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*Docket Number: 24-BPS-01*

## Comments relating to 24-BPS-01

*Additional submitted attachment is included below.*

# Stakeholder Information and Input Request

## Stakeholder Contact Information and Areas of Interest

**1. Please provide the following information about you and/or your organization:**

**1.1. Names & email addresses of public contacts for you and your organization.**


- Alelia Parenteau, Sustainability and Resilience Director, aparenteau@santabarbaraca.gov
- Jefferson Litten, Energy and Climate Division Manager, jlitten@santabarbaraca.gov
- Kristian Hoffland, Building Decarbonization Program Coordinator, khoffland@SantaBarbaraCA.gov
- Chris Read, Sustainability Manager, cread@slocity.org


**1.2. What are your areas of interest in this report development process?**

Local governments are the key implementing partners in a statewide Building Performance Standard (BPS). Our cities are supportive of a statewide BPS, and are also evaluating opportunities to develop and implement a local BPS to support our existing building decarbonization efforts. We strive to see the statewide BPS be both impactful and designed for property owner success, while also aligning with and assisting with local jurisdictions implementing more ambitious standards.

**1.3. Description of your organization and the constituency you represent.**

The City of Santa Barbara and the City of San Luis Obispo are local governments on the central coast of California. These comments are on behalf of our communities, both of which have strategic Council direction to pursue development of a local Building Performance Standard.

**1.4. What is the best way to outreach and engage with your constituency?**

Directly through each city BPS lead:

- Jefferson Litten, Energy and Climate Division Manager, jlitten@santabarbaraca.gov
- Chris Read, Sustainability Manager, cread@slocity.org.

## Building Benchmarking and Performance

**2. What building performance metrics (such as site energy use intensity, carbon dioxide equivalent emissions, or peak electric demand) should be considered in a building**

**performance strategy? What building performance metrics could be used to trigger building-level interventions (such as enforcement, incentives, etc.)?**

Whatever metrics the state chooses to use, they should be easily calculated and understandable by the regulated community and allow owners to develop a clear plan for long term compliance without changing or uncertain targets. Considering the increasing renewable content of the state's electricity supply, source EUI should not be considered, as it unfairly benefits buildings investing in new or continued fossil fuel consumption on-site and is in opposition to the State's zero emission goals.

DOE's Energy Star Score, as created by Energy Star Portfolio Manager (ESPM) already used by the state for benchmark reporting and many other BPS programs produces an adjusted/normalized Site EUI, Source EUI or emissions, the latter two being based on local e-grid transmission losses and emissions factors, with options to use custom regional emissions factors, which could be utilized to account for specific IOU and CCA power carbon content. This program uses select normalizing factors and adjustments for buildings to allow for comparing buildings against each other. However, there are several problems with these adjustments which are far from comprehensive and produce inherent issues with using these for BPS compliance. We recommend additional state working groups to assess ESPM Energy Star Score adjustments.

Upstream and fugitive emissions from NG extraction, processing, transportation and distribution should be accounted for in any emissions metric.

3. What building specific conditions and circumstances (such as vintage, climate zone, orientation, etc.) should be included in a building performance strategy?

Several studies have shown little correlation between building age and EUI or efficiency performance and we discourage adjusting targets for building age. For Climate Zones, the California Building Code (CBC) offers more granularity than national ASHRAE climate zones and we recommend the State Team use CBC climate zones for energy/emission normalization.

We recommend that a holistic approach be utilized that rewards buildings who are decarbonizing as their impact allows. This may include crediting buildings for utilizing techniques or technologies not currently recognized by traditional benchmarking, (ESPM,) such as use of low-GWP refrigerants, low volume refrigerant charge systems and/or installed refrigerant leak detection systems, EV charging provided onsite, and use of low-embodied carbon building products.

**5. What types of support and resources would be necessary to help building owners meet building performance targets?**

**Regional Assistance**: Use existing programs, like Regional Energy Networks, to serve as local resource centers to encourage regional best practices.

