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Opposition to Fast-Tracking Electrification of New Homes and Apartments

Additional submitted attachment is included below.



CSAEW

California & Nevada State Association of Electrical Workers



CCUE

Coalition of California
Utility Employees



California
Business
Properties
Association



**CALIFORNIA
RETAILERS
ASSOCIATION**
Consumers Economy Jobs



California
Business
Roundtable



**ORANGE COUNTY
BUSINESS COUNCIL**
The Leading Voice of Business



International Council of Shopping Centers



ASSOCIATED
CALIFORNIA
LOGGERS

**CALIFORNIA
BUILDERS ALLIANCE**



NORTH STATE
BUILDING INDUSTRY
ASSOCIATION



BUILDING INDUSTRY ASSOCIATION



Building Industry Association
of Tulare/Kings Counties, Inc.



Baldy View Chapter



BUILDING INDUSTRY
ASSOCIATION OF
SAN DIEGO COUNTY



Los Angeles/Ventura Chapter



February 24, 2021

To: California Energy Commission
Docket Office, MS-4
1516 Ninth Street
Sacramento, California 95814

Mazi Shirakh, Building Decarbonization Lead
California Energy Commission
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Sacramento, California 95814

From: California Building Industry Association
California Business Properties Association
Building Owners and Managers Association
California Apartment Association
Retail Industry Leaders Association
International Council of Shopping Centers
California Retailers Association
California Business Roundtable
Orange County Business Council
Associated California Loggers
Casita Coalition
North State Building Industry Association
Building Industry Association of Tulare/Kings Counties
Building Industry Association of Fresno/Madera Counties
Building Industry Association of Southern California, Orange County Chapter
Building Industry Association of Southern California, LA/Ventura Chapter
Building Industry Association of Southern California, Baldy View Chapter
Painting and Decorating Contractors of California
Painting & Decorating Contractors of Sacramento
North Coast Builders Exchange
Nevada County Contractors Association
Plumbing-Heating-Cooling Contractors Association of the Sacramento Valley
Shasta Builders Exchange

California and Nevada State Association of Electrical Workers
Coalition of California Utility Employees
California State Pipe Trades Council
Western States Council: Sheet Metal, Air, Rail, Transportation
Commercial Development Real Estate Corporation (NAIOP)
Plumbing-Heating-Cooling Contractors Association
Association of Commercial Real Estate
Californian's for Affordable & Reliable Energy
California Natural Gas Producers Association
Building Industry Association of San Diego County
Building Industry Association of the Bay Area
Home Builders Association of the Central Coast

RE: Docket No. 19-BSTD-03, 2022 Energy Code Pre-Rulemaking

Opposition to Fast-Tracking Electrification of New Homes and Apartments

The organizations cited above are writing to urge the California Energy Commission (CEC) NOT to fast-track the electrification of new homes and apartments. The recently proposed changes by the CEC will increase home and apartment construction costs, monthly energy bills and displace thousands of workers as we recover from a global pandemic.

After years of cooperatively working with the CEC, the homebuilding community in 2018 supported the CEC's adoption of the nation's first statewide rooftop solar mandate for new homes. Recognizing the solar mandate was a significant change for the industry, the CEC publicly stated their intent **not to** increase the cost or stringency of the 2022 energy code for new homes and instead focus its efforts on new commercial and high-rise residential buildings. That policy statement has been reiterated by representatives of the CEC for several years and served as a fundamental criterion for developing the next update to the standards: *no significant changes will be promulgated for new low-rise residential buildings until the 2025 update of the standards.*

Unfortunately, the CEC announced in December that it was shifting course and will effectively require new homes and apartments to use electric heat-pump water heaters instead of the natural gas-powered water heaters that have been used for decades.

We fully understand the state has aggressive decarbonization goals. And, the long-term replacement of natural gas appliances with electric appliances is one of the many initiatives to meet these goals. We stand ready to engage in this careful deliberation at the appropriate time, just as we did with the Commission's solar mandate. However, we cannot make this critical decision without first evaluating and weighing the impact on monthly utility bills and the economic impact on the building industry and construction workers.

For instance, the current market penetration of electric heat-pump technology in new homes is less than 2% statewide. Given the experience with rooftop solar, the CEC and the building industry understand that this application level must rise to 30% before a mandate can be effectively considered and not have significant economic impacts. As we emerge from a global pandemic, the ability to train thousands of contractors to install electric heat-pump water heaters is severely hindered. This requires on-site training and is not something that lends itself to the current distance-learning platforms like ZOOM and Microsoft TEAM.

Also, the CEC is currently assuming an increase in electrical rates of roughly 2% per year, while the PUC is presently considering electrical rate increases of 30%-40%. More analysis is needed on this critical issue to determine the impact on monthly utility bills and cost-effectiveness.

Fast-tracking requirements for all-electric buildings will hinder efforts to ensure a smooth transition as we decarbonize new construction. Care should be taken to avoid unintended impacts on electrical grid reliability, housing costs, and energy costs for homeowners, renters, and small businesses. Requiring new buildings to be all-electric will also result in an immediate loss of good-paying blue-collar jobs for those workers who currently make a living installing gas piping. The greenhouse gas savings that would occur by fast-tracking electrification requirements for new construction are far outweighed when compared to the impacts on workers that would immediately lose jobs and on home builders that would be expected to shift to an unfamiliar technology in a very short period of time.

A proceeding is currently underway at the California Public Utilities Commission (CPUC) to identify a path to ensure any transition to greater electrification is safe and equitable. Discussions are also occurring on whether an equitable path exists to provide a just transition for workers who will lose good jobs and careers due to the move toward greater electrification of buildings. Adopting these CEC requirements before those paths are identified, just as California is trying to recover from the economic impact and job losses attributed to COVID-19, is shortsighted and flawed public policy.

California cannot slow down climate change all on its own. For initiatives such as this to have an impact, they must establish a model that other states and nations will want to follow. Instead of creating a positive glide path for decarbonization success like we already did for solar, fast-tracking a mandate for all-electric homes will instead exacerbate the energy, labor, and housing crisis. We risk sending a message to the rest of the nation **not** to follow California's lead.

Commissioners, we ask you and the CEC to maintain the policy direction NOT to make significant changes to the energy standards for low-rise residential in 2023 and instead resume the cooperative efforts between the homebuilding community, labor, and the state to move California towards a decarbonized future in a thoughtful, reasoned and just manner.

Thank you for your consideration.