

SENATE THIRD READING
SB 68 (Becker)
As Amended September 7, 2021
Majority vote

SUMMARY

Requires the California Energy Commission (CEC) to publish guidance on overcoming barriers to building electrification and consider projects advancing technology that lowers the cost of building electrification.

Major Provisions

- 1) Requires the CEC to publish on its website guidance and best practices to help building owners, the construction industry, and local governments to overcome barriers to building electrification and installation of electric vehicle (EV) charging equipment.
- 2) Requires the CEC to consider in their award process for the Electric Program Investment Charge (EPIC) projects that could lower the cost of building electrification.

COMMENTS

- 1) *Building electrification.* California has ambitious greenhouse gas (GHG) emissions reduction goals. Existing law calls for the state to reduce its GHG emissions to 40% below 1990 levels by 2030. State regulators have planned for an 80% reduction in those emissions by 2050. And an executive order, issued by Governor Newsom, calls for the state to, "achieve carbon neutrality as soon as possible, and no later than 2045, and to achieve and maintain net negative emissions thereafter. (See Executive Order B-55-18.) According to the California Air Resources Board (ARB), roughly 25% of the state's GHG emissions come from the building sector, and 10% is caused by direct combustion of natural gas in buildings. Building electrification, or switching natural gas appliances to electric ones, is one of several key strategies for decarbonizing the building sector.
- 2) *Cost and other barriers to building electrification.* The CEC identified a comprehensive set of barriers to building decarbonization in their August 2021 report, *AB 3232: Building Decarbonization Assessment* (AB 3232 Report). Cost, lack of consumer awareness, and lack of workforce knowledge are significant barriers to electrifying existing and older buildings. Older buildings are less likely to have adequately sized electric panels for new electric loads from EV charging or electric appliances, or may have structural or design issues requiring additional structural remodels that make electrification more costly. The CEC highlights the substantial need for clean energy workforce development and policies to address cost barriers to meet both new construction and old building retrofit demands.
- 3) *EPIC Program and Building Decarbonization.* The EPIC program invests in research and technology innovation projects that promote greater grid reliability, lower costs, increase safety, and help the state achieve its climate and environment goals. For their 2021-2025 Investment Plan Scoping, the CEC announced a series of workshops to solicit public input and discuss potential solutions to overcome challenges of decarbonizing existing buildings, including technologies to minimize the need for structural and electrical infrastructure upgrades to support new electrical loads (e.g. electric heat pumps and EV charging). Recent amendments to resolve chaptering conflicts incorporate changes made by AB 148 of the

current legislative session to the corresponding section of the Public Utilities Code Section 25711.5.

- 4) *Removing cost and information barriers.* This bill addresses cost challenges and the need for greater consumer and workforce awareness on building electrification by requiring the CEC to publish information that helps building owners and contractors overcome cost and technical challenges. This bill also encourages the CEC to consider in their EPIC program projects that could lower the cost of building electrification, and mirrors the CEC's potential prioritization of such projects in their upcoming investment period. These provisions align with current recommendations and priorities identified by the CEC and ARB, and help facilitate the state's efforts to achieve its GHG emissions goals.

According to the Author

"Contractors often have little experience with electrifying buildings and give bad advice about the options available to building owners and about whether or not an electrical panel upgrade is needed. Homeowners end up being talked out of electrifying because their contractor doesn't know how to do it or they end up doing costly panel upgrades that could have been avoided. Local building departments are also unfamiliar with building electrification, and the time and cost required to get permits and inspections are causing unnecessary extra costs. This bill directs the CEC to gather and publish best practices to help get better information out there to help building owners, the construction industry, and local governments do this more efficiently."

Arguments in Support

Support states that this bill reduces barriers for people seeking to reduce their GHG emissions by improving the information available to building owners and contractors, and by encouraging technologies that can lower the cost of building electrification.

Arguments in Opposition

Opposition states that building electrification will increase utilities costs for customers, as the cost of natural gas is cheaper than that of electricity, and could place additional strain on the electrical grid. Encouraging and incentivizing building electrification could also stunt the development of renewable natural gas and hydrogen applications for the building sector.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, this bill incurs a one-time cost of \$150,000 to the CEC to support one position to develop a comprehensive guide on building electrification and EV charging equipment.

VOTES

SENATE FLOOR: 35-1-4

YES: Allen, Archuleta, Bates, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Jones, Kamlager, Laird, Leyva, McGuire, Melendez, Min, Newman, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener, Wilk

NO: Dahle

ABS, ABST OR NV: Atkins, Borgeas, Grove, Limón

ASM UTILITIES AND ENERGY: 15-0-0

YES: Holden, Patterson, Bauer-Kahan, Burke, Carrillo, Chen, Cunningham, Cristina Garcia, Eduardo Garcia, Mayes, Muratsuchi, Quirk, Reyes, Bennett, Ting

ASM APPROPRIATIONS: 15-0-1

YES: Lorena Gonzalez, Bryan, Calderon, Carrillo, Chau, Megan Dahle, Davies, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Kalra

ABS, ABST OR NV: Bigelow

ASSEMBLY FLOOR: 75-0-4

YES: Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bloom, Boerner Horvath, Bryan, Burke, Calderon, Carrillo, Cervantes, Chau, Chen, Chiu, Choi, Cooley, Cooper, Cunningham, Megan Dahle, Daly, Davies, Flora, Fong, Frazier, Friedman, Gabriel, Gallagher, Cristina Garcia, Eduardo Garcia, Gipson, Lorena Gonzalez, Gray, Grayson, Holden, Irwin, Jones-Sawyer, Kalra, Kiley, Lackey, Lee, Levine, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Muratsuchi, Nazarian, O'Donnell, Patterson, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Stone, Ting, Valladares, Villapudua, Voepel, Waldron, Ward, Akilah Weber, Wicks, Wood, Rendon

ABS, ABST OR NV: Bigelow, Nguyen, Seyarto, Smith

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