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| <b>Filer:</b>           | Matthew Vespa                                                         |
| <b>Organization:</b>    | Earthjustice, Sierra Club, Natural Resources Defense Council, and RMI |
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*Docketed in 21-IEPR-01*

February 4, 2022

California Energy Commission  
1516 Ninth Street  
Sacramento, California 95814

**Re: Earthjustice, Sierra Club, NRDC and RMI Support for Volume 1 of 2021 Final Integrated Energy Policy Report**

Chair Hochschild and Commissioners:

On behalf of Earthjustice, Sierra Club, Natural Resources Defense Council, and RMI, we write to express appreciation and support for Volume I of the Final Integrated Energy Policy Report (“IEPR”). Volume 1 focuses on Building Decarbonization and appropriately recognizes the urgency and need for rapid and widespread deployment of heat pumps to meet California’s climate and clean energy objectives. We strongly support the Commission’s recommended goal of installing at least six million heat pumps by 2030 and the Commission’s commitment to working with stakeholders “to accelerate the market to meet this goal and push beyond it toward comprehensive migration to heat pumps for space and water heating.”<sup>1</sup> We look forward to working with the Commission to achieve this future.

We further note the importance of policy alignment among all California's agencies to achieve widespread building electrification. The IEPR correctly notes the “diminishing value” of gas equipment efficiency investments.<sup>2</sup> Given that “water heaters are expected to operate for 10-15 years and HVAC equipment for even longer,” the IEPR properly recognizes continued gas equipment efficiency investments “have a growing likelihood over time of becoming stranded assets, becoming a liability for carbon offsets, or causing the state to miss its [climate] goals.”<sup>3</sup> For this reason, Sierra Club recently filed a motion to prohibit energy efficiency funding for non-

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<sup>1</sup> California Energy Commission (“CEC”), *Final 2021 IEPR Update, Volume I: Building Decarbonization*, at 40 (Feb. 2022) (“2021 IEPR Volume I”), <https://efiling.energy.ca.gov/GetDocument.aspx?tn=241361>.

<sup>2</sup> *Id.* at 21-22.

<sup>3</sup> *Id.*

cost-effective gas appliance incentive measures in the ongoing energy efficiency (“EE”) policy rulemaking at the California Public Utilities Commission (“CPUC”).<sup>4</sup> This motion is supported by NRDC, Cal Advocates, and SCE. As the IEPR highlights, “each new opportunity for truly impactful investment in energy efficiency and fuel choice is precious” because equipment replacements “lock in energy system infrastructure for many years.”<sup>5</sup> The clarity of the IEPR’s policy statements is needed and helpful in ensuring state policies are aligned toward achieving the rapid transition away from fossil fuel reliance in buildings.

Our organizations also appreciate that the Final IEPR highlights the potential for customer bill savings through high-efficiency heat pumps that replace gas-fueled furnace/air conditioner HVAC systems. We applaud the Commission for highlighting the need for California to “prioritize its most vulnerable people in its efforts to decarbonize” to avoid leaving low-income Californians stranded with the costs of increasingly expensive gas infrastructure.<sup>6</sup> Low-income households often have significantly higher energy burdens than non-low-income households; are more likely to live in smaller and less-ventilated homes and thus are at risk for more severe indoor air quality impacts from gas appliances; are more likely to be renters and thus have less control over whole-building or in-unit infrastructure decisions made by the building owner; and often live in areas with more severe localized outdoor air pollution as well. To ensure an equitable transition, the CEC has correctly identified that the state must prioritize the Californians who bear the heaviest burdens of fossil fuel dependence and who have the most barriers to electrification.

Finally, we agree with the Commission that energy efficiency programs should be transformed into whole-building initiatives that include or pair with electrification. Combining energy efficiency investments such as panel upgrades with electrification is particularly important for ESJ communities, who may need these complementary investments in order to reap the public health, extreme weather resilience, and financial benefits of electrification. The Commission correctly identifies a need for major investments in electrification and energy efficiency in order to meet California’s climate goals, and we encourage it to continue to emphasize the need for low-income communities to receive these investments. We hope the Commission continues to place value in the societal benefits - public health, safety, reduced energy burden - of electrification investments, particularly for ESJ communities.

Thank you for your consideration of these comments and your continued efforts in helping California achieve equitable and deep decarbonization.

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<sup>4</sup> CPUC, R.13-11-005, *Sierra Club Motion to Prohibit Energy Efficiency Funding for Non-Cost-Effective Gas Appliance Incentive Measures*, (Jan. 13, 2022), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M441/K160/441160400.PDF>

<sup>5</sup> *Id.* at 4.

<sup>6</sup> *Id.* at 17, 99–100.

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