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BICEP Members:

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Annie's Inc
Autodesk
Aveda
Ball Corporation
Ben & Jerry's
Biogen
Burt's Bees
Burton Snowboards
Clif Bar & Company
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Danone North America
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Stonyfield Farm
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The North Face
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Timberland
Unilever
VF Corporation
Vail Resorts
Vulcan, Inc.
Workday
Worthen Industries

The Honorable Gavin Newsom
Governor of California
State Capital First Floor
Sacramento, CA 95814

California Energy Commission
1516 9th St
Sacramento, CA 95814

RE: Ceres BICEP Network Comments in Support of a 2022 All-Electric Code in California

Dear Governor Newsom, California Energy Commission Commissioners and Staff:

I write on behalf of the Ceres BICEP (Business for Innovative Climate and Energy Policy) Network — a coalition of nearly 70 major employers and large electricity customers across the United States, many of whom have substantial operations or are headquartered in California. As a representative of this Network, I write today to urge the California Energy Commission to establish an all-electric building code, including for both the commercial and residential sectors, in the 2022 Title 24 Building Energy Efficiency Standards update.

As California looks to accelerate action to address the climate crisis, our members believe establishing an all-electric code presents an opportunity for the state to continue to lead.

California has a long history of setting the national agenda on environmental, energy, and climate policy. As we have seen this summer and fall, wildfires have disrupted communities in unprecedented ways. The very real and present impacts of climate change threaten the health and livelihood of the communities in which businesses operate and disrupts the value chains on which they rely. The state has already demonstrated that adopting policies that reduce emissions support a robust and resilient economy.¹ However, California cannot rest on its laurels or afford to slow down the pace in transitioning to a net-zero emissions economy. To help us get to the state's long-term climate goals, California needs to be sufficiently ambitious and swiftly adopt policies to secure near-term emissions reductions. The establishment of a 2022 all-electric code is critical to maximizing progress in the building sector and avoid locking-in carbon-intensive buildings for decades to come.

Absent robust action to address building emissions, the state will not achieve its climate goals and the long-term economic success of the business community will be at risk.

Because of the risks climate change poses to operations and supply chains, companies and institutions in California and nationwide are making significant commitments to reduce their greenhouse gas (GHG) emissions and invest in clean energy resources.² Even with these steps being taken, the building sector remains both a major source of emissions and component of companies' carbon footprint – as well as a significant cost center.³

Without government leadership, businesses often face challenges in driving down their building-level emissions footprint. There are several reasons for this including: inadequate utility support for projects, lack of access to energy data, and third party energy management vendors. These barriers lead to high upfront costs, long returns on investment, and inadequate or underdeveloped markets for energy services and technologies. In addition, commercial and residential developers have been slow to change their building practices on the basis of suspected higher costs. This is in spite of electric products being cost competitive.⁴

As a result, businesses seeking to reduce their carbon footprint have a significant interest in public policy opportunities that enable cost-effective investments to optimize their energy use, decrease emissions, and drive market transformation in the building sector. This is why [55 California companies and institutions have urged the state](#) to pursue robust building decarbonization policies.

Electrification is a key component of building decarbonization. Policies and programs that incentivize building electrification create a variety of options for businesses and institutions seeking to make long-term investments consistent with their sustainability and financial goals. These options can help cut energy costs and free up significant capital that can be reinvested into their operations, employees, and communities.⁵ Such policies also support a company's decision, given competing investment options, to allocate capital towards clean energy products, systems, and services within California. A commitment to building electrification will give the business community the confidence to invest and grow in the state.

Building electrification will create new economic opportunities for California.

Establishment of an 2022 all-electric building code will provide critical policy certainty that businesses need to plan and invest in the future. Increased demand and production of next-generation technologies and products will build a robust market for manufacturers – helping to attract investment, spur innovation, and drive economic development across the state. A recent report found that electrifying all of California's new and existing buildings by 2045 would support up to 104,000 jobs annually.⁶ As the fifth largest economy in the world, California has the ability to transform the building electrification market, helping to capture savings from economies of scale and provide more cost-effective emissions reductions for all.

Comprehensive building electrification also has the significant added benefit of reducing harmful pollutants and associated health costs. Improving air quality is not only the right thing to do for public health and for California communities, it also makes economic sense. In fact, a recent analysis found that electrifying the majority of California's buildings would lead to \$108 billion in air quality and health benefits annually.⁷ As low-income and marginalized households are disproportionately impacted by indoor and outdoor pollution, building electrification investments can provide meaningful progress towards improving the health and financial stability of these communities.

An all-electric building code for 2022 avoids long-term financial costs and the potential for stranded assets.

