

DOCKETED

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**BDC, CHP, Greenlining Institute, NRDC, RMI, and Sierra Club
Comments on 2024 California Building Energy Action Plan**

Additional submitted attachment is included below.



BUILDING
DECARBONIZATION
COALITION



THE
GREENLINING
INSTITUTE



March 26, 2024

California Energy Commission
Re: Docket [23-DECARB-03](#)
715 P Street
Sacramento, CA 95814
docket@energy.ca.gov

Re: Public Comment on 2024 California Building Energy Action Plan Workshop 3-12-2024

Dear Commissioners:

On behalf of the Building Decarbonization Coalition (BDC), California Housing Partnership, Greenlining Institute, Natural Resources Defense Council (NRDC), Sierra Club, and RMI, we thank you for the opportunity to provide comments on the California Energy Commission’s (CEC) Staff Scoping Workshop outlining the 2024 Building Energy Action Plan (Plan).

We greatly appreciate the CEC’s leadership in highlighting the proposed content of the Plan to identify challenges and make recommendations to legislators, advocates, researchers, the Department of Energy, and other stakeholders about what is needed to move existing building energy efficiency and decarbonization forward in California.

As the CEC initiates Plan development, we urge the CEC to ensure that community-based, tenant rights, environmental justice, equity, and other organizations are part of Plan development and implementation. Procedural equity requires addressing community barriers to accessing and engaging in the Plan process. Examples include interpretation, accessible meeting times, and compensation if needed.

With respect to the sections outlined in the Staff Scoping Workshop for the 2024 Building Energy Action Plan, we offer the following scoping and technical recommendations:

- *Reflect a statewide vision for decarbonizing buildings, prioritizing alignment with and support of parallel work.*
 - For instance, the California Air Resources Board (CARB) committed to developing zero-emission standards for residential and commercial space and water heating by 2030, and the Bay Area Air Quality Management District adopted similar zero-emission standards that take effect as early as 2027. The Plan should consider these policies and their effective dates in its recommended actions

and timelines to ensure beneficial, complementary policies are in place before the standards take effect.

- *Ensure continuity of incentives, direct-install programs, and technical assistance for low-income households.*
 - Sustained funding is essential for California to meet its goal of 6 million heat pumps by 2030 and to ensure that low-income households are included in the energy transition and benefit from holistic home retrofits.
 - The Equitable Building Decarbonization (EBD) Program, Low-Income Weatherization Program (LIWP), and Solar on Multifamily Affordable Housing Program (SOMAH) should be priorities for continuous funding to improve indoor air quality, health, comfort, and energy affordability for low-income households, all while furthering California's climate goals. Together with the [\\$582 million](#) allocated to California for the federal Home Energy Rebates, the current EBD Program funding is enough to electrify only around 40,600 homes.¹ To provide comprehensive retrofits for California's more than [5.3 million low-income households](#), sustained funding for the EBD Program, LIWP, and SOMAH Program is crucial.
 - In addition, the Plan should address opportunities to develop and sustain one-stop-shops targeted at low-income households, drawing on the [community-driven building retrofit models](#) highlighted by Elevate, Building Electrification Institute, Emerald Cities Collaborative, the Greenlining Institute, Greenlink Analytics, Rising Sun Center for Opportunity, and NRDC.
- *Ensure that zero-emission appliances are cost-competitive with gas appliances.*
 - Market-forcing regulations such as zero-emission appliance standards, building codes, and heat pump installation targets are key to increasing the workforce and supply chain for installing heat pumps and bringing down installation costs.
 - Adding new electric equipment in the home often requires upsizing the electric panel, which in turn triggers a need for a higher-capacity service line from the utility. Replacing panels costs around \$4,000, and if that triggers service upsizing, customers can face high costs and delays ranging from weeks to months. Panel and service upsizing are in some cases necessary, but they often can be avoided. Contractors can use [Watt Diet](#) strategies to minimize the need for panel and service upsizing. Incentive programs can also provide funding for automatic load management devices that can prevent the need for panel upsizing and offer workforce education on electrifying without panel upsizing.
 - The State Building Code Title 24 Part 6 could require that newly replaced air conditioning units be two-way heat pumps for both residential and commercial

¹ Local Clean Energy Alliance and Ava Clean Energy estimate that electrification would cost \$37,000 per home in the East Bay Area. While this may not represent costs in all parts of the state, with this estimate EBD and Home Energy Rebates funding would only cover approximately 40,647 homes across the entire state of California.

buildings. This would avoid many missed opportunities for building owners to invest in efficient cooling *and* heating equipment.

