

DOCKETED

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PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT
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Lee Butler, Director

March 27, 2024

Attn: Mr. Drew Bohan
California Energy Commission
1516 Ninth Street, MS-37
Sacramento, CA 95814-5512

Re: Filing of Local Amendment to the California Building Standards Code City of Santa Cruz Ordinance No. 2023-12

Dear Mr. Bohan,

Please be advised that the Santa Cruz City Council has adopted amendments to the 2022 Edition of the California Building Energy Efficiency Standards Code via Ordinance No. 2023-12, enclosed.

This letter is part of the package of materials required for California Energy Commission's approval of the City of Santa Cruz' proposed local ordinance requiring more stringent energy requirements than those set by California's 2022 Building Energy Efficiency Standards Title 24, Part 6. The ordinance and cost effectiveness studies were presented to Santa Cruz City Council on November 14, 2023, and adopted on November 28, 2023. The ordinance will become effective following approval by the California Energy Commission.

Public Resources Code Section 25402.1(h)(2) and Section 10-106 of the Building Energy Efficiency Standards establish a process that allows local adoption of energy standards that are more stringent than the statewide standards. Under this process, the California Energy Commission requires any local amendments to the California Energy Code that affect energy use in regulated buildings to be cost effective and use less energy than the standard requirements contained in Title 24, Part 6. The proposed "reach code" would increase the required EDR1 score for single family residential buildings and the required Source Energy scores for all other buildings.

In support of reach code development, the California Energy Codes and Standards Statewide Utility Program, which includes the State's Investor-Owned Utilities (PG& E, SDG&E, and SCE, under the auspices of the California Public Utilities Commission) developed and published the:

- 2022 Cost-Effectiveness Study: Single Family New Construction Study and the associated cost-effectiveness data;

- 2022 Cost-Effectiveness Study: Multifamily New Construction Study and the associated cost-effectiveness data; and 6
- 2022 Code: Non-residential New Construction Reach Code Cost-effectiveness Study and the associated cost-effectiveness data.

These studies and the associated cost-effectiveness data are highly detailed and are included in the record to support the findings required for CEC approval. The studies and the associated cost-effectiveness data include a calculated benefit-to-cost ratio for a wide variety of measures, building types, and climate zones. A benefit-cost value of “1” or greater illustrates that the measures save more than they cost and are therefore “cost effective.” These studies and the associated cost-effectiveness data are the basis for the staff’s cost effectiveness findings and are sufficient to illustrate compliance with the requirements set forth under California Administrative Regulations Section 10-106. Based on these studies, staff finds the proposed local amendments to the 2022 California Energy Code to be cost-effective and consume less energy than otherwise permitted by Title 24, Part 6.

In short, using the California Energy Commission’s TDV metric, the proposed amendments save more than they cost to implement. The following additional detail is included for transparency and to facilitate the California Energy Commission’s review of the City’s cost effectiveness findings:

1. Requiring new single-family residential buildings to achieve an EDR1 margin over the standard building by 9 or more points. As illustrated in the study data, an all-electric single-family home with additional efficiency measures would save energy relative to the base code and would achieve an EDR1 margin of 10 and a benefit to cost ratio of greater than 1 on a TDV basis. The study data also shows that a mixed-fuel building with additional efficiency measures, additional rooftop solar, and a battery storage system would save energy relative to the base code and would achieve an EDR1 margin of 13.7 and a benefit to cost ratio of 1.2 on a TDV basis.
2. Requiring low rise multi-family buildings to achieve a Source Energy savings 10% or more. As illustrated in the study data, an all-electric low rise multi-family building built to minimum code standards would achieve a Source Energy margin of 10% and a benefit to cost ratio of 9.8 on a TDV basis. The study data also shows that a mixed-fuel building with additional efficiency measures, additional rooftop solar, and a battery storage system would save energy relative to the base code, would achieve a Source Energy margin of 17% and would achieve a benefit to cost ratio of 1.5 on a TDV basis.
3. Requiring high-rise multi-family buildings to achieve a Source Energy savings of 4% or more. As illustrated in the study data, an all-electric high rise multi-family building built to minimum code standards would achieve a Source Energy margin of 7% and a benefit to cost ratio of 2.4 on a TDV basis. The study data also shows that a mixed-fuel building with additional efficiency measures, and additional rooftop solar would save energy relative to the base code, would achieve a Source Energy margin of 4%, and would achieve a benefit to cost score of 3.5 on a TDV basis.
4. Requiring non-residential buildings to achieve Source Energy budget savings of 7%. The Non-Residential New Construction Reach Code Cost-effectiveness Study provides analysis for several non-residential building prototypes. One of the prototypes is a retail building, which prescriptively requires electric heat pump space conditioning and along with other similar small-to-medium non-residential buildings that prescriptively require electric space conditioning, would be exempt from the reach code. As illustrated in the study data for the remaining non-residential building prototypes, all-electric new nonresidential buildings built with additional

efficiencies meet or exceed the 7% compliance margin. Mixed-fuel non-residential buildings with various additional energy efficiency measures and rooftop solar, would meet or exceed the 7% compliance margin, save energy relative to the base code, and are cost effective on a TDV basis.

Electric Ready Requirements: The 2022 California Energy Code requires certain mixed-fuel buildings to include “electric ready” components including electric outlets near natural gas appliances, appropriate ventilation for future heat pump appliances, and reserved and labelled breakers in the electrical panel for future electric appliances as follows:


- Single-Family Residential – heat pump hot water heaters are prescriptively required, and “electric ready” infrastructure is required for any new building that installs a gas-fueled furnace, clothes dryer, and/or cooktop.
- Multi-Family Residential – “electric ready” infrastructure is required in a newly constructed multi-family residential unit that installs a gas fueled space heater, water heater, clothes dryer, and/or cooktop. Centralized water-heating systems for multifamily buildings in which dwelling units do not have separate water heaters are exempt from these requirements.

The municipal code amendments are consistent with the Negative Declaration approved for the City of Santa Cruz 2030 Climate Action Plan adopted by the City Council on September 13, 2022. Therefore, no further environmental review under the California Environmental Quality Act (CEQA) is required. The ordinance is also exempt from CEQA under the general rule, 15061(b)(3), because it can be seen with certainty that the provisions contained herein would not have the potential for causing a significant effect on the environment. Further, this ordinance is exempt per CEQA Guidelines Section 15308, Class 8, Actions by Regulatory Agencies for Protection of Natural Resources, since the proposed ordinance would institute regulatory requirements intended to protect the environment and natural resources.

The City will continue to enforce Title 24, Part 6, as well as the proposed ordinance. The proposed ordinance will require buildings to consume no more energy than is permitted by Title 24, Part 6. The proposed standards are more protective of the environment than the State standards, and there are no reasonably foreseeable adverse impacts, and so there is no possibility that the activity in question may have a significant effect on the environment. As the lead agency, the City has also determined that this activity is exempt from CEQA under section 15061(b)(3).

If you have any questions, please contact me at jgervasoni@santacruzca.gov or (831) - 420 – 5119.

Sincerely,



John Gervasoni
Chief Building Official