The longer we delay implementation of an all-electric code, the greater likelihood that the expanding gas infrastructure will produce significant stranded assets within thirty years as electrification of buildings becomes more broadly implemented in order to meet SB 350 decarbonization goals. Ratepayers will bear the cost for investments in gas infrastructure that California has already indicated that it plans to phase out. Furthermore,

retrofitting buildings at a later time is inherently more expensive and also results in sunk costs and lost economic opportunities. For example, it is estimated that the cost to add circuits and possible panel upgrades to electrify gas appliances in the typical mixed fuel home is in the thousands of dollars, which could be entirely avoided if the home were wired to be all-electric from the outset.⁸ These costs erect further barriers to electrification of the existing building stock when it is already clearly known that all-electric buildings will significantly reduce emissions. It is common sense, more effective, less costly, and better policy to build new buildings right the first time.

Given the immediacy of the climate crisis and economic benefits of bold action, we strongly support the establishment of a 2022 all-electric building code that addresses both the commercial and residential sectors. An all-electric code will help California businesses and institutions optimize their energy use, achieve cost savings, improve public health, and spur technological innovation, all while upholding California's legacy as a climate leader.

Sincerely,



Anne L. Kelly
Vice President of Government Relations, Ceres
On behalf of Business for Innovative Climate and Energy Policy
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www.ceres.org/bicep

The Ceres BICEP Network comprises influential companies advocating for stronger climate and clean energy policies at the state and federal level in the U.S. For more information on the Ceres BICEP Network, visit www.ceres.org/bicep.

CC: Kate Gordon, Director of the Governor's Office of Planning and Research
Mary Nichols, California Air Resources Board Chair
Jared Blumenfeld, California Secretary for Environmental Protection
Wade Crowfoot, California Secretary for Natural Resources

¹ In 2017, California met its 2020 emissions reduction goal ahead of schedule while the state's economy outpaced national growth by more than 35 percent. See: Next 10. "2018 California Green Innovation Index, 10th Edition." 2018. <https://next10.org/sites/default/files/2018-ca-green-innovation-index.pdf>

² Ceres. "Power Forward 3.0: How the largest U.S. companies are capturing business value while addressing climate change" April 15, 2017. <https://www.ceres.org/resources/reports/power-forward-3>.

³ Energy and Environmental Economics. "Residential Building Electrification in California: Consumer economics, greenhouse gases and grid impacts." April 2019. https://www.ethree.com/wp-content/uploads/2019/04/E3_Residential_Building_Electrification_in_California_April_2019.pdf

⁴ Rocky Mountain Institute. "The Economics of Electrifying Buildings." June 2018. https://rmi.org/wp-content/uploads/2018/06/RMI_Economics_of_Electrifying_Buildings_2018.pdf

⁵ Electrifying commercial building space heating can achieve energy savings of 640 trillion Btu of energy. See: ACEEE. "Electrifying Space Heating In Existing Commercial Buildings: Opportunities and Challenges." October 2020. <https://www.aceee.org/sites/default/files/pdfs/b2004.pdf>

⁶ UCLA Luskin Center for Innovation. "California Building Decarbonization: Workforce Needs and Recommendations." November 2019. https://innovation.luskin.ucla.edu/wp-content/uploads/2019/11/California_Building_Decarbonization.pdf

⁷ Electric Power Research Institute. "Air Quality Implications of an Energy Scenario for California Using High Levels of Electrification." June 2019. <https://www2.energy.ca.gov/2019publications/CEC-500-2019-049/CEC-500-2019-049.pdf>

⁸ Energy and Environmental Economics. "Residential Building Electrification in California: Consumer economics, greenhouse gases and grid impacts." April 2019. https://www.ethree.com/wp-content/uploads/2019/04/E3_Residential_Building_Electrification_in_California_April_2019.pdf

December 1, 2020

The Honorable Gavin Newsom
Governor of California
State Capital, First Floor
Sacramento, CA 95814

California Energy Commission
1516 9th St
Sacramento, CA 9581

Dear Governor Newsom, California Energy Commission Commissioners and Staff:

As businesses, higher education institutions, healthcare systems, and associations across the West, we write to urge our state leaders to pursue ambitious building decarbonization policies. Optimizing energy use in the building sector will save businesses, institutions, and residents money while reducing emissions, spurring innovation in building design and construction, improving public health, and helping drive economic recovery.

Climate change poses a significant risk to our long-term economic success, impacts the health and livelihood of the communities in which we operate and live, and disrupts the value chains on which we rely. We are already feeling the effects of climate change across the West — from increased heat waves and extreme wildfires, to drought and hazardous air quality.

