

DOCKETED

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July 7, 2020
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California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, California 95814-5512

Re: Docket No. 19-BSTD-03

Dear Commissioners:

As the nation's sixth largest community-owned electric utility, the Sacramento Municipal Utility District (SMUD) strongly supports the California Energy Commission (CEC) adopting an all-electric baseline for the 2022 Energy Code for residential and commercial buildings. This next logical step in decarbonizing our state makes sense for California for environmental, economic, and public health reasons.

Electrification of most energy end uses, including buildings, is the only practical way for California to achieve its landmark 2030 and 2045 climate change goals. California's buildings are responsible for 25% of the state's GHG emissions,¹ more than half of which come from gas or propane furnaces, gas water heaters, and other gas appliances.² The remaining emissions come from the generation of electricity, which, due to SB 100, is already on track to full decarbonization.

SMUD has long supported the state's decarbonization efforts and our Integrated Resource Plan (IRP), which was lauded by CEC staff as "...an ambitious road map for lowering greenhouse gas emissions in the Sacramento region while maintaining low rates and reliability," recognizes the importance of building and transportation electrification in realizing our net zero carbon emission goal by 2040. SMUD is investing significantly to promote electrification of new and existing buildings. For instance, SMUD's All Electric Homes Program has been offering incentives to construct all-electric homes since mid-2018.

SMUD is pleased by the significant interest in all-electric construction from developers and builders. To date, our program has helped to construct 235 single-family and multi-family new homes within our service area. Looking ahead, 37 unique developers and builders have committed to build 46 new all-electric developments. Of those new

¹ Brook, M. California Energy Commission. "Building Decarbonization." June 14, 2018 IEPR Workshop on Achieving Zero Emission Buildings.

² <https://www.nrdc.org/experts/joe-vukovich/real-climate-impact-californias-buildings>

developments, 38 are single-family and 8 are multi-family, representing a total of 1,138 new single-family homes and 898 multi-family units that are being actively designed and constructed as all-electric. In addition, we have reserved incentives for four all-electric multi-family retrofit projects, resulting in an additional 428 retrofitted units of low-income, senior living and market rate apartments. These incentive reservation agreements are in place with top-tier national homebuilders and custom builders, whom have embraced all-electric homes.

Encouraging all-electric development makes good sense from an economic policy perspective as well, which is evidenced by the interest in our All Electric Homes Program. It is less expensive to build all-electric, low-rise residential homes, which lowers the cost to developers and prospective homeowners.³ In SMUD's service territory and much of California, all-electric buildings are also cheaper for homeowners to operate. Therefore, gas-heated buildings leave Californians vulnerable to higher energy bills and steeper housing prices when many residents are reeling from the economic impacts of the COVID-19 crisis. Further, it will ultimately cost the state even more to retrofit gas-heated buildings in the long-term.⁴ Continuing to expand the pipeline infrastructure to new communities when it is well understood that gas infrastructure will see, at most, a 25-year useful life is not in the best financial interest of the citizens of California.

Electrification of new homes and buildings is also important from a public health perspective. An April 2020 UCLA study found that gas-fueled furnaces, water heaters, and stoves compromised indoor air quality to a degree that increases the likelihood of respiratory and cardiovascular disease.⁵

SMUD appreciates the CEC's leadership in prioritizing decarbonization in the 2022 Energy Code. We look forward to working with the CEC to continue to advance efficient, all-electric construction as a necessary step in achieving the state's policy goals.

Sincerely,



Arlen Orchard
CEO & General Manager

³ Rocky Mountain Institute. <https://rmi.org/insight/the-economics-of-electrifying-buildings/>;
<https://www.greenbiz.com/article/yes-clean-electric-buildings-can-reduce-emissions-and-save-moneynew-construction>

⁴ E3 "Future of Natural Gas": <https://www.ethree.com/at-cec-e3-highlights-need-for-gas-transitionstrategy-in-california/>

⁵ Effects of Residential Gas Appliances on Indoor and Outdoor Air Quality and Public Health in California. UCLA Fielding School of Public Health, Department of Environmental Health Services. (2020)