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**NRDC, Sierra Club, RMI, CHPC, BEI Joint Comments on Multifamily Restructuring - 2020-10-27**

*Additional submitted attachment is included below.*



October 27, 2020

Re: Comments on the Oct. 13 Multifamily Restructuring Workshop

Dear Commissioner McAllister and Energy Commission Staff:

On behalf of the Natural Resources Defense Council (NRDC), Rocky Mountain Institute (RMI), Sierra Club California, California Housing Partnership, and Building Electrification Initiative, who are advocating for affordable and equitable decarbonization and clean air policies in buildings to help mitigate the climate crisis, we respectfully submit the following comments in response to the California Energy Commission's (CEC) October 13, 2020 workshop on the Multifamily Restructuring proposals for the 2022 Title 24 Standards.

We strongly support the effort to create separate multifamily requirements in the code. However, we are concerned with the approach presented in the staff workshop to analyze measures individually which leaves important cost-effective opportunities on the table and hinders progress towards California's climate and energy goals. We urge the CEC to select the

highest efficiency measures from the current non-residential and residential standards that are cost-effective using a packaged measure approach.

***We support separate multifamily requirements which will streamline code compliance while laying the groundwork for targeted decarbonization improvements in future code cycles.***

Overall, we strongly support the effort to combine the requirements for multifamily buildings into a single chapter, separate from single-family and non-residential buildings. Currently, these requirements are divided between the residential and non-residential sections of the code which leads to confusion amongst designers and disparate requirements for similar buildings in the same development project (i.e. a project that includes both three and four story multifamily buildings would face different requirements for each building type). Combining these requirements into a single set of standards for multifamily buildings will reduce this market confusion and therefore will likely lead to increased compliance with the code. Multifamily buildings also have distinct characteristics that make them different from either single-family or non-residential buildings, such as multiple individual dwelling units which may have separate or shared mechanical systems, and therefore warrant separate requirements. Clearly separating the requirements and analyses for multifamily buildings will allow for targeted requirements over time that can better achieve energy efficiency and decarbonization opportunities in these buildings cost-effectively.

***We urge the CEC to analyze cost-effectiveness of measures in combination as directed by the Warren-Alquist Act and as proposed in the draft CASE report.***

We support the general principle followed in determining the combined multifamily standards of selecting the highest efficiency requirements (where cost-effective) from the non-residential and residential codes for each measure and combining these into the new multifamily section. However, in the October 13<sup>th</sup> workshop, CEC staff indicated that they would not be adopting the packaged measure approach proposed in the Investor Owned Utilities' (IOU) draft Codes and Standards Enhancement (CASE) report, which will leave nearly

all of the emissions reductions possible from the multifamily restructuring measure on the table. **In determining cost-effectiveness, the CEC should use a packaged measure approach as outlined in IOU's draft CASE report.**

The Warren-Alquist Act clearly states that cost-effectiveness should be considered *in the code's entirety*, which supports this packaged approach. Specifically, Warren-Alquist requires that the standards “shall be cost-effective when taken in their entirety and when amortized over the economic life of the structure compared with historic practice.” Warren-Alquist goes on to state that the CEC shall consider the value of water or energy saved, impact on product efficacy, life-cycle cost of compliance, overall lifetime statewide costs and benefits, impacts on California businesses, and alternative approaches and associated costs. It also references Sections 18930 and 18935 of California's Health and Safety Code, which in turn state that the cost to the public must be reasonable based on the overall benefit derived from the standards. Throughout all of these requirements there is a focus on *overall* costs and benefits in setting standards that provide benefits to consumers while achieving the state's goals.

Notably, Warren-Alquist does not require individual measures to be cost-effective. This makes sense, given that buildings operate as an interactive system and that what matters to occupants is the overall cost paid and the overall benefits derived. All code requirements apply to new buildings; it is the overall cost of these requirements in combination compared to historic practice that are relevant and should be compared to the energy savings and other benefits achieved by the standards. Furthermore, buildings are interactive systems that should be considered in their entirety. For example, building envelope measures such as wall and fenestration efficiency affect both the sizing of, and the energy used by a building's heating, ventilation, and air conditioning (HVAC). It therefore makes sense from a building science perspective to analyze these measures as a single package. Conversely, analyzing measures individually inherently leaves opportunities on the table and is counter to the interest of achieving the state's goals cost-effectively. In the case of the multifamily standards under consideration currently, the fenestration properties measure results in significant emissions reductions and is cost-effective when considered in combination with HVAC measures and therefore should be adopted.

## ***Summary***

In summary, we support the effort to unify the multifamily requirements into a separate section of the code, which will simplify compliance for multifamily buildings while supporting future energy efficiency improvements in this sector that can be better targeted to the specific design constraints of multifamily buildings. We strongly urge the CEC to consider cost-effectiveness on a packaged basis, both for the multifamily chapters and for the other areas proposed by the IOU's CASE reports. This package-based analysis is clearly supported by the Warren-Alquist Act and will result in achieving the state's energy and emissions reductions goals in the most cost-effective way possible.

Sincerely,

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