Because of these risks, we are making significant commitments and investments to reduce our greenhouse gas emissions.¹ The energy use at our facilities is a significant cost and increasing our energy efficiency is a major focus of our sustainability efforts. Clean energy investments are an economic opportunity, saving major energy buyers in the U.S. billions of dollars a year while reducing emissions.² Including robust building decarbonization policies and programs in our tool box will help us meet our goals faster and more cost-effectively, all while reducing climate-related risk.

Building decarbonization policies and practices include energy efficiency programs; building energy benchmarking programs; sustainable building design approaches; performance standards for new and existing buildings; strategic electrification; building energy and water codes; strategic energy management; building-level distributed generation and storage; and demand-side management (DSM) programs. Building decarbonization practices can provide energy users valuable insights into how much energy a building uses, helping us better manage performance, identify opportunities to cut energy costs, and make informed capital investment decisions. All consumers, businesses, and institutions benefit when we eliminate energy waste.

At the microgrid, community and grid scale level, building decarbonization investments also support resiliency. As climate change exacerbates extreme weather events, building decarbonization policies—such as those supporting distributed energy resources and demand response — enable strategic grid management and enhance grid resiliency, ensuring all customers have access to reliable power.

Decarbonizing the building sector will also generate economic, public health, and equity benefits. Investing in more efficient buildings will help the West build a more robust and resilient economy as we grapple with the challenges of the COVID-19 pandemic, creating local jobs that pay well and are not easily outsourced.³ Inefficient buildings and appliances disproportionately impact the health and financial stability of marginalized and low-income communities — the same communities most affected by the pandemic. Investments in these communities can reduce exposure to

¹ Nearly early half of all Fortune 500 companies have set goals to reduce greenhouse gas emissions, procure renewable energy, and invest in energy efficiency, see: <https://www.ceres.org/resources/reports/power-forward-3>; Health systems in the U.S. have committed to increasing climate resilience and reducing greenhouse gas emissions, see: <https://noharm-uscanada.org/healthcareclimatechallenge>; and Colleges and universities are making bold commitments to address climate change and resilience, integrating these into their curriculum, research, and campus operations, see: <https://secondnature.org/signatory-handbook/climate-leadership-network-map/>.

² In 2017, major energy buyers in the US saved nearly \$3.7 billion a year from investments in clean energy, see: <https://www.ceres.org/resources/reports/power-forward-3>.

³ E2. “Clean Energy & COVID-19 Crisis | June 2020 Unemployment Analysis.” July 10, 2020. <https://e2.org/reports/clean-jobs-covid-economic-crisis-june-2020/>.

hazardous indoor and outdoor air pollutants and improve energy affordability, improving public health and raising disposable incomes.⁴

We strongly support the establishment of robust building decarbonization policies. As the West recovers from the impacts of the COVID-19 pandemic, these policies will help ensure the long-term health of the region’s economy and citizens.

Sincerely,

Adobe*
AIA California
Ameresco*
AR Green Consulting
Autodesk*
BAR Architects
Ben & Jerry’s*
Biotic Brands
Bolt Design Studio
Boulder Organic Foods
Burton*
California Health Care Climate Alliance**
Change Finance
Cree Lighting*
DSM*
Dignity Health*
Eaton Corporation*
eBay*
Energy Efficiency First California
Energy Management Solutions
France Sustainable Solutions
Geostrategies, LLC
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IKEA Retail USA*
JLL*
Legacy Vacation Resorts
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Schneider Electric*
SERA Architects
Seventh Generation*
Siemens*
Sierra Nevada Brewing*
Switch Automation
The California Efficiency + Demand Management Council
Turner Real Estate
Unilever*
Uplight*
USGBC-LA
VF Corporation*
Washington Health Care Climate Alliance**
ZGF Architects*

Higher Education Institutions

California State University Northridge
California State University Sacramento
University of California, Davis

University of California, Merced
University of California, Riverside

* Denotes over \$100 Million in annual revenue

** Members of the California Health Care Climate Alliance and Washington Health Care Climate Alliance include over 162 hospitals in California and Washington

CC: Kate Gordon, Director of the Governor’s Office of Planning and Research
Mary Nichols, Chair of California Air Resources Board
Jared Blumenfeld, California Secretary for Environmental Protection
Wade Crowfoot, California Secretary for Natural Resources

For more information or to connect with the signatories, please contact duff@ceres.org.

⁴ Rocky Mountain Institute. “Gas Stoves: Health and Air Quality Impacts and Solutions.” 2020. <https://rmi.org/insight/gas-stoves-pollution-health>; ACEEE. “How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burdens across the U.S.” September 10, 2020 <https://www.aceee.org/research-report/u2006>.

