasingly complex building energy code. Improved application would mean 1) higher rates of compliance with pulling permits and 2) building departments fully enforcing the code. While a variety of strategies will be necessary to address these complex issues, we would like to point to two underlying causes that the CEC should address as part of a more comprehensive strategy.

1) Local governments need resources to engage in the <u>development of</u> the energy code they are tasked to implement. While there is a public code adoption process, local governments don't have specific funding resources to participate in the way that the Investor Owned Utilities do. The IOUs, who use ratepayer funding to develop Codes and Standards Enhancement proposals, are out of direct touch from the real issues faced by building departments. Only a minority of local governments are directly engaged in the IOU's Local Government Partnership structure.
2) The CEC must address the complexity and cost of portions of the building code which are simply too onerous for the market to bear. HVAC compliance issues point to the unwieldy nature of the

change-out requirements that cannot be fixed by simply providing local governments with more IOU sponsored trainings.

We recommend that the CEC undertake meaningful and direct engagement with local governments throughout the state.

Benchmarking and Disclosure Policies

While we applaud the inclusion of benchmarking and disclosure policies as a foundational component of the AB 758 plan, we caution the State against assuming that policies that have succeeded in large cities with dense office building stock (New York and Chicago) can be immediately applied in the majority of cities in California. In 2013, we worked with our member jurisdictions (including City of Berkeley) to develop a model benchmarking and disclosure policy for implementation throughout Alameda County. We learned that it would be neither practical, nor cost-effective, to adopt such policies in the majority of cities by 2016. The cost of implementing and enforcing a benchmarking and disclosure approach is only justified in juridictions that have a high concentration of commercial building stock, where the majority of large buildings in a jurisdiction match the types of buildings that Portfolio Manager can benchmark. Even cities with these characteristics, such as San Francisco and Berkeley, face major barriers for successful implementation. These include lack of data availability for tenants in office buildings and the lack of a portfolio manager scores for the large majority of building types (outside of municipal and commercial office space) that would meet a 20,000 square feet implementation threshold.

We support the addition of multifamily buildings to the building types included in statewide benchmarking and disclosure policies. Successful implementation in both multifamily and commercial rental tenant sectors will require that tenant and common area data can be automatically uploaded by the utilities to Portfolio Manager (or compatible benchmarking tool) in whole-building aggregated anonymous format. This is necessary to provide a complete picture of a building's energy usage (tenant paid and common area meters combined) to property managers, owners, and program implementers. It is critical that this data functionality be addressed by the utilities in the immediate implementation of AB758. Otherwise the benchmarking strategy will falter in the rental tenant sector.

Green Labeling and Real Estate

We support the plan's reference to the growing market research regarding the use of "Green Building" messaging, which has a broader appeal than energy efficiency alone. Recent market research that we have conducted reinforces the finding that consumers are not interested in single-attribute messages. Energy efficiency is a key component of green building labeling programs (e.g. LEED, Green

Point Rated, Green Communities, Green Business program), but the comprehensive approach of a green label also captures and measures other benefits such as water, waste and GHG savings, and a healthy low-toxic environment.

The "Greening of the MLS" is an activity that should be addressed at the statewide level, due to the highly fragmented nature of MLS Boards throughout the state. A comprehensive real estate strategy should not only focus on relator outreach, education and valuation, but should also leverage online platforms (e.g. Zillow) which are becoming an increasingly wide-scale way for the market to interact with home purchasing. Over the next few months we will be convening a working group of local government and utility program implementers and real estate industry experts to develop consensus recommendations for program design in 2016. We look forward to collaborating with CEC in this process.

In the interest of leading (and learning) by example, we recently achieved LEED EBOM Platinum certification for the StopWaste office building and are providing grant funding to the City of Berkeley Library to implement the EBOM rating system as a local pilot. While we support this leadership standard, we found it costly to implement despite the fact that our building was already a LEED Platinum renovation. We do not see broad scale implementation of this tool by the Municipal and Commercial sectors without subsidy. As an alternative we have partnered with the established Green Business Program to implement a less costly (EBOM light) program that could capture energy savings in building operations in the multifamily sector. We believe there is market potential for a similar approach to the Green Business Program in the commercial sector.

