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Comments on Staff Workshop Heat Pump Goals, Supply Chain, and Programs

Additional submitted attachment is included below.



April 19, 2022

Commissioner Andrew McAllister
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Re: Comments on 04/05/22 Staff Workshop: Heat Pump Goals, Supply Chain, and Programs

Dear Commissioner McAllister:

On behalf of Natural Resources Defense Council, Earthjustice, Association for Energy Affordability, Sierra Club, and RMI, we thank the California Energy Commission (CEC) for the opportunity to comment on the Staff Workshop on Heat Pump Goals, Supply Chain, and Program. We greatly appreciate the CEC hosting a workshop on this topic and for its leadership in accelerating the deployment of heat pumps. In support of the agency's efforts, we offer the following comments in reflection on the workshop:

- 1. Residential and commercial buildings account for a quarter of the state's greenhouse gas (GHG) emissions, and heat pumps are a critical enabling technology for decarbonizing our buildings.** As supported by the agency's Integrated Energy Policy Report (IEPR), California must urgently implement a plan to cut pollution from homes and buildings through large-scale electrification of new and existing buildings to achieve the state's 2030 and 2045 decarbonization targets. Most buildings last for 50 to 100 years, and gas-fired space and water heating appliances last 10 to 20 years or more and drive the bulk of on-site GHG emissions. To meet California's climate targets and take advantage of natural equipment replacement cycles, heat pumps need to become the majority of new installations and replacements as soon as possible, and the standard by 2030. Therefore, California must play a leading role in shifting the market towards clean, efficient all-electric heat pumps.
- 2. As part of the state's decarbonization vision, we strongly support the CEC's recommended goal of installing at least 6 million heat pumps by 2030.** California's climate goals require the rapid deployment of heat pumps to decarbonize our building sector, and California must send strong signals that the state is committed to accelerating the market. As noted during the workshop, based on existing and proposed program investments, the state is not on track to install the number of heat pumps that our climate crisis demands. Implementing the 6 million heat pump target would set the state on a path towards a broad transition to heat pumps for space and water heating and encourage the

collaboration of the Administration, manufacturers, labor, environmental justice and environmental advocates to develop a comprehensive strategy for a predictable, fair, and responsible transition to clean appliances.

3. **To achieve this goal, we must have robust, consistent funding and incentives to support heat pump deployment across the state.** Heat pumps are currently available in the California market and are already cost-effective in many situations even without incentives, but the market share is very low because the lack of market volume and contractor familiarity result in high costs and low availability. Developing the market for heat pumps and bringing this technology down the cost curve by investing in incentive programs will unleash a lower-cost, pollution free, zero-carbon, grid-flexible technology, and economic opportunity for new and existing contractors and technicians to build a steady industry workforce.

The state must invest in long term, consistent funding for successful, existing programs – such as the Technology and Equipment for Clean Heating Program (TECH program) and Self-Generation Incentive Program (SGIP) incentives for heat pump water heaters – in addition to leveraging utility-funded energy efficiency for electrification projects. However, these investments are just the beginning. We strongly support the state creating and funding a strategy to scale the market to 100 percent of clean appliance sales by 2030, while prioritizing investments for low-income and environmental justice communities. The \$1 billion from Governor Newsom’s proposed January Budget for equitable building electrification would be an important next investment in ensuring this path to 2030.

We thank the CEC for its diligent efforts on progressing heat pump deployment. We look forward to continued engagement with the CEC as the state looks to decarbonize its building stock to achieve its climate goals.

Sincerely,

Merrian Borgeson

Senior Scientist

Natural Resources Defense Council (NRDC)

Matt Vespa

Senior Attorney

Earthjustice

Andrew Brooks

Senior Director, West Coast Operations
Association for Energy Affordability (AEA)

Leah Louis-Prescott

Senior Associate
RMI

Nihal Shrinath

Associate Attorney
Sierra Club