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Additional submitted attachment is included below.

**COMMENTS OF THE CONSUMER ENERGY ALLIANCE IN RESPONSE TO IEPR JOINT AGENCY
WORKSHOP (8/27/19) ON ENERGY EFFICIENCY AND BUILDING DECARBONIZATION
DOCKET NUMBER: 19-IEPR-06**

On behalf of Consumer Energy Alliance (CEA), I am writing to communicate our objection to the de-carbonization program outlined in Docket Number: 19-IEPR-06 of the IEPR Joint Agency Workshop held on August 27, 2019 (“Joint Workshop”). CEA is a nation-wide, non-partisan organization that supports policies ensuring affordable, reliable and abundant domestic energy. CEA has over 550,000 individual members along with over 250 affiliate members in many sectors of the U.S. economy. CEA is focused on an “all-of-the-above” approach to meeting our national and individual energy needs, and one that promotes environmentally sound policies to utilize all of our natural resources responsibly. This includes all traditional and alternative resources as well as energy-efficient technologies to move our economy and power the lives of our communities and neighbors – many of whom are struggling to make ends meet. Our mission is to help ensure American families and small business have access to reliable and diverse energy resources to support stable prices and economic opportunity.

Reasonable energy policies are a necessity when contemplating America’s poor and low –income communities. It is particularly critical when considering the plight of California’s less fortunate who already have some of the highest energy costs in the United States. At the present, the average residential electric rate for Californians is 56 percent higher than the national average.¹ California’s average housing costs are more than double the national average, and according to media reports more than 20 percent of its residents devote half of their income just to pay for housing.² According to federal data from the Department of Energy, nearly two-thirds of California households use natural gas for home heating and it provides more than two-fifths of California’s power generation.³ We, at CEA, are convinced that Joint Workshop proposal will cause needless additional harm to California’s poor and middle class citizens and negligible environmental benefit by forbidding the use of natural gas in California homes. The proposal is estimated to cost \$7,200 for conversion and will increase power bills by \$388 annually.⁴ Further, it could mean annual cost increases of \$4.3 to \$6.1 billion for California homeowners.⁵

This decision to ban natural gas also ignores the powerful, carbon-reducing synergies of natural gas’s lower emission profile (55 percent less carbon dioxide than coal⁶) along with the fuel’s low average

¹ “EIA - Average Price of Electricity to Ultimate Customers by End-Use Sector.” U.S. Energy Information Administration, August 26, 2019. https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a

² “5 Reasons California’s Housing Costs are so High.” KQED May 4, 2018. <https://www.kqed.org/news/11666284/5-reasons-californias-housing-costs-are-so-high>

³ EIA California State Energy Profile <https://www.eia.gov/state/print.php?sid=CA>

⁴ “Study finds proposed electrification would cost homeowners thousands of dollars.” Californians for Balanced Energy Solutions. Accessed September 6, 2019. <https://c4bes.org/facts/>

⁵ Ibid.

⁶ EIA - Independent Statistics and Analysis.” How much carbon dioxide is produced when different fuels are burned? - FAQ - U.S. Energy Information Administration (EIA), June 4, 2019. <https://www.eia.gov/tools/faqs/faq.php?id=73&t=11>.

prices. Natural gas has the potential to lessen energy poverty in the state while reducing overall carbon emissions. In addition, natural gas is vital to back up intermittent renewable resources when they are not available to the grid or consumers. If the purpose of the Joint Agency de-carbonization proposal is to lower emissions from California’s buildings, CEA is convinced that the state can achieve lower emissions and expanded economic opportunity for California’s families and businesses by utilizing natural gas in smarter ways as part of a thoughtful energy strategy that utilizes technology and renewable resources.

To further illustrate the negative impacts to families and those fixed incomes, even the Joint Agency’s de-carbonization proposal demonstrates and acknowledges there will be harmful ramifications for California’s poor. The notice references instructions from the California Senate to the California Public Utility Commission (PUC) to “establish programs to provide financial incentives for building decarbonization.”⁷ The PUC proposal allocates \$6 million annually (or 80 cents for every Californian living at or below the poverty line⁸) for a “low-income program costs” which is paltry compared to the real burden of this rule.⁹ Putting initial estimates of meaningful assistance aside, the policy allocates nearly \$3 million per year for “program administration” and program “evaluation.” There are 1,724 employees in the California Public Utilities Commission and the California Energy Commission combined.¹⁰ The program expense for BUILD is \$1,743 per employee or more than 2000 times the amount allocated for purported low-income beneficiaries. From the perspective of the outside observer, it would appear that California is funding administration (50 percent of the grant amount for low-income program) at the expense of the poor.

The Joint Workshop proposal will increase costs for California’s housing which will adversely affect the poor. This proposal comes on the heels of last year’s requirement that all new homes and multi-family units (less than three stories) must install roof-mounted solar units. The solar requirement will add an average of \$9,500 per unit to construction costs.¹¹ This proposal will add additional costs and exacerbate housing poverty for the state. The average price of a one-bedroom apartment in San Francisco in July 2019 averaged over \$3,700 a month.¹² At present, California also suffers from the nation’s worst housing shortage. The California Building Industry Association (CBIA) estimates that California will need to double the number of units presently under construction to stabilize the market

⁷ California Energy Commission. “NOTICE OF IEPR JOINT AGENCY WORKSHOP ON ENERGY EFFICIENCY AND BUILDING DECARBONIZATION”, August 7, 2019. Page 2. <https://efiling.energy.ca.gov/getdocument.aspx?tn=229261>

⁸ Caiola, Sammy. “California Has One Of The Nation’s Highest Poverty Rates, Again.” California Public Radio, September 12, 2018. <http://www.cpradio.org/122805>

⁹ California Public Utilities Commission and California Energy Commission. “Staff Proposal for Building Decarbonization Pilots – Draft”, July 16, 2019. Page 19. <https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442462255>

¹⁰ California’s State Controller Office, “ACTIVE STATE EMPLOYEES BY DEPARTMENT/FACILITY, July 2019” https://sco.ca.gov/Files-PPSD/empinfo_demo_dept.pdf

¹¹ Daniels, Jeff. “California Regulators Approve Plan to Mandate Solar Panels on New Home Construction.” CNBC. CNBC, May 10, 2018. <https://www.cnbc.com/2018/05/09/california-approves-plan-to-mandate-solar-panels-on-new-homes.html>

¹² “Most teachers in SF and San Mateo County cannot afford to rent.” Curbed San Francisco, August 20, 2019. <https://sf.curbed.com/2019/8/20/20814179/housing-crisis-teachers-educators-san-francisco-average-rent>

and lower home prices.¹³ As it stands, Californians in the lowest quartile of income spend 67 percent of their income on housing.¹⁴ The housing shortage is adding to carbon emissions in the state because commutes are getting longer.¹⁵ The Joint Workshop proposal will only exacerbate the housing shortage (and increase transportation emissions) by adding additional needless expense to housing construction.

In addition to the expenses directly related to housing, the poor will also have to figure out how to replace their fully functional natural gas appliances with comparable electric appliances. The cost of such a transition may not catch the attention of the policy makers but it will be very substantial none the less. CEA drafted a report on the issue of consumer impacts from the Green New Deal which among its many provisions would require the replacement of natural gas appliances with electric models. CEA calculated that American consumers would have to spend \$244 billion dollars to replace four common household appliances – range, dryer, water heater, and furnace. The impact, on a per family basis, would average \$4,847.¹⁶ For context, this unnecessary mandate will levy this cost at a time when most Americans (61 percent) have less than \$1000 in their checking/savings accounts to cover emergency spending.¹⁷

In conclusion, CEA calls upon policy makers to consider these comments as the CPUC and CEC collaborate on the implementation of California Senate Bill 147.

Sincerely,

Brydon Ross
Vice President of State Affairs
Consumer Energy Alliance

¹³ “Publications - California’s Housing Affordability Crisis: Barriers and Potential Solutions to the State’s Housing Shortage.” CBIA, February 15, 2018. <https://cbia.org/publications/>

¹⁴ Id.

¹⁵ “Report: California Efforts to Reduce Transportation Emissions Are Not Working.” Streetsblog California, November 27, 2018. <https://cal.streetsblog.org/2018/11/26/report-california-efforts-to-reduce-transportation-emissions-are-not-working/>

¹⁶ “Green New Deal Would Cost American Consumers Almost \$244 Billion in Just Four Appliances.” Consumer Energy Alliance, February 14, 2019. <https://consumerenergyalliance.org/2019/02/green-new-deal-would-cost-american-consumers-244-billion-four-appliances/>

¹⁷ Martin, Emmie. “Only 39% of Americans Have Enough Savings to Cover a \$1,000 Emergency.” CNBC. CNBC, January 18, 2018. <https://www.cnbc.com/2018/01/18/few-americans-have-enough-savings-to-cover-a-1000-emergency.html>