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Commercial Real Estate Comments on Docket # 19-BSTD-03

October 20, 2020

TO: California Energy Commission

FR: Matthew Hargrove, On Behalf Of The Following Trade Associations

CA BUSINESS PROPERTIES ASSOCIATION

BUILDING OWNERS AND MANAGERS ASSOCIATION OF CALIFORNIA

NAIOP OF CALIFORNIA

INTERNATIONAL COUNCIL OF SHOPPING CENTERS

RE: Docket #: 19-BSTD-03 - Project Title: 2022 Energy Code Pre-Rulemaking

MANDATORY SOLAR PV FOR NON-RESIDENTIAL BUILDINGS

The California Business Properties Association (CBPA) thanks the CEC staff and Commissioners for their conscientious and hard work in developing Building Energy Code language that moves the state forward in its goals of reducing and ultimately eliminating greenhouse gas emissions in the state. CBPA appreciates the opportunity to comment on these proposed changes and hopes to be a contributing participant in these proceedings.

Following the October 6th workshop, CBPA's largest concern is the proposal to require solar PV on all new non-residential construction in the state. Unlike single-family residential buildings with a single owner and occupant, non-residential buildings often have multiple occupants that generally do not include the building owner. This dichotomy creates a scenario where the costs of solar installation would be born by someone other than the beneficiary of that system. And this is not merely a function of assigning benefits, building owners in situations where building owners do not pay for the energy, they also do not control the meter in the building. The proposal is illegally forcing a third-party business in the middle of a contract between the tenant and the energy company.

CEC staff responded that they were aware of this issue as a matter of concern; however, staff responded that their assessment of cost-effectiveness did not include this issue. Because the costs and benefits of solar in scenarios where the owner and ratepayer are not one-in-the-same, there will be substantial added costs incurred through inefficiencies related to resolving benefits from solar. The state here has burdened industry with a task they have not resolved and is not providing direction nor resources for resolution. In today's market leasing structure there is no or little benefit to the building owner who will be required to purchase the solar system. Thus, solar does not meet the definition of being cost effective and cannot be mandated. For these reasons CBPA strongly encourages the CEC to reconsider these new solar requirements until the due diligence has been done in order to understand how to cost effectively apply solar to nonresidential buildings.

Further, many building types, such as warehouses and industrial facilities are not designed for a significant load on the roof. Adding solar PV to such buildings is not simply the cost of the solar system, but also the cost of entirely reengineering the building's structure which would add substantial construction costs.

In multi-story buildings much of the roofs are already occupied by building mechanical systems and engineering needs as well as required roof access and safe travel lanes for emergency and fire personnel. An empty space cannot simply be filled with solar panels.

NON-RESIDENTIAL BATTERY STORAGE

The CEC has suggested a new mandate for battery storage in non-residential new construction. While CBPA certainly understands and appreciates the need to reduce strain on the electric grid, CBPA also finds that battery technology is simply not mature enough to be mandated in the energy code. In addition, a similar argument to solar in that the building owner who is paying for the battery will not receive the benefit. Thus, batteries, as noted by the CASE team, are not cost effective. With minimal market share, very limited data on reliability and cost, the CEC is creating a battery requirement that would be impossible to meet and is not cost effective. The CEC needs to incentivize these systems for early adopters in order to gather data on battery installations and performance.

HEAT PUMP/ALL-ELECTRIC BASELINE

CBPA supports the CEC's currently proposal regarding an all-electric baseline that incentivizes all-electric buildings without penalizing mixed-fuel ones. CBPA's members demand the use of natural gas for a substantial number of end-uses that would simply be expensive, if not impossible to completely electrify. And therefore, CBPA supports a code structure that provides compliance credit and the opportunity for a smooth transition towards decarbonization.