- *Mitigate any cost burden of zero-emission appliance rules on low-income homeowners.*
 - Even when incentives are stacked, gaps remain in the upfront cost of electrification for low- and middle-income homeowners; namely, incentives do not cover the full incremental cost of switching to a heat pump HVAC for households that do not already have AC, and they do not cover panel and wiring upgrades in advance of installing a heat pump (a critical step for homeowners who need to be prepared to do a quick emergency replacement of their gas appliances).
 - There are concerns that some state and federal programs may only provide incentives in cases where installing a heat pump represents an "additional" upgrade that is not already required by base code or regulation. The purpose of additionality requirements is to encourage homeowners to go beyond what is required in energy measures. However, additionality requirements could have a chilling effect on jurisdictions looking to pass mandates on zero-pollution equipment and prevent homeowners from accessing incentives when electrification is required by building code. The definition of "additionality" should be updated to consider that incentives are complementary to jurisdictions adopting more ambitious policies on zero-pollution equipment.
- *Use bill impact estimates to inform comprehensive retrofits.*
 - As part of the Plan, the CEC should consider addressing how information on bill impacts will be used. For example, if pre-retrofit modeling identifies likely utility bill increases for a household, this should trigger coordination with solar programs (e.g., SOMAH, Self-Generation Incentive Program, or local community solar) as well as enrollment in available rate assistance programs and bill-saving dynamic rate programs. Similarly, the CEC should outline possible interventions with the California Public Utilities Commission (CPUC) if post-retrofit measurement finds bills increasing.
 - Further, as part of the discussion of bill impacts, it is important to consider non-energy benefits. For households gaining access to cooling for the first time, energy use and bills will likely increase, along with health, safety, and quality of life. In such cases, bill increases should not be cited as a reason not to install cooling, but should trigger leveraging solar programs, rate assistance, and other resources. The CEC should also coordinate with the CPUC on rate design and other efforts to mitigate rising electric rates.
 - The CEC requested examples of bill impact estimators and analytical methods. RMI's forthcoming tool, the Green Upgrade Calculator, can estimate household-level changes in utility bills and energy use for retrofits vs business-as-usual. The Green Upgrade Calculator can compare operating and

upfront costs of one-for-one swaps (e.g., replacing a gas furnace with an air source heat pump) or technology bundles (e.g., installing an air source heat pump, heat pump water heater, and envelope upgrade measures). In addition, the Green Upgrade Calculator can estimate carbon emission reductions from these scenarios. This tool will be publically available at zero cost in Q2 2024.

- *Develop a robust and diverse contractor base that can pursue retrofits.*
 - Train and prepare the existing contractor pool to install heat pumps so they are ready to follow best practices and perform emergency replacements quickly.
 - Prioritize training women and minority-owned contractors in how to install clean appliances and become certified with large incentive programs. Ensure that the range of contractors trained and ready to install clean appliances serves the full linguistic, cultural, racial, and income diversity of the state through workforce development programs. Consider tracking metrics on workforce diversity and including these metrics in the overall monitoring and evaluation of the program.
 - Work with contractors to ensure that incentive programs align well with the real-world constraints of how they do their work, such as cash flow financing constraints, need for floating rebates if the payout is sent after project completion, and project pipeline management. Ensure that program requirements are not a barrier to cost-effective jobs.
 - Consider job training programs that prepare workers for possible union job pathways, such as pre-apprenticeship training programs.
- *Ensure just labor standards in Building Electrification and create high-road jobs for underserved communities.*
 - Use incentive programs to support contractors that pay family-supporting wages, compete based on the quality of their services and products, and engage workers and their representatives in the project of building skills and competitiveness.
 - Coordinate with community colleges and other training centers to prepare students for entry into State-approved joint labor management apprenticeship programs. Use State funding to support childcare and other supportive services for students entering pre-apprenticeship programs.
- *Mitigate negative impacts on low-income renters and low-cost rental housing.*
 - The CEC's proposed outline for the Plan denotes "limited discussion" of tenant protections. We urge the CEC to undertake a more comprehensive analysis of this topic, as robust tenant protections are essential for ensuring that renters can participate in home retrofit programs (whether direct install or incentive-based) without facing displacement and rent increases. Tenant protections are an important topic for "full discussion" in the Plan.
 - Ensure subsidy programs are easy for multifamily landlords to participate in via specialized technical assistance and direct install programs for multifamily affordable housing where comprehensive retrofits are not feasible or anticipated.