CEC should collaborate with DOE to make sure national asset rating tools, which can stand alone or be a component of a more comprehensive green building label, can be used in the California market. Our initial analysis suggests that the DOE Home Energy Score is a less costly approach to assigning an asset rating for time-of-sale than the CA HERS II score. A simple and low-cost residential asset rating is particularly important for broader adoption of voluntary programs as well as mandatory disclosure and upgrade policies at the local level.

Zero Net Energy

The silos between energy efficiency, distributed generation, and electric vehicle charging programs need to be removed in order to meet ZNE goals. Buildings must optimize all of these strategies to become net producers in a modern distributed generation grid that is tied to electric vehicles. They need programs that enable the combined optimization of these strategies. Without intentional coordination and integration, there is a risk of having uncoordinated programs with competing objectives. Many local governments throughout the state are actively planning, permitting and siting distributed generation, electric vehicle infrastructure for fleets and private sector use, micro grids for disaster preparedness, and energy efficiency upgrades in the existing building stock. They are key partners for the CEC to engage in a truly integrated demand side management approach for reaching ZNE goals.

Multifamily Sector

We appreciate the attention given in the plan to the Multifamily Sector. We offer the following recommendations from our experience administering multifamily green building and energy efficiency programs, and as the chair of the statewide Multifamily Home Energy Retrofit Coordinating Committee (MF HERCC). The action plan references the MF HERCC report published in 2011. Note that there is an updated report with detailed recommendations for the multifamily sector published as of January 2015 posted on-line at http://www.multifamilygreen.org/hercc. Many of the recommendations in the current draft Action Plan have already been adopted by the 2013-14 EUC multifamily programs, and the updated HERCC report synthesizes key lessons learned from the recent years of multifamily program implementation across the state.

We recommend adding the following specific strategies that we have found to be effective in the multifamily sector described in more detail below: 1) Simplified building analysis and compliance software for program and disclosure policy use 2) Longer term engagement (than 1-2 year program cycle) with owners to enable ZNE investment plans and a portfolio approach to upgrades 3) Financing for Market rate owners to utilize, as well as for low-income.

1) Simplified building analysis and compliance software for program and disclosure policy use. The multifamily sector's building stock characteristics and ownership complexities are barriers to participation. Simplifying participation pro cesses is key to engaging the multifamily property owners and managers. While a scalable and reproducible upgrade solution is critical, it is still difficult to prescribe predetermined packages of measures due to multifamily's housing stock variety. Instead, we recommend a simplified but customized assessment process, which has been successful in the Bay Area. Simplifying any required processes such as under disclosure policies may also lead to better acceptance by the industry, as it would minimize the cost and time burden of compliance.
2) Longer-term (5-20 year) engagement with owners. The multifamily sector typically plans building upgrades over time, and programs should recognize this to better align with the industry's business practices. Longer-term engagement will allow interface during key trigger events over time, and enable programs to recommend deeper energy savings, even proposing ZNE investment plans. We recommend providing ZNE advising to retrofit projects participating

in incentives and other programs under the Action Plan strategy 3.4. Longer-term engagement can also support a portfolio approach to upgrades as identified in the draft Action Plan.

3) Program design and financing to serve all multifamily subsectors. While focusing on affordable and low-income housing sectors is important, reaching the majority of the State's multifamily housing stock and achieving significant energy efficiency targets will require the engagement of **market rate** subsector as well. Accessible and affordable financing mechanisms should be made available all multifamily subsectors and specifically target the split-incentive obstacle

Conclusion

At the April 21, 2015 AB 758 IEPR workshop at the CEC Nancy Skinner made comments to the effect of the need to quantify the impact of the various strategies in the action plan in order to prioritize their relative importance. While we agree with this in general, we do hope that the CEC does not limit the programs under AB 758 action plan to the regulatory lens of cost-effectiveness as constructed by the CPUC for program evaluation and by the CEC for T-24 part 6 Code adoption. Recognize that some actions might be located somewhere up the cost-effectiveness curve, or might not be cost-effective in the immediate time frame, but they provide various other societal benefits and/or are essential for a robust market that will enable real energy efficiency and integrated demand side management strategies to flourish throughout the state.

Respectfully submitted,

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