

**DOCKETED**

<b>Docket Number:</b>	22-BSTD-01
<b>Project Title:</b>	2025 Energy Code Pre-Rulemaking
<b>TN #:</b>	251589
<b>Document Title:</b>	SMUD Comments Re 2025 Energy Standards Proposals - Heat Pumps and PV
<b>Description:</b>	N/A
<b>Filer:</b>	Nicole Looney
<b>Organization:</b>	Sacramento Municipal Utility District
<b>Submitter Role:</b>	Public Agency
<b>Submission Date:</b>	8/10/2023 4:32:43 PM
<b>Docketed Date:</b>	8/10/2023

**STATE OF CALIFORNIA  
BEFORE THE CALIFORNIA ENERGY COMMISSION**

<b>In the matter of:</b>	)	Docket No. 22-BSTD-01
	)	
<b><i>2025 Energy Code Pre-Rulemaking</i></b>	)	SMUD Comments Re: Staff
	)	Workshop on 2025 Energy Code
	)	Heat Pump Baselines and Solar
	)	Photovoltaic System Requirements
	)	
	)	August 10, 2023

---

**Comments of SACRAMENTO MUNICIPAL UTILITY DISTRICT on the July 27  
Staff Workshop on 2025 Energy Code Heat Pump Baselines and Solar  
Photovoltaic System Requirements**

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to comment on the California Energy Commission’s (CEC) July 27, 2023, Staff Workshop on the 2025 Energy Code Heat Pump Baselines and Solar Photovoltaic System Requirements.

SMUD supports the CEC’s efforts to cost-effectively increase building energy efficiency and contribute to the state’s greenhouse gas (GHG) reduction goals. SMUD has long supported building decarbonization and offers programs for both builders and homeowners. Cost-effective building electrification, paired with energy efficiency and an increasingly clean electricity supply, is a key strategy to reducing GHG emissions and improving public health outcomes. SMUD’s 2030 Zero Carbon Plan, which establishes an ambitious goal to remove all GHG emissions from our power supply by 2030, also calls for electrifying buildings to help achieve this vision and provide broader benefits to our region.

SMUD is also, at present, the state’s only administrator of a Title 24 Building Energy Efficiency Standards (Energy Code) compliant community solar program, approved pursuant to section 10-115 of the Energy Code.<sup>1</sup> SMUD’s Neighborhood SolarShares program provides builders and developers of new single-family and low-rise multifamily homes in the Sacramento region an additional cost-effective option for satisfying the solar PV requirements in the Energy Code and guarantees a net benefit for homeowners in the new homes they build.

---

<sup>1</sup> SMUD’s application to serve as a program administrator under the 2019 Energy Code was approved in 2020 (19-BSTD-08, Resolution No 20-0220-11, TN 232201); our revised application to continue serving as an administrator under the 2022 Energy Code was approved in May 2023 (22-BSTD-06, SMUD’s 2022 Community Solar CEC Approval, TN 249944).

SMUD offers the following initial comments on the proposals presented at the July 27 staff workshop:

- SMUD supports establishing prescriptive heat pump space and water heating requirements for single-family and multi-family homes.
- CEC staff should consider the practicality of a unit-level community solar opt out for multifamily building along with any potential benefits.

### **Support Proposed Heat Pump Baselines for Space Heating and Water Heating**

SMUD supports the CEC's proposal to establish, for new single-family homes, prescriptive heat pump requirements for water heating in all 16 Climate Zones and for space heating in at least 15 Climate Zones. SMUD agrees that heat pumps are feasible and cost effective and, as noted in CEC staff's presentation, are key to both accelerating building decarbonization and enabling energy efficiency. Establishing prescriptive heat pump baselines for space and water heating will encourage the installation of cost-effective, efficient all-electric construction more broadly while still ensuring compliance flexibility for individual builders. To the extent the CEC's analysis shows heat pump space heating will be cost-effective for single-family homes in Climate Zone 15, SMUD also strongly encourages the CEC to adopt prescriptive requirements for all Climate Zones.

### **Consider Practicality of Unit-Level Community Solar Opt-Outs for Multifamily Buildings**

SMUD appreciates the continued recognition of community solar in the Energy Code. SMUD's Neighborhood SolarShares provides builders and developers in our region another option to satisfy the Energy Code's PV requirements in an affordable and practical manner. SMUD strives to ensure that Neighborhood SolarShares provides a good customer experience, in addition to satisfying all applicable regulatory requirements, and we recognize that includes the ability to opt out. For example, SMUD's program voluntarily extends the 2022 Energy Code opt-out provisions to all homes that participate in Neighborhood SolarShares, including single-family and low-rise multifamily buildings permitted under the 2019 Energy Code.

However, CEC staff's proposal to change the community solar opt-out process for multifamily buildings from a building-level determination to unit-level determination is likely to be impractical. At present, the Title 24 compliance software establishes compliance, including the required minimum PV system size, at a building level; builders then assign shares for each unit or type of unit that, in total, meet the required PV system size for the whole building. To opt out, the building owner must install on-site PV with the size and characteristics that would have been required for the building if it were not enrolled in Neighborhood SolarShares.

SMUD recognizes CEC staff's intent to align community solar opt-out processes for single-family and low-rise multifamily buildings. However, SMUD is unsure whether the scenario the CEC intends to address – individually owned dwelling units in a multifamily building installing on-site PV and opting out – would be likely to occur in practice.

SMUD's understanding is that the physical logistics of retrofitting multifamily buildings to accommodate PV systems for individual units are likely to be quite complex, particularly if multiple units opt-out over time. As such, providing a nominal individual dwelling unit opt-out would provide unclear benefits.

A unit-level opt-out for multifamily buildings is also likely to introduce significant administrative complexity. For example, it would require the CEC to update the Title 24 compliance software to address both building-level and unit-level compliance, including unit-level PV requirements. SMUD expects it would also require the builder's energy consultant to run the compliance software, and the community solar administrator to collect, verify, and retain, compliance documentation for each unit type in the building.

Further, SMUD understands that CEC staff has begun developing the community solar opt-out module in the Title 24 compliance software for building-level opt-outs. This new module must be complete and available for unit-level opt-outs prior to the CEC implementing a unit-level opt-out. Without such a module, community solar administrators would be unable to confirm whether the opt-out customer's on-site PV system would have been sufficient to establish unit-level compliance with the Energy Code under which the building was permitted.

SMUD encourages CEC staff to consider the practicality and administrative impacts alongside the expected benefits prior to incorporating this proposal in draft regulatory language.

### **Conclusion**

SMUD appreciates the CEC's leadership in prioritizing cost-effective, energy efficient building decarbonization in the 2025 Energy Code. We look forward to working with CEC staff and other stakeholders during the pre-rulemaking process.

/s/

---

KATHARINE LARSON  
Regulatory Program Manager  
Government Affairs  
Sacramento Municipal Utility District  
P.O. Box 15830, MS B404  
Sacramento, CA 95852-0830

*/s/*

---

JOSHUA STOOPS  
Government Affairs Representative  
Government Affairs  
Sacramento Municipal Utility District  
P.O. Box 15830, MS B404  
Sacramento, CA 95852-0830

*/s/*

---

MARISSA O'CONNOR  
Senior Attorney  
Sacramento Municipal Utility District  
P.O. Box 15830, MS B406  
Sacramento, CA 95852-0830

cc: Corporate Files (LEG 2023-0090)