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# **SB 1477: Pilot Guidelines and Parameters of BUILD and TECH**

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IEPR Joint Workshop on Energy Efficiency and Building Decarbonization



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August 27, 2019  
California Energy Commission  
California Public Utilities Commission



# SB 1477 Guiding Principles

- Equity
- Path to carbon neutrality
- Regulatory simplicity
- Transparency
- Market transformation
- Lessons learned and data reporting
- Cost-effectiveness





# SB 1477 Funding Source

- \$50 million/yr in FY19/20 – FY22/23 for both Building Initiative for Low emission Development (BUILD) and Technology and Equipment for Clean Heating (TECH)
- Cap-and-Trade revenues from gas corporations
- Administrators must comply with Cap-and-Trade Regulation
  - Annual reporting to the California Air Resources Board on use of funds and expected GHG emission reductions



# Metrics: GHGs and Bill Savings

- SB 1477 requirements:
  - Cost per metric ton of avoided GHG emissions
  - Projected annual and lifetime utility bill savings
  - Number of low-emission systems installed (BUILD)
  - Market share for eligible technologies (TECH)
- Cap-and-Trade fund requirements:
  - Total avoided GHG emissions from each year's expenditures
  - Total expenditures
  - Itemization of administration and outreach expenditures





# Proposed BUILD Program Elements

- Administered by CEC
- Focuses on all-electric new construction
- Eligible recipients include owners or developers of new housing
- Offers incentives for near-zero emission technology to reduce GHG emission in new residential buildings
- Reserves at least 30% of funds for low-income residences and provides technical assistance to engage this demographic



# Clean Heating Technologies

- Electric space and water heat pumps
- Solar hot water with electric backup
- Heat pump dryers (BUILD Only)
- Induction cooktops (BUILD Only)







# TECH Program: Legislative Background

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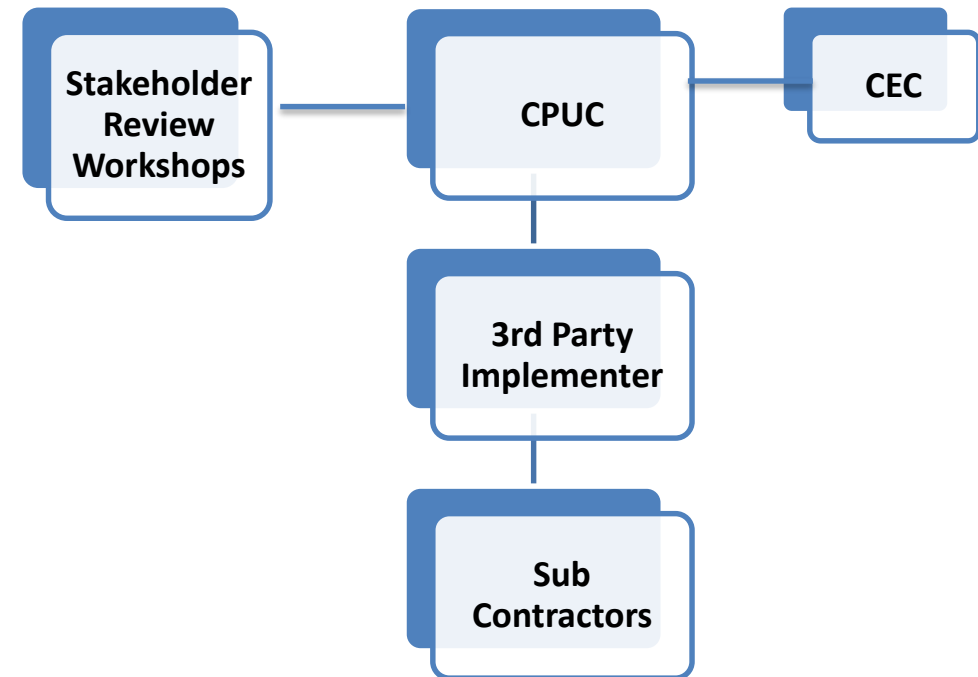
- TECH intended to “advance the state’s market for low-emission space and water heating equipment for new and existing residential buildings.”
- SB 1477 directs the CPUC to “identify and target ... equipment technologies that are in an early stage of market development and would assist the state in achieving the state’s greenhouse gas emissions reduction (goals)...”





# TECH: Third Party Implementer

- CPUC, in collaboration with SCE, will run competitive solicitation for third party implementer
- SCE proposed to hold contract
- CPUC will manage the work, with stakeholder input





# TECH: Addressing Market Barriers

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The implementer should be able to address market barriers, including:

- Lack of coordination with other programs
  - Untrained workforce
  - Lack of coordination at local permitting offices
  - Lack of consumer demand
  - Lack of awareness among contractors
- ...many more



# TECH: Roles for the Supply Chain

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- Manufacturers – Promote heat pump products and increase market share
- Manufacturers Representatives – Promote products, act as a midstream ally
- Distributors – Companies that offer sales and marketing support, elevate inventories, and lines of credit.
- Contractors – Trusted advisers and trade allies
- End Users – Find value in indoor comfort, health and safety, bill savings



# SB 1477 Timeline

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- July 16 – Draft Joint Staff Proposal
- July 30 – Public Workshop
- August 13 – Stakeholder comments
- November – Proposed Decision
- Early-December – Comments due
- Mid-December – CPUC Proposed Decision vote



# R.19-01-011 Proceeding

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- Phase 1: Implementing SB 1477 (BUILD and TECH)
- Phase 2: New construction in wildfire recovery areas
- Phase 3: Coordinating with Title 24 and Title 20 Standards
- Phase 4: Building Decarbonization policy framework



# Questions?

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