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Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of:

*2018 Integrated Energy Policy Report
(2018 IEPR Update)*

Docket No. 18-IEPR-09

*RE: Reducing Greenhouse Gas
Emissions in Buildings*

**JOINT PUBLICLY OWNED UTILITIES’
COMMENTS ON REDUCING
GREENHOUSE GAS EMISSIONS IN BUILDINGS**

The Northern California Power Agency (“NCPA”), the Southern California Public Power Authority (“SCPPA”), and the California Municipal Utilities Association (“CMUA”) (collectively “Joint POUs”) appreciate the opportunity to provide these comments to the California Energy Commission (“Commission”) on the presentations made during IEPR Commissioner Workshop on Achieving Zero Emission Buildings held on June 14, 2018.

In general, the Joint POUs support the state’s ongoing efforts to remove regulatory barriers hindering voluntary investments that reduce greenhouse gas (“GHG”) emissions in both existing buildings and new construction. The 2019 Title 24 Building Energy Efficiency Standards update address many of the barriers currently in the code, but additional work remains. A California Public Utilities Commission (“CPUC”) administrative law judge issued a ruling on June 25, 2018, that solicits comments from stakeholders related to the three-prong test used for determining funding eligibility for fuel substitution programs. Market transformation of critical end-uses essential to achieving zero emission buildings hinges on the ability of the investor-owned utilities to fund fuel substitution incentive programs, which the current application of the three-prong test inhibits. The comments below explore these issues in greater detail.

I. THE 2019 TITLE 24 UPDATE REMOVES BARRIERS TO BUILDING DECARBONIZATION

In previous filings to the Commission, the Joint POUs urged the Commission to remove barriers within Title 24 that are biased towards natural gas end-uses and disadvantage electric alternatives, in particular, space and water heating. Through the 2019 Title 24 Update, the Commission addresses many of our concerns and removes standards-related hurdles to electrified space and water heating, which represents a significant step forward in empowering the pursuit of buildings that have both low energy and carbon footprints. With a clearer Title 24 path, POUs are better equipped to develop fuel substitution programs.

Specifically, the Joint POUs appreciate the inclusion of a prescriptive compliance pathway for a domestic hot water-heating system baseline with electric heat pump water heaters, which empowers customers to select efficient, electric water heating solutions and furthers California's GHG reduction goals. The Joint POUs echo the request of the San Francisco Bay Area Regional Energy Network, filed with the Commission on May 7, 2018, that as the Commission moves forward with the Compliance Manual, the Alternative Calculation Method, and compliance software, that the Commission ensure the rules provide a level playing field for efficient electric thermal systems in performance-based compliance, including individual unit-level heat pump water heaters and central systems serving multiple units, and also for efficient electric heat pump space heating.

The Joint POUs also very much support the decision of the CEC not to require new all-electric low-rise residential buildings to have larger solar photovoltaic systems than mixed fuel homes. The Commission correctly understood that requiring solar PV to offset the full electric

load of an all-electric home would likely discourage the development of these low emission homes.

While the adoption of the 2019 Title 24 update moved the state forward, much work remains to be done to implement the new provisions successfully. As we have learned from the 2013 and 2016 updates, the diverse Title 24 stakeholder community requires training and support to understand the full volume of changes. The Joint POU's welcome the opportunity to partner with the Commission and other entities on local training and education workshops to support compliance with Title 24 and to increase understanding of the benefits of building decarbonization.

II. CPUC THREE-PRONG TEST REMAINS A ROADBLOCK TO BROADER MARKET TRANSFORMATION

Developing markets for efficient electric and water space heating solutions needs the support of electric service providers—investor-owned utilities, POU's, and CCAs. POU's can currently offer fuel substitution incentive programs, and the changes in the 2019 Title 24 should further encourage POU's to provide incentives to customers to electrify end-uses in their homes. However, the CPUC three-prong test represents a roadblock to IOU and CCA incentive programs for building decarbonization measures. Without the IOU's and CCAs also offering programs, the efforts of public power to support customer investments in fuel substitution will be hampered as the transformation of space and water heating markets requires IOU, POU, and CCA support.

The Joint POU's are encouraged by the recent CPUC ruling seeking comments on the three-prong test. The CPUC's willingness to consider amendments to the three-prong test, as well as implementation questions related to it, represents another positive development at the state level in support of building decarbonization. For Commission planning processes regarding

fuel substitution programs, the Joint POUs urge the Commission to acknowledge the challenges that the CPUC three-prong test poses to utility fuel substitution incentive programs, including POUs. Absent amendments to the three-prong test, the potential energy savings and GHG reductions from fuel substitution will be slow to accrue.

III. CONCLUSION

The Joint POUs appreciate the Commission's consideration of these comments, and we look forward to working further with the Commission on collaborative efforts to encourage voluntary actions by customers and building owners to reduce the GHG emissions from California's buildings.

Respectfully submitted,

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