Direct install programs should be prioritized as these programs are more likely to reach low-income tenants and tenant protections can be embedded into program guidelines to minimize construction-related displacement and haphazard construction practices.

- Decarbonization programs should include tenant protections for private rental housing that cap rent increases at 3% for the 5-15 years following retrofits; prohibit evictions for reasons other than nonpayment, illegal activity or severe nuisance following project completion; minimize temporary displacement of tenants and provide funding for relocation when necessary; codify tenant protections through deed restrictions and lease addenda; and identify enforcement mechanisms.
- Prioritize funding for mission-based affordable housing providers, community land trusts, and landlords with small portfolios who serve low-income tenants, can demonstrate financial hardship, and can prove a good track record with tenants.
- *Consider strong building performance standard models that include noncompliance penalties and safeguards to drive onsite reductions in carbon emissions.*
 - The CEC is seeking additional information on benchmarking and building performance standards (BPS) programs. The State of Maryland and the City of Seattle present two strong examples.
 - The [Maryland Building Energy Performance Standards](#) cover buildings 35,000 square feet and larger. Benchmarking begins in 2025, with covered building owners required to submit data via EPA's [ENERGY STAR Portfolio Manager](#). The program includes both carbon emission and site energy use intensity standards, beginning with interim standards in 2030 and reaching a final standard in 2040.
 - The [Seattle Building Energy Performance Standards](#) cover existing commercial and multifamily buildings 20,000 square feet and larger. The City expects the standards to reduce carbon emissions from buildings 27% by 2050. [Seattle's Energy Benchmarking Law](#) requires annual reporting using EPA's ENERGY STAR Portfolio Manager. Beginning in 2031, building owners must comply with greenhouse gas intensity targets on five-year intervals. Nonresidential buildings are required to reach net zero by 2045, while multifamily buildings must reach net zero by 2050. Support for compliance includes technical assistance via the [Seattle Clean Buildings Accelerator](#).
 - Additionally, the CEC should consider noncompliance penalties and zero carbon safeguards as key features of strong BPS.
 - Noncompliance penalties must be levied against owners who fail to comply with BPS or fail to report on compliance. The CEC can use levied

- penalties to advance equity by directing these penalties into funds to help low-income homes to electrify or help larger multifamily affordable housing to comply with BPS.
- BPS must include safeguards against thermal renewable energy certificates being misused for compliance. Zero carbon requirements should focus on onsite energy consumption when possible.
 - *Coordinate with CARB on embodied carbon reduction strategies.*
 - We encourage the CEC to remain in coordination with CARB as CARB launches a program to benchmark and develop embodied carbon reduction strategies for California.
 - The CEC is seeking additional information on rating systems and standards for embodied carbon. Key rating systems and standards include:
 - [US Green Building Council's LEED embodied carbon credits](#), which influenced the CALGreen embodied carbon code provision (effective July 2024);
 - [Federal Buy Clean Initiative](#) and low-carbon labeling program, with participation from the US General Services Administration, US Environmental Protection Agency, and Federal Highway Administration; and
 - [ASHRAE 189.1](#) (International Green Construction Code) and [ASHRAE/International Code Council Standard 240P](#) (Quantification of Life Cycle Greenhouse Gas Emissions of Buildings).
 - The CEC should prepare to track implementation of the CALGreen embodied carbon code provision once this goes into effect in July 2024.
 - *Collaborate with the CPUC on a comprehensive, equity-focused zonal decarbonization planning process.*
 - The Plan's treatment of zonal decarbonization should complement the CPUC's Rulemaking 20-01-007 on gas infrastructure planning. The CEC should collaborate with the CPUC to undertake a comprehensive planning process that advances the implementation of zonal decarbonization and other strategies to reduce costs to ratepayers.
 - Zonal decarbonization should focus on reducing system costs to ratepayers and prioritize environmental justice communities to ensure a just and equitable transition as gas infrastructure is decommissioned. Environmental justice communities should be prioritized for increased electrification incentives and any zonal decarbonization projects receiving public funding. There should also be a process to expeditiously approve cost-effective non-pipeline alternatives in other areas.

Our organizations remain committed to assisting in the development of a robust 2024 Building Energy Action Plan that focuses on equitable building decarbonization. We look forward to continued engagement with the CEC.

Sincerely,

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