**Statewide Building Performance Hub**:

- Create a central hub with subregional cohorts and best practices for compliance.
- Empower industry professionals and building owners to lead and shape this effort.
- Offer guides, checklists, pathway tools, white papers, and industry-leading resources in support of successful compliance).
- Provide resources for reporting, energy upgrades, education, workforce development, financing products, peer learning, and incentives for expensive core upgrades.

**BPS Finance Assistance**: Work with California Green Bank and finance providers to develop products for buildings that struggle with financing major upgrades.

**BPS Finance Coach**: Offer BPS finance coaches for buildings with 5 or fewer covered buildings, helping navigate complex finance and incentive options for entities without adequate resources.

**Equity Considerations**: Ensure equity programs target populations and buildings that need specific assistance, avoiding generic geographic set-asides that don't reach underserved groups.

**Support for Equity Building Owners**: Provide specialized technical assistance and financial resources to equity building owners during early compliance years.

**Streamlining Permitting**: Address permitting restrictions, delays, inconsistent interpretations and costs by streamlining approval processes, especially for energy efficiency and decarbonization projects.

**Zoning and Height Restrictions**: Consider supplemental legislation or regulation that addresses local approval of energy-efficiency and electrification upgrades that may otherwise be restricted, delayed, or require added scope by zoning regulations or discretionary review.

**6. What enforcement mechanisms should be considered for both benchmarking and a potential building performance requirement? Which similar programs are known to achieve high compliance rates?**

- Implement an easily enforceable mechanism that does not require lengthy legal processes or significant staff time for enforcement.
- Design enforcement mechanisms such that local jurisdictions can impose stricter thresholds for covered buildings and apply their own enforcement.
- Create a streamlined path for building owners to dispute, negotiate and/or resolve objections to assessed penalties due to specific circumstances. Criteria should be set up to be able to objectively assess negotiated outcomes for non-compliant buildings when the owner can demonstrate substantial intent to achieve compliance.

We encourage the State to create a pathway that incentivizes non-compliant building owners to conduct ASHRAE Level II or III Energy Audits (or equivalent) by credentialed professionals and record the results in the Audit Template. Understanding a building's energy use, efficiency, and decarbonization options is crucial for informed decision-making that supports BPS compliance and long-term planning. Without an accurate audit, owners risk investing in ineffective upgrades. ASHRAE Standard 100 should be considered a preferred compliance pathway, as it has been in other jurisdictions. Non-compliant buildings undergoing substantial energy audits and following ASHRAE 100 or similar best practices should receive special consideration if they don't fully meet BPS targets, as this demonstrates a commitment to compliance.

Similarly, Retro-Commissioning (RCX) can significantly reduce energy use and should be integrated into compliance strategies. While studies show RCX's potential impact, its energy reductions are not always predictable. Buildings implementing RCX as part of a comprehensive energy strategy should also receive special consideration if they don't meet BPS targets. However, buildings with significant performance gaps should not rely solely on RCX but rather incorporate it as part of a broader energy audit-based strategy.

**7. What other steps can the CEC take to help building owners comply with existing building benchmarking requirements?**

A major component of successful benchmarking, and thus BPS program, is having easy to use and consistently accurate whole building/meter utility data from their energy utility, enabling automatic reporting. We recommend that the state team set up a working group to make sure that this process is working as seamlessly as possible.

**<u>Load Flexibility and Resiliency</u>**

**8. Given the time and location dependance of both the cost and greenhouse gas emissions of electricity, how can building performance strategies be structured to incorporate load flexibility benefits**

Focusing on pricing signals and grid-tied performance metrics is likely the best way to incorporate and encourage load flexibility benefits. The following two strategies could align a BPS program with grid needs:

- <u>Dynamic Energy Pricing and Incentives</u> - Building on the success of Time-of-Use Rates, further hone rate response to real time conditions by developing Real-Time Pricing (RTP) options. Consider offering incentives or point-adjustments for buildings that adjust their energy consumption in response to real-time grid conditions.

Additionally, expansion of Demand Response (DR) Programs that seek to reward participants who reduce or shift loads during peak times or when GHG-intensive generation is highest continues to be a strong tool in the load flexibility toolbox. Coupling a DR program with grid-interactive efficient buildings that include smart appliances and controls could enable automated load shifting would likely lead to even better results so providing funding or technical support for the installation of these smart devices and building energy management systems could further integrate on-site energy resources and optimize usage based on grid signals.

- Performance Metrics Aligned with Grid Needs - Using grid-aligned performance metrics to measure the success of the BPS program can also encourage load flexibility benefits. For example, Time-Dependent Valuation (TDV), where energy efficiency and GHG reduction metrics are based on hourly energy value to reflect temporal and locational grid impacts would help encourage onsite systems that maximize grid benefits. Additionally, GHG-weighted performance standards could be created to reward measures that reduce emissions during high-GHG-intensity periods (and would pair well with the RTP or DR options above).

  Incorporating regional factors could also further hone the time/location variables related to statewide energy systems. We recommend considering elements such as region-specific GHG data to tailor program incentives to areas where emissions reductions can have the greatest impact and prioritize flexibility measures in regions with high transmission constraints or reliability challenges.

**Cost Effectiveness**

**10. For future building performance policies, how can the state manage and minimize administrative costs to the state and local governments while maximizing building performance improvements?**

The most effective way to simplify program design and implementation would be to standardize statewide performance metrics for energy use intensity, greenhouse gas emissions, and load flexibility. This could be accomplished by offering pre-approved compliance options, such as prescriptive measures (e.g., specific retrofits or upgrades) alongside performance-based pathways, which would in turn reduce the need for one-off evaluations.

In addition, the program should encourage or require standardized reporting formats, such as the mandated use of widely adopted tools like Energy Star Portfolio Manager for reporting, ensuring compatibility and reducing the learning curve for stakeholders. Digital platforms could further be leveraged for simpler compliance where an online portal is developed for submission, review, and tracking of building performance data. Utilizing data from existing programs, such as utility energy efficiency initiatives or previous benchmarking efforts, could be used to pre-populate databases and reduce redundant reporting.

Another critical time/cost burden to focus on is enforcement. The program could ensure cost-effective enforcement by implementing the following strategies:

- Risk-based auditing: Focus enforcement efforts on high-risk buildings or sectors likely to have compliance issues.
- Allow building owners to self-certify compliance, backed by periodic audits to deter false reporting.
- Collectively engage accredited third-party organizations to verify compliance, reducing government staffing needs.

Lastly, providing standardized resources statewide could dramatically help to create consistency and alleviate administrative burden. Examples of resources that could be standardized include:

- State-level or regional staffing centralization: Centralize key administrative functions (e.g., compliance verification) at the state level to relieve local governments of resource burdens. Alternatively, collectively outsource to a third party.
- Shared services: Facilitate regional collaborations for smaller jurisdictions to share resources and expertise.
- Guidance documents, education and outreach templates, help desks/technical assistance.
- Enforcement resources mentioned above.

**Other Comments, Issues, and References**

**12. Please submit any additional comments, issues, references, models, recommendations, or other information that you believe is relevant to the development of the California Building Energy Performance Strategy Report.**

Given the rapid advances in the California Energy Code for new buildings, many local governments are turning to local regulations to accelerate building electrification retrofits for the purpose of achieving local climate goals and supporting the state's climate goals. We request that any statewide program be designed to accommodate these local efforts. Specifically:

1. Create clear process/guidance for how existing or in-development BPS or benchmarking efforts interact with the statewide effort.
2. Develop the program so that there is an easy on-ramp for cities to adopt local amendments that have lower applicability thresholds (e.g., 25,000 square feet) and/or more stringent retrofit requirements. CalGreen's tiers provide an on-ramp for a variety of local green initiatives and could serve as an example for what more stringent local standards could look like. Should the state move in this direction, we request that they consider developing shared administrative services (e.g., data reporting platforms, compliance reporting processes, etc.) that local governments could leverage.
3. Provide ready-made ordinances and implementation frameworks for local governments to adopt, avoiding duplicative efforts.