

DOCKETED

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Silicon Valley Clean Energy Comments on 2025 Energy Code Pre-Rulemaking

Additional submitted attachment is included below.



333 W El Camino Real, Suite 330 | Sunnyvale, CA 94087 | 1-844-474-SVCE (7823) | SVCleanEnergy.org

October 2, 2023

California Energy Commission
Re: Docket No. 22-BSTD-01
715 P Street
Sacramento, CA 95814
docket@energy.ca.gov

**Re: 2025 Energy Code Pre-Rulemaking –
Energy Code Heat Pump Baselines and Solar Photovoltaic System
Requirements**

Dear Commissioners:

On behalf of Silicon Valley Clean Energy, I write to strongly encourage the California Energy Commission to mandate the replacement of existing residential central air conditioning (“A/C”) units with heat pumps in the 2025 Energy Code.

As background, Silicon Valley Clean Energy (SVCE) is a community-owned agency serving the majority of Santa Clara County communities, acquiring clean electricity on behalf of more than 270,000 residential and commercial customers.

SVCE is deeply committed to supporting actions to address the climate crisis. We are proud that all 13 of our member agencies passed reach codes during the 2022 California Building Code cycle. We appreciate the California Energy Commission’s (CEC) rich history of advancing energy efficiency in California buildings and the additional current support of building codes that achieve decarbonization.

Like many other organizations addressing this issue, we are now pivoting to the difficult task of decarbonizing existing buildings. With this goal in mind, we strongly encourage the Commission to include the replacement of existing residential central air conditioning (“A/C”) units with heat pumps as a mandatory measure. Simply stated, every failed air conditioning unit NOT replaced with a heat pump is a tremendous lost opportunity. Since the electrical infrastructure and ductwork already exist in these circumstances, a central A/C to heat pump retrofit scenario is typically one of the easiest to implement. Once completed, it also helps protect the resident from exposure to natural gas price volatility and eliminates the need to maintain and operate a separate furnace.

As recognized by the Bay Area Air Quality Management (BAAQMD) with their regulations, home furnaces are a significant contributor to smog and its related health impacts. Therefore, every existing furnace eliminated advances community



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health in addition to reducing greenhouse gas emissions. BAAQMD's rules eliminating the sale and installation of gas furnaces beginning in 2029, and the likely passage of similar rules in Southern California and by the Air Resources Board, add to the urgency of addressing this issue now with the California Building Code. If not addressed, a residential customer could choose to replace a failing A/C unit in 2028 with a like-for-like replacement - and then find a year or two later that they cannot similarly replace their gas furnace like-for-like if it should subsequently fail. In this instance, the resident might be forced to replace their (new) air conditioner again, this time with a heat pump, because they simply can't legally purchase and install a gas furnace. The CEC has an opportunity to help residents avoid this hassle and additional cost by establishing this rule for existing buildings in the 2025 Energy Code.

While central heat pump systems do currently cost incrementally more than A/C equivalents, we believe that this is a temporary market situation and that the cost gap will narrow substantially as the heat pump market continues to grow. This market transformation will occur faster if California makes the A/C-to-heat pump replacement a mandatory measure within the Statewide Building Code. In the meantime, there are a variety of subsidy and rebate programs at the local, state, and federal levels to help mitigate the added cost of retrofitting to heat pumps. SVCE's FutureFit Homes Program provides a \$2,500 subsidy (with an additional \$1,000 for income-qualified customers) that is stackable with other incentives like the State's TECH Clean Program and the Federal IRA.

As you undoubtedly know, there is tremendous momentum across the country to advance the installation of heat pumps. The CEC has a unique opportunity at this very moment to accelerate this transition by making this replacement a mandatory measure. SVCE and many of our sister agencies and partners stand ready and willing to assist in implementing this action if and when it becomes codified in the Statewide Building Code.

Thank you for considering our input and continually seizing opportunities to keep California at the forefront of the world's transition away from fossil fuels.

Sincerely,

A handwritten signature in blue ink that reads "Girish Balachandran".

Girish Balachandran
Chief Executive Officer