



**BUILDING  
DECARBONIZATION  
COALITION**

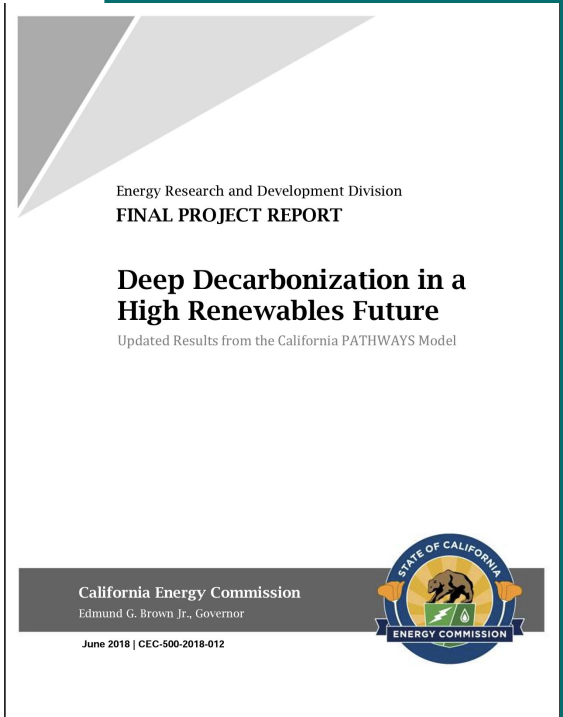


# **Building Electrification: Regulatory Landscape**

**Beckie Menten, Building Decarbonization Coalition**

# California's Future is Electric

- Building and transportation electrification are the least-cost pathways to achieving our carbon goals
- All-electric buildings are safer for the environment and occupants
- We need a thoughtful plan to transition away from fossil gas



# Cause for Celebration!

- Inflation Reduction Act brings historic investment to building decarbonization and climate
- Heat pump shipments outpaced gas furnaces for the first time
- Stovegate piqued America's interest in induction
- Heat pumps reached new highs of public interest



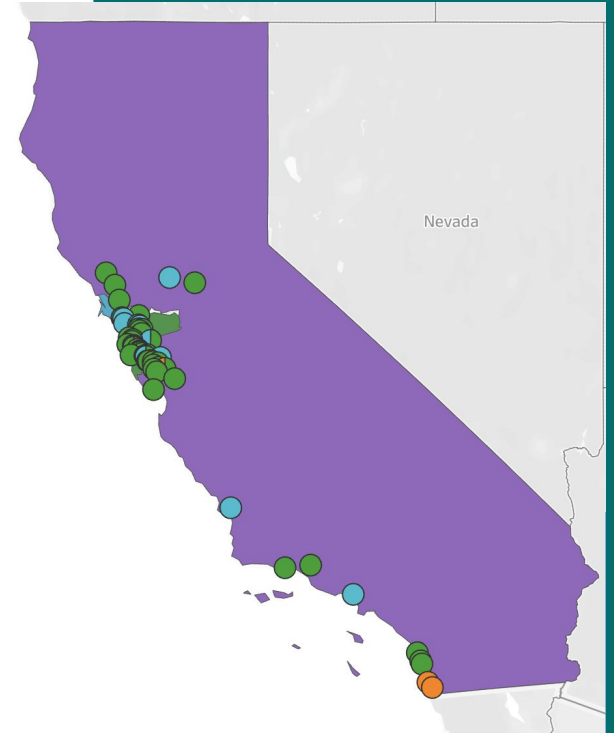
# California is a Leader

- California legislature committed \$1.1 billion to decarbonizing homes in 2022
- The TECH program disbursed more than \$30 million in incentives
- California Energy Commission is strengthening building codes for all-electric
- Air quality agencies are beginning to act on link between gas combustion and harmful air pollutants
- CPUC has removed gas line extensions, expanded funding for electric appliances, and is exploring phasing out natural gas subsidies and electrification-friendly rate design



# Leading Locally: Reach Codes

- Local governments in California can adopt building codes that go beyond the State code
- **75 California jurisdictions** have already adopted some form of electric-preferred local building codes
- Track progress here:  
<https://buildingdecarb.org/zeb-ordinances>



# How do we make this transition just and equitable?

- Installing heat pump HVAC in 70% of California's low and moderate income housing could cost \$32 billion
- Local reach codes are concentrated in coastal cities
- Incentive-based programs do not work well for many customers
- Stranded gas assets and unplanned transition could increase affordability burdens
- Thoughtful transitions for the labor market are needed



# CPUC: Long Term Gas Planning Proceeding

- The proceeding is exploring how to transition from the fossil gas infrastructure thoughtfully
- Staff released a proposal December 2022 with questions for party feedback
  - Proposes prioritization of portions of pipeline for decommissioning based on criteria set by CPUC
  - Emphasis on disadvantaged communities followed by more cost effective
  - Proposed “electrification zones” would focus program investment in first priority areas
- This is an important framework for enabling “zonal decarbonization”

# Zonal Decarbonization: The Next Phase

- Zonal decarbonization focuses on decommissioning entire portions of pipeline and electrifying all buildings served by that pipeline
- Diverts investment from fossil infrastructure to building electrification
- Supports high road jobs by allowing for larger projects over a planned timeline
- Allows for focused investment on frontline communities
- **Requires clarification on utility obligation to serve**



# Obligation to Serve

- California law mandates utilities to provide service to customers
- Current interpretation of statute does not differentiate on fuel type
- Under current paradigm, utility needs 100% opt-in to disconnect gas service
- This limits the scope of potential pilots



# Legislation Update

- SB 527 (Min)
  - Allows cost effective pilots to move forward
  - Requires use of skilled and trained labor
  - Directs CPUC to define “adequate alternative service”
  - One thermal energy network pilot in each gas IOU service area
- AB 593 (Haney)
  - Directs CEC to establish targets for reduction of emissions from built environment
  - Directs CEC to develop a comprehensive plan for how to achieve these targets



**Thank you!**

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