

DOCKETED

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AB 3232 Staff Draft Report - Industry Coalition Comments

Additional submitted attachment is included below.



CALIFORNIA
ASSOCIATION
OF REALTORS®



International Council of Shopping Centers



Date: June 7, 2021

To: California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

From: California Building Industry Association	California Apartment Association
California Business Properties Association	California Association of Realtors
Building Owners and Managers of California	California Retailers Association
International Council of Shopping Centers	Retail Industry Leaders Association
NAIOP of California, the Commercial Real Estate Development Association	

RE: **Docket Number 19-DECARB-01:**
AB 3232 Commissioner Workshop on Building Decarbonization (5/21/21)

The groups cited above, hereafter referred to as the “Industry Coalition,” respectfully submit these comments in response to the AB 3232 Commissioner Workshop on Building Decarbonization Assessment conducted on May 21, 2021.

General:

As noted by many commenters during the workshop, the CEC Staff has put forth a great deal of time and effort and has compiled an extensive analysis in response to the AB 3232 assessment mandate. Still, the industry was anticipating analysis which also provided an assessment of certain critical issues on a more “micro-level” than that provided in the Draft Staff Report. An explanation of our concern follows:

Background:

The industry initially opposed AB 3232 (Friedman) when it was introduced to the Legislature on February 16, 2018. However, the Industry Coalition worked with the author, her staff, and interested parties and agreed to a package of amendments (5/29/18 version), which allowed us to support the passage of this measure.

Specific Directives in the Statute:

While much of the Draft Staff Report appropriately focused on the evaluation and assessment for the state to reduce greenhouse gas emissions, there was a very specific directive in PRC §25403(a)(5) which requires the CEC to consider and evaluate “*The potential impacts of emission reduction strategies on ratepayers, construction costs, and grid reliability*”. AB 3232 went on to clarify that this analysis was to include a specific focus on the effect of:

- The solar mandate for new, low-rise residential buildings that took effect on 1/1/20
- The increased load and impact on electrical infrastructure due to EV-Charging

For example:

- What will it take in terms of construction design changes (and cost) to build a zero-emission home with an adequate supply of on-site PV, energy storage, and EV charging for two vehicles compared to a typical mixed-fuel home built to the 2019 Building Energy Efficiency Standards?
- As we make the shift towards electrification and replace gas water and space heating and gas cooking devices with those powered by electricity, how is that “fuel switch” going to impact the typical peak-load electrical energy use? **More importantly, how will this affect the average monthly electric utility bill now that California has moved to Time-of-Use rates?** After all, an all-electric home with two EV’s in the garage will consume roughly three times the amount of electricity that a similar, mixed-fuel home with no EVs would use.
- Is California’s existing electrical grid ready to handle this significant and ever-growing increase in electrical load? Will this increase the existing fire safety concerns?

Lastly, there is a level of urgency to assessing these issues as numerous local jurisdictions are already in the process of adopting “reach codes” which either require all-electric construction or at least push new construction in that direction, at a level greater than that mandated by California’s minimum energy efficiency code. Unfortunately, most of these issues are **not** being addressed by the local jurisdictions considering these types of reach codes. The sooner the CEC can assess and advise on these critical issues, the more informed these local adoption proceedings will be.

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For reference, the content of AB 3232 is reprinted below:

AB 3232 (Friedman)

Public Resources Code §25403

(a) By January 1, 2021, the commission, in consultation with the Public Utilities Commission, the State Air Resources Board, and the Independent System Operator, shall assess the potential for the state to reduce the emissions of greenhouse gases in the state’s residential and commercial building stock by at least 40 percent below 1990 levels by January 1, 2030. The assessment shall include consideration of all of the following:

- (1) An evaluation, based on the best available data and existing analyses, of the cost per metric ton of carbon dioxide equivalent of the potential reduction from residential and commercial building stock relative to other statewide greenhouse gas emissions reduction strategies.*
- (2) The cost-effectiveness of strategies to reduce emissions of greenhouse gases from space heating and water heating in both new and existing residential and commercial buildings.*
- (3) The challenges associated with reducing emissions of greenhouse gases from low-income housing, multifamily housing, and high-rise buildings.*
- (4) Load management strategies to optimize building energy use in a manner that reduces the emissions of greenhouse gases.*
- (5) The potential impacts of emission reduction strategies on ratepayers, construction costs, and grid reliability. In assessing the impact on grid reliability, the commission shall account for both of the following:*
 - (A) The commission's 2019 Building Energy Efficiency Standards, effective January 1, 2020, that propose to require solar energy systems on all new single-family and low-rise residential dwellings.*
 - (B) The increased load and impact on electrical infrastructure due to transportation electrification.*

- (b) (1) By June 1, 2021, the commission, pursuant to Section 9795 of the Government Code, shall report to the Legislature the findings from the assessment.*
- (2) Pursuant to Section 10231.5 of the Government Code, this subdivision is inoperative on June 1, 2026.*
- (c) Beginning with the integrated energy policy report due on November 1, 2021, and in all subsequent integrated energy policy reports, the commission shall include a report on the emissions of greenhouse gases, based on existing data, associated with the supply of energy to residential and commercial buildings, by fuel type. The commission shall make this information publicly available on its Internet